Meadow Nursery School
Murray Road, Wokingham Berkshire, RG41 2TA
T: 0118 9790284 E: meadow@weyccp.org.uk
www.meadownuseryschool.org

11.3 Finance Policy and Procedures

Aim: To put in one place all the decisions taken on financial policies and procedures.

Overall responsibility: As an unincorporated association and registered Charity the members of the Management Committee of Meadow Nursery School Parents' Association have ultimate responsibility for ensuring that it is solvent. In doing this they need to act with integrity, avoid personal conflicts of interest or any misuse of charity funds. Funds must only be used to future the Association's objects and the Management Committee must avoid any activities that might place the funds at undue risk.

FINANCE RELATED RESPONSIBILITIES

1. Committee

1.1. Approval of annual budget each year – approved by a majority at a committee meeting where agenda states that approval of the budget is an agenda item.

1.2. Approval of individual items of expenditure over £750 not in budget: If timing permits, this will be by majority approval at the committee meeting at which the expenditure is put forward for approval. In the case of emergency approval being required either an emergency meeting shall be called or an email shall be forwarded to all committee members, along with a phone/text message advising them of the imminent arrival of an emergency email, and the majority vote of respondees then taken as the decision reached. The details and subsequent results of this action shall be minuted fully at the next scheduled committee meeting.

1.3. Ratification of salary increases which have previously been discussed and agreed by a subcommittee of at least 4 people consisting of Chair, Treasurer, continuing trustees and any other appropriate committee members. There should be no related party interest on the subcommittee or in the room at the main committee meeting at the time when the salary increases are discussed.

1.4. Approval of any change of bankers or banking structure.

1.5. Approval of Trustees Annual Report and Accounts prepared by the Treasurer prior to their presentation at the AGM

2. Treasurer

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2.1. Review of books kept by the Administrator on a regular basis to ensure completeness and accuracy
2.2. Review of cash flow to ensure income covers expenditure and liaison with the bank regarding maximising the return on Nursery funds
2.3. Approval of individual one off items of expenditure over £300 not in budget (see also 1.2 above).
2.4. Presentation of Treasurer's report at each committee meeting highlighting current bank balance, key items of expenditure incurred since last meeting or in the pipeline and anything else which the Treasurer feels the Committee as a whole should be made aware of, including any major variances to budget that have arisen.
2.5. Preparation or review of Trustees Annual Report and Accounts for the year ended 31 August and liaising with an independent examiner on the same in time for approval by the committee and presentation to the AGM. (This can be delegated to the Finance Administrator if desired).
2.6. Co-ordinating the preparation of the annual budget (from 1 September to 31 August) for approval by committee early in the second half of the Summer Term to enable salary increases to be notified to staff as part of their review process. The level of detail for budget preparation should be the same as for the annual accounts to allow comparison.

3. Finance Administrator

3.1. Keeping the books of the Nursery including recording all receipts and payments and reconciling these to the bank statements
3.2. Preparation of monthly payroll and associated payments for authorisation and filing of the payroll related information with the appropriate authorities.
3.3. Collection of fees from individuals, and the Local Authority for funded children, on a timely basis and ensuring Treasurer is aware of any issues with collection.
3.4. Preparation of payments with appropriate backup for approval and authorisation by bank signatories
3.5. Withdrawing and issuing of petty cash
3.6. Working with the Treasurer on the preparation of the budget and the Trustees Report and Financial Statements
3.7. Filing the Financial Statements and Annual Return with the Charity Commission

4. Staff

4.1. Ensuring petty cash is kept secure and all use of petty cash is recorded and supported by receipts or documentation supporting expenditure.

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FINANCIAL PROCEDURES

1. BUDGET

1.1. This is prepared annually by the half term of the summer term for the period 1 September to 31 August.
1.2. It is to be at the same level of detail as the financial accounts to allow comparison.
1.3. It is approved by the Committee.
1.4. Variations from Budget: The Treasurer should present a financial report at every committee meeting highlighting any major variations to budget that have occurred or are anticipated to occur.

2. ACCOUNTS

2.1. Trustees Annual Report and Accounts are prepared annually for the year to 31st August and are presented at the AGM usually held in October/November.
2.2. The Accounts are prepared to comply with the Charities Statement of recommended practice (SORP) FRS 102
2.3. The Accounts are examined by an independent examiner who is appointed at the AGM.

