



## SEVENOAKS DAY NURSERY

### **SDN Reserves Policy**

We believe it is in the best interests of the Charity that reserves be held for the following purposes:-

1. To provide working capital for the day-to-day operation of the nursery
2. To provide for our statutory obligations in the unlikely event of closure
3. To provide funds for the future accommodation of the Nursery

#### **1. Working Capital Reserve**

Funds for this purpose should not exceed an average of one calendar month's cash outgoings. At the date of this policy, this amounts to £45,000.

#### **2. Closure Reserve**

Funds should be held in reserve to cover our statutory obligations in the event of closure. At the date of this policy the only known obligation is redundancy pay which would amount to no more than £65,000.

#### **3. Accommodation Reserve**

Our new building cost £450,000 (August 2019) and has an expected lifespan of 25 years. It is our intention that a reserve is accumulated over the next 25 years to provide for the future accommodation of the Nursery. At an average inflation rate of 2.5%, over the next 25 years we would need to save £880,000 to replace the new building.

In addition to this, the now acquired Pre-school room £30,000 (Dec 23) we have factored in that over the next 10 years we would need to save £300,000 to replace this building.

This policy was adopted at a meeting of the Trustees of Sevenoaks Day Nursery CIO on 1<sup>st</sup>

August 2019 and reviewed in July 2023 and August 2024.

Susan Dreksler  
Chair