**Principal**

Building reserves within Little Buds playgroup supports the overall development of the setting and is an integral part of the settings financial planning. Reserves ensure that the setting has adequate funds available for planning growth and deal with opportunities and issues as they arise.

**Policy**

A policy on reserves for Little Buds was agreed at a meeting of the management team.

Little Buds has set a reserves policy which requires:

* Reserves be maintained at a level of £500 which ensures that the core activity of Little Buds could continue during a period of unforeseen difficulty.
* A proportion of these reserves have to be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the planning, budget and forecast cycle of the setting. It takes into account:

* Risks associated with each stream of income and expenditure being different from that budgeted.
* Planned activity level.
* Commitment to beneficiaries.

**Procedure**

To ensure this policy is complied with, Little Buds will endeavour to ensure:

* That we maintain our level of reserves as outline above.
* The level of reserves is consistently reviewed with future financial sustainability in mind.
* The management team works with the treasurer to ensure reserve levels are monitored and maintained.

**Monitoring**

This policy will be reviewed annually by the management team to ensure it remains fit for purpose.

This policy was adopted by Little Buds Playgroup management team.

Signed: …………………………………………………………………………………..

(on behalf of the management team)

Position: …………………………………………………………………………………..

Date: …………………………………………………………………………………..

Reviewed on:

Date: ……………… Signed: …………………………………………..

Date: ……………… Signed: …………………………………………..

Date: ……………… Signed: …………………………………………..