

# **Stoborough Primary School PTFA**

## **Financial Reserves Policy**

**May 2018**

### **Introduction**

The purpose of this Reserves Policy is to define a minimum amount of funds which the PTFA shall hold in the PTFA accounts to safeguard against the PTFA becoming insolvent.

### **Why do we need a Reserves Policy?**

1. The PTFA needs to hold minimum reserve in order to function as a fund-raising entity.
2. Certain fund-raising events need to be financed in advance, for example, the summer fete costs around £4,000 to finance; money which needs to be outlaid before the event needs to be taken from reserve funds so we must ensure that the PTFA has these funds available otherwise the fete cannot be held.
3. The PTFA needs to be able to respond to unforeseen emergencies or unexpected large repair bills, for example, the replacement of the swimming pool cleaner or 'seed-funding' for an urgent project.

### **How much do we need in reserve?**

1. Based on the average annual fund-raising costs over the last four years, the committee members have decided that a reasonable amount to be ringfenced to allow the PTFA to continue to function as a fund-raising entity should be set at £5000. (up to but not including the Fete event period, as funding the fete may diminish the ring fenced reserves.)
2. This figure will ensure that the largest event in the PTFA calendar (the summer fete) can be financed irrespective of the year's fundraising achievements.
3. This approach will allow the committee to vote on other expenditure throughout the year in the knowledge that funds are secure for the year's fundraising events and that we have a clear understanding of the funds left available for the other good causes and school wish list.
4. In arriving at this figure, we have considered the risk of fundraising events losing money due to poor attendance or unforeseen circumstances.
5. Also considered are uncertainties over future income and allowing for troughs in expenditure and income.

- Any planned large outlay that exceeds the annual fundraising income might also influence the reserves policy.

### **End of year reserves evaluation**

- At the annual AGM, the committee shall review the amount of reserves held and set this against the balance of the accounts. The committee shall then decide on the funds available for good causes and school wish list for the start of the next academic year.
- The committee shall also consider any revised costs for the year's fund raising events and if necessary, shall adjust the reserves amount to cover the forthcoming events expenditure.

### **Summary**

- The above financial risks and evaluations need to be balanced against projected income, which the committee have discussed to arrive at the proposed reserves figure.

### **Policy prepared by:**

Frank Gratton

Stoborough Primary School PTFA Chair.

### **Approved by the PTFA committee**

22<sup>nd</sup> June 2018

### **Agreed and signed by:**

<u>Committee member</u>	<u>Role</u>	<u>Signature</u>	<u>Date</u>
Frank Gratton	Chair		
Jennifer Street	Treasurer		
Joanne Gratton	Secretary		
Anne Derick	Co-opted member		