

## CRESCONOVA ACADEMY

### FINANCIAL RESERVES POLICY

#### Version control

Date	Action	Next review
	New policy	
	Policy reviewed and approved by Board	

#### 1. Introduction and Purpose

1.1 Cresconova Academy (“Cresconova”) is committed to responsible financial stewardship to support its charitable objects and ensure its long-term sustainability. This Financial Reserves Policy sets out Cresconova’s approach to holding and managing financial reserves in a transparent and proportionate manner. The policy has been adopted in line with Charity Commission guidance on reserves and reflects Cresconova’s specific funding model.

#### 2. Definition of Reserves

2.1 For the purposes of this policy, financial reserves are defined as unrestricted funds which are readily available to spend on Cresconova’s charitable activities. Reserves:

- 2.1.1 Exclude restricted funds held for specific purposes;
- 2.1.2 Exclude designated funds earmarked by the Trustees for specific future projects; and
- 2.1.3 Exclude tangible fixed assets held for operational use.

#### 3. Purpose of Holding Reserves

3.1 Cresconova holds reserves to:

- 3.1.1 Ensure continuity of charitable activities and educational services;
- 3.1.2 Meet ongoing operational and governance costs;
- 3.1.3 Manage cash flow fluctuations;
- 3.1.4 Mitigate financial risks and unforeseen expenditure; and
- 3.1.5 Allow Cresconova sufficient time to respond to changes in circumstances or funding priorities.

#### **4. Reserves Target Level**

4.1 The Board of Trustees has determined that the Academy should aim to hold free reserves equivalent to approximately one month of forecast core operating expenditure. In setting this target, the Trustees have taken into account:

- 4.1.1 The Academy's limited fixed overheads and flexible cost base;
- 4.1.2 The predictability and reliability of current funding sources;
- 4.1.3 The Academy's current scale of operations; and
- 4.1.4 The Academy's risk profile, including its safeguarding and operational commitments.

4.2 The Trustees consider that a one-month reserve is proportionate and appropriate at the Academy's present stage of development. The reserves target will be kept under review and may be increased if the Academy's activities, commitments, or funding model change.

#### **5. Use of Reserves**

5.1 Reserves may be drawn upon in the following circumstances:

- 5.1.1 To cover short-term timing differences between expenditure and receipt of funds;
- 5.1.2 To meet unexpected or emergency costs;
- 5.1.3 To support the orderly continuation or wind-down of activities; and
- 5.1.4 To manage operational risk where immediate funding is temporarily unavailable.

#### **6. Investment and Holding of Reserves**

6.1 Reserves will be held in a manner that prioritises capital preservation, liquidity, and low risk.

#### **7. Monitoring and Review**

7.1 The level of reserves will be:

- 7.1.1 Reviewed at least annually by the Board of Trustees;
- 7.1.2 Considered as part of the annual budgeting and financial planning process; and
- 7.1.3 Assessed against the Academy's operating costs and funding arrangements.

7.2 Any decision to maintain reserves materially above or below the one-month target will be recorded and explained in the Trustees' Annual Report.

#### **8. Transparency and Accountability**

In line with Charity Commission expectations, Cresconova will publish information about its reserves policy in its Trustees' Annual Report. The Trustees will keep this policy under regular

review to ensure it remains appropriate to Cresconova's activities, risk profile, and funding model.

## **9. Policy Review**

This policy will be reviewed annually and approved by the Board of Trustees, or sooner if required by law, Charity Commission guidance, or changes in the Academy's circumstances.