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## **Record Keeping**

### **5.4 Reserve Account Policy**

#### **Policy**

To hold enough money in the reserve account for 3 months trading costs.

The target is £9,000 in the reserve account.

The preschool's financial year finishes on 31<sup>st</sup> March.

The preschool normally starts the academic year in Sept running at a loss. This tends to continue through to January, reducing all the time.

#### **Procedure**

The Reserve Account is to be reviewed in the January Committee Meeting

The following factors need to be considered:

- Current Account Balance
- Reserve Account Balance
- Is preschool making a profit this month?
- Any preschool spending requirements
- 3 Year Forecasts

Strike a balance struck between reserving money and ensuring the preschool operates with the appropriate facilities and equipment.

The current account needs to keep a balance high enough for us to get through the tough period between Sept and Jan, and ensure our cashflow remains positive.

Any money to be moved before the end of the Financial Year – 31 March.