



Reserves And Investment Policy

November 2015

Next review – Nov 2016

Introduction

The Wardle Academy Trust operates a secondary academy for pupils aged 11 to 16 serving a Pennine community around the eastern edges of Rochdale. In addition, the trust also sponsors a primary school, Kentmere Academy, near Rochdale consisting of 320 pupils.

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

Reserves Policy

Although the financial statements (2014/15) contain no formal reserves, material funds have been designated for the completion/partial completion of Block D at Wardle. For 2015/16, £150 000 of the net assets (£542 000) have been designated for this purpose. This expenditure should be complete by August 2016.

To protect the organisation against future risk, Trustees intend to use part of the remaining net assets for 2014/15 to develop a formal working capital reserve fund for 2015/16. Trustees intend to grow a reserve up to £400 000 by August 2017 which would be protected at this level and included in future Statements of Financial Activities. Reserves in excess of £400 000. would be set aside in the Fixed Asset Fund (Restricted and Unrestricted Funds) to contribute towards the delivery of the Strategic Site Development Plan agreed by Trustees annually.

Investment Policy

Aims

The aim of this policy is to ensure that funds which the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements;
- To ensure there is no risk of loss in capital value of any cash funds invested;
- To protect the capital value of any invested funds against inflation;
- To optimise returns on invested funds via ethical sources.

Guidelines

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Finance & Resources Committee. Approval must be signed off and recorded in the committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk. In addition, as an active member of the Rochdale Pioneer Trust, the academy would wish to review any investment consideration against the key co-operative values of self-help, self-responsibility, democracy, equality, equity, solidarity, ethical values, honesty, openness, social responsibility, and caring for others.

Currently, we do not invest surplus funds. The aim is to reach an appropriate level of reserve to allow the management and the Finance & Buildings Committee to explore investment possibilities with criteria being:

- Investment with a different counterparty (in order to reduce counterparty risk);
- Consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- A longer term investment with a higher return (but not high risk investments which are not in the co-operative values adopted by the academy).