3. RESERVES

3.1. The Nursery should have a general reserve. The purpose of this reserve is to:

- Enable the Nursery to hold spaces for children who require a nursery space in the Spring or Summer Term.
- Fund short-term deficits income in the event the nursery income is delayed (For example, a delay in funding from the local authority). This would be for a period of 3 months.
- Provide a temporary source of income in the event the nursery income is suspended. (For example, funding from the local authority is suspended). This would be for a period of 3 months.
- Enable the Association to fulfil its contractual obligations and duties in the event the Nursery was required to close. For example, redundancy payments and outstanding debts.
- Fund unforeseen day to day operational costs. For example, funding staff to cover long-term sick absence.
- Mitigate the risk of an unforeseen emergency or other unexpected need for funds, e.g. an unexpected large bill.

3.2. If the level of reserves is more than the general reserve as defined above then designated reserves can be set up. Examples of such reserves include:

- Providing additional 1:1 assistance that is not funded by the local authority but felt necessary by the Committee.
- Planned enhancements to the Nursery's learning resources that cannot be met by future income alone. These commitments must have a direct benefit to the Nursery staff and children.
- Repairs to and possible eventual replacement of the Nursery Building.

4. INSURANCE

4.1. The Nursery should have an insurance policy/policies to cover the buildings, equipment, loss of revenue, public liability, professional indemnity, trustees'/directors'/officers' indemnity and out of school club at same premises.
4.2. It should be reviewed annually to ensure that the insurance still provides the correct level of cover and is competitively priced in the market place

5. FINANCIAL RISK ASSESSMENT

5.1. The finances of the Nursery are run so as to hold sufficient cash to cover 3 months running costs. This should enable the Nursery to continue to operate for at least a term even if all income ceased thus enabling action to be taken to rectify the situation without the need to immediately shut the Nursery.
5.2. Preparation of an annual budget should highlight any financial problems likely to be encountered in the following year based on appropriate assumptions.
5.3. A Treasurer's report at every committee meeting ensures that the committee are kept up to date with any financial issues that may be arising so that appropriate action can be taken.

6. CREDIT CONTROL

6.1. Fees are only payable for those children who are not entitled to early years funding or who are already receiving their maximum entitlement to early years funding. They may be paid weekly, monthly or termly. Non payment of fees should be dealt with as follows:

- Initial request for payment of fees prior to the child starting for new children or as soon as possible after the start of term for existing children.
- If no payment received by last week before half term a chaser letter is sent.
- If no payment forthcoming by the end of the first week after half term a more strongly worded chaser letter is sent including the proposition that non payment will result in the child's place being withdrawn.
- Continued non payment results in the child's place being withdrawn (even if it will subsequently be LEA funded) and possibly legal action through the small claims court if this action is felt appropriate and cost effective.

7. BANKING ARRANGEMENTS

7.1. Current Account

7.1.1. An amount (the level of which should be determined by the Treasurer after discussion with the Administrator) should be held in a current account(s) in the name of **Meadow Nursery School Parents' Association**. The account(s) should carry the lowest possible charges for transactions and the bank(s) should be aware of the charitable status of the Association.

7.1.2. The administrator may be given online access to the account(s) to set up and view transactions and make transfers between Nursery bank accounts but the authorisation of transactions to third parties should be carried out by an Officer of the Association in accordance with the Constitution (Clause 6.2.2).

7.1.3. Payments may be made by cheque or internet transfer.

7.1.4. In the case of cheques the signatories should be any two of the four Officers: Chairman, Vice Chair, Secretary or Treasurer (as per 6.2.1 of the Constitution) or Honorary Trustees. No cheque signatory should sign either a blank cheque or one payable to themselves. Appropriate back up should be seen at the time of signing the cheque.

7.1.5. In the case of internet payments the following rules apply:

- These payments should be agreed by at least two cheque signatories as appropriate for payment via the internet (e.g. monthly salary related payments).
- Payments to the payee should be set up by the Administrator and released by at least one cheque signatory with online access after review of appropriate back up.

7.3. Deposit Account

7.2.1. The balance of funds should be put into interest bearing accounts. The amount of interest being received should be maximised subject to the following conditions:

- The amount should always be held as cash and not invested in Stocks, Shares or Bonds
- The amount should not be invested for a fixed term of more than 30 days except in exceptional circumstances, and this would require Committee approval.
- Any fixed term investment proposal should be presented by the Treasurer to the Committee for approval.
- Rolling 30 day investments can be done without referring back to the Committee after the initial approval providing the Treasurer is happy that the cashflow projection indicates that the funds will not be required for a further month.
- Consideration should be given to the level covered under the Financial Services Compensation Scheme (FSCS).

