**Insert Club Name**

**Reserves Policy**

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**Reserves Policy**

**1. General Principles & Definitions**

1.1 Reserves represent unfettered, unallocated, liquid funds. Reserves’ primary purpose is to enable the club to trade through the provision of unallocated liquid (cash + debtors + short term creditors) reserves. A distinction can be made between allocated and unallocated funds - allocated Reserves are funds set aside to meet essential future spending, such as funding a project that could not be met from future income.

1.2 Assessment of reserves is to be based upon professional judgement, having reflected upon changing risk and club/business objectives.

1.3 The Club Committee will be responsible for implementation and monitoring of the policy.

1.5 The primary purpose of Insert Club Name is to grow and develop the game of hockey. The retention of cash reserves must be set against the ongoing success of the club and the efficiency of any proposed use of funds.

1.6 Reference must be made to the Risk Register and quantifiable risks identified.

The definition of financial reserve for this purpose is the amount of unrestricted reserves not invested in fixed assets (net current assets excluding capital liabilities).

**2. Reasons for Holding Reserves**

2.1 Protecting against revenues shortfalls:

2.1.1 Declining grant income

2.1.2 Delays in payment of grant income

2.1.3 Delayed payment of debts

2.1.4 Affiliation income short fall

2.1.5 Commercial income short fall

2.1.6 Other income short falls

2.2 Protection against unforeseen or underestimated costs:

2.2.1 Negative expenditure variances (against budget)

2.2.2 Ad hoc projects, events or emergencies

2.2.3 Unforeseen, emergencies or unquantifiable costs (e.g. litigation, restructuring, including the cost of club cessation)

2.3 Development

2.3.1 Funds required to deal with future growth or development that may be invested in the future

**3. Reserve Level Requirement Calculation**

* 1. All individual risk areas to be quantified
  2. A judgemental assessment of the position of the risk areas identified and the resulting reserve level required
  3. A cash flow forecast prepared for 12 months and a headroom of 25% to be added to the assessment arrived at in 3.2 above to determine the reserve level required

The Club Committee believe that an appropriate level of reserve for the club is an amount equivalent to providing a “medium Risk Level” for combined risks as defined by the clubs annual financial risk review. This policy and the stated reserve requirement will be reviewed at least annually or more frequently as and when the financial risk review document is updated with any changes to any of the three levels of risk – low, medium, high.

The Club Committee may also require the development of an additional “discretionary” reserve, built up through Insert Club Name income generation streams, for the purposes of discretionary spending on various projects that arise from time to time to enable Insert Club Name strategy and objectives to be achieved. This reserve should be clearly separated from Insert Club Name reserve to cover financial risks.

**4. Reserve Level Management and Monitoring**

4.1 Current reserves held will be monitored against the current reserve level requirement on at least a six-monthly basis, as part of the clubs risk management processes

4.2 Any surplus or deficit will be transferred to Reserves at the end of the financial period except for items expressly identified by the Club Committee.

4.3 Items expressly identified by the Club Committee must be discussed and formally agreed at a Committee meeting.

4.4 If any specific activity has an anticipated deficit to be in excess of £1k, the Club Committee must be advised by the appropriate person and, at their next meeting, the Club Committee must consider and determine appropriate remedial action to redress that anticipated deficit.

4.5 If Insert Club Name reserves fall or are predicted to fall below £5k or less than 3% of its annual turnover, then the Club Committee must convene an emergency meeting within 5 working days of the information becoming available to consider the financial position, and a Committee Meeting convened within 10 working days of the information becoming available to consider recommendations.

4.6 Reserve levels should reflect 3 months staffing costs and 6 months other operating costs

**5. Further Information**

For further information about any aspect of the Insert Club Name Reserves Policy, please contact:

Insert Club Address

Insert Club Contact Information