



Reserves Policy

2014

Date:	February 2014
Reviewed:	
Date approved By Governing Body:	3 March 2014
Review Schedule:	Annual
Next review Date:	February 2015
Committee Responsibility:	Finance and Premises
Member of Staff Responsible:	College Manager

Company Number 07564519

A Company Limited by Guarantee

Registered in England

Clyst Vale Academy Trust, known as Clyst Vale Community College, is an exempt charity

Aims

The Academy aims to maintain its cash balances to provide for the day to day working capital requirements of its operations and ensure there are sufficient funds available to replace assets when required, and have a contingency amount in case of unforeseen circumstances.

Guidelines

Income is generally received in advance of normal expenditure incurred during a year and therefore there is sufficient cash flow to cover the daily operations of the Academy. However, timing of grants receivable and regular expenditure is not always predictable so a surplus should be held as a contingency. In addition to this, assets will need to be replaced over different periods of time and any unforeseen expenditure incurred will need to be paid for. The reserve level set must ensure excessive amounts are not kept unnecessarily and therefore limit the amount that could be used for the schools improvement plan or other benefit to the school, but also not too little to ensure the Academy can remain solvent and continue its future activities.

For all of the above reasons a reserve policy needs to be set.

Level

In these current times when funding seems to be reducing and expenditure increasing, it is difficult to be able to build up any significant level of reserves. Ideally, a maximum reserve balance of around 5% of GAG should be maintained, which represents just over 50% of our current average monthly outgoings, with a minimum level of around 2% of GAG.

Responsibility

The level of reserves held need to be monitored closely by the College Manager to ensure they are sufficient for the needs of the Academy and corrective action needs to be taken where necessary. These will be identified on the monthly budget monitors and 3 year forecasts which are presented at the Finance and Premises Committee. These reserves must be taken into account when any budget planning or forecasts are produced.