7.3. Overdraft

7.4.1. The committee may obtain loans or borrow funds by way of overdraft on behalf of, and in the name of, the Meadow Nursery School Parents Association, provided that:

- The purpose of the loan or overdraft is in accordance with the Object of the Association and is desirable for the conduct of its business,
- The amount of the loan or overdraft is restricted to that which is necessary to achieve its purpose,
- The repayment of the loan or overdraft is achieved as quickly as is deemed prudent by the Committee, bearing in mind the Association's other commitments,
- A resolution is passed by the Committee that the facilities be arranged in accordance with the preceding provisions.

8. PETTY CASH

8.1. A small amount of petty cash and two bank cards are held by Nursery staff to enable them to make small purchases which require immediate payment. Any use of petty cash must be entered in the petty cash book, supported by receipts or other documentation supporting expenditure and reviewed by the Administrator once a term.

8.2. Petty cash of up to £500 is held by the Administrator for the purpose of topping up the Nursery petty cash, supplying floats for events, returning deposits and occasional cash payments. The administrator also holds a bank card so that cash can be withdrawn from an ATM and purchases can be made online if required.

9. FIXED ASSETS (INCLUDING DEPRECIATION)

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9.1. The Charities Statement of recommended practice (SORP) (FRS102) sets out rules that Meadow Nursery School Parents' Association, as a registered charity, has to apply regarding capitalising and depreciating fixed assets.

9.2. As most of the equipment purchased for use by the Nursery is subjected to intensive use by the children straight away a prudent approach to capitalising this has been adopted. Usually such items are expensed in the year in which they are purchased rather than being capitalised.

9.3. Any other items considered to be of a capital nature would be proposed as such by the Treasurer at a Committee meeting and a depreciation period agreed.

10. SALARIES

10.1. Salaries are paid monthly on or around the 25th of the month for the period to the end of the month. Where hours in the final weeks of the month have been estimated any adjustments are included in the following month's pay.

10.2. Salaries are reviewed once a year in June in conjunction with staff appraisals and as part of the budget process. The bands are to be aligned with the rates negotiated with the NJC (National Joint Council). Proposed increases are discussed and agreed by a subcommittee of at least 4 people consisting of Chair, Treasurer, continuing trustees and any other appropriate committee members. There should be no related party interest on the subcommittee. These increases are then incorporated in the budget and ratified by the main committee. Any changes to salaries during the year due to changes in circumstances should again be agreed by the subcommittee and ratified at a main committee meeting and this should be minuted. A discretionary bonus may also be set aside when profits allow. This can be awarded to staff based on excellence in performance and / or the number of key children assigned. The performance should be evaluated as part of the annual appraisal process together with feedback from parents.

11. EXPENSES FOR VOLUNTEERS AND STAFF

11.1. Reasonable expenses may be claimed by staff/volunteers supported by invoices/receipts. They will be paid by way of a cheque or internet transfer in accordance with 7.1.3 to 7.1.5. The authorisers are responsible for reviewing the expenses being claimed and ensuring that they are reasonable. Any concerns about the expenses being claimed should be raised with the Chair or the Treasurer.

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12. FUNDRAISING

12.1. **Floats:** The Administrator liaises with the fundraising coordinator on the number of stalls and prices to be charged to determine how many floats are required and in what denominations. A breakdown of the float will be included with each cash box issued to the first stall holder on each stall. Once the stall holder has been issued with their cash box they should not leave it unattended and they should ensure that they hand it over to the next person taking over on the stall.

12.2. **Counting Cash**: At the end of the event all cash boxes should be returned to the Nursery building and ticked off against the list of boxes issued. The cash should be counted on the premises if possible. Totals should be logged on the control sheet to provide information on the takings for the event and to provide a total to reconcile the takings banked per the bank statement.

12.3. **Banking:** The cash takings should be banked by the Administrator as soon as possible after the event.

This policy was adopted at a meeting of Meadow Parents' Association Committee Meeting	
Held on	4th November 2008
Policy Amended	April 2026
Policy reviewed	April 2026
Date to be reviewed	April 2027
Signed by Chair	
Name	Tameena Mahmood
Signed by Nursery Manager	

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Name	Debbie Hill