Plaxtol School Association (PSA) – Reserves Policy

1. Purpose of the Policy

The Plaxtol School Association (PSA) maintains financial reserves to ensure the stability of the organisation, to protect its ability to meet commitments, and to support the long-term sustainability of its charitable activities; . This policy sets out the level of reserves the PSA aims to hold, the rationale behind that level, and the process for reviewing and using reserves.

2. Definition of Reserves

For the purposes of this policy, "reserves" refers to the funds that are freely available for the PSA to use in furtherance of its charitable objectives.
Reserves **exclude**:

- Restricted funds donated for a specific purpose
- Committed or designated funds allocated to planned projects

3. Why the PSA Holds Reserves

The PSA holds reserves to:

- Ensure continuity of support for the school in the event of unexpected income shortfalls
- Provide a financial buffer for essential costs
- Enable the PSA to commit to larger projects with confidence
- Cover unforeseen expenses or emergencies affecting planned activities

4. Target Level of Reserves

The PSA aims to maintain free reserves of £5,000 (to be agreed annually based on recent accounts).
This level is considered sufficient to:

- Meet unavoidable annual costs
- Provide stability during periods of reduced fundraising
- Allow the PSA to respond quickly to reasonable funding requests from the school

If reserves fall below the minimum level, the Trustees will take steps to rebuild them through fundraising or cost-management.
If reserves exceed the upper threshold, the Trustees will consider designating funds for future projects or making additional grants to the school.

5. Use of Reserves

Reserves may be used when:

- Income is lower than expected
- An urgent or high-priority funding request is made by the school
- A planned project requires upfront investment

- The Trustees agrees that spending reserves is in the best interests of the charity
- In the event of winding up of the Charity

Any decision to use reserves must be approved by the PSA Trustees and recorded in the meeting minutes.

6. Monitoring and Review

- The Treasurer will report the level of reserves at each Trustees meeting.
- The reserves position will be reviewed formally **at least once a year** as part of the budgeting and planning cycle.
- This policy will be reviewed annually and updated as necessary to reflect the PSA's financial position and strategic priorities.