

# Hockey Wales Reserves Policy



Name of Author  
Approved by  
Approval dates  
Review Date

Finance & Risk Group  
Board of Directors  
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## General principles and definitions

- 1 Reserves represent unfettered, unallocated, liquid funds. Reserves' primary purpose is to enable the business 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.
- 2 Assessment of reserves is to be based upon professional judgement, having reflected upon changing risk and business objectives.
- 3 The Finance and Risk Group will assess the ongoing reserves policy and make recommendations to the Board.
- 4 The CEO will be responsible for implementation and monitoring of the policy.
- 5 The primary purpose of Hockey Wales is to grow and develop the game of hockey. The retention of cash reserves must be set against the ongoing success of the organisation and the efficiency of any proposed use of funds.
- 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).

## Reasons for holding reserves

- 1 Protecting against revenues shortfalls:
  - 1.1 Declining grant income
  - 1.2 Delays in payment of grant income
  - 1.3 Delayed payment of debts
  - 1.4 Affiliation income short fall
  - 1.5 Commercial income short fall
  - 1.6 Other income short falls
- 2 Protection against unforeseen or underestimated costs:
  - 2.1 Negative expenditure variances (against budget)
  - 2.2 Ad hoc projects, events or emergencies
  - 2.3 Unforeseen, emergencies or unquantifiable costs (e.g. litigation, restructuring, including the cost of business cessation)
- 3 Development
  - 3.1 Funds required to deal with future growth or development that may be invested in the future

### 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 2 above to determine the reserve level required

The Directors believe that an appropriate level of reserve for the company is an amount equivalent to providing a "medium Risk Level" for combined risks as defined by the company's 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 Directors may also require the development of an additional "discretionary" reserve, built up through Hockey Wales' income generation streams, for the purposes of discretionary spending on various projects that arise from time to time to enable Hockey Wales' strategy and objectives to be achieved. This reserve should be clearly separated from Hockey Wales' reserve to cover financial risks.

### Reserve level management and monitoring

- 1 Current reserves held will be monitored against the current reserve level requirement on at least a six-monthly basis, as part of the company's risk management processes
- 2 Any surplus or deficit will be transferred to Reserves at the end of the financial period except for items expressly identified by the Board.
- 3 Items expressly identified by the Board must be discussed and formally agreed at a Board meeting.
- 4 If any specific activity has an anticipated deficit to be in excess of £10k, the Board must be advised by the appropriate Director and, at their next meeting, the Board must consider and determine appropriate remedial action to redress that anticipated deficit.
- 5 If Hockey Wales reserves fall or are predicted to fall below £30k or less than 3% of its annual turnover, then the Finance & Risk TAG must convene an emergency meeting within 5 working days of the information becoming available to consider the financial position, and a Board Meeting convened within 10 working days of the information becoming available to consider the Finance & Risk TAG's recommendations.
- 6 Reserve levels should reflect 3 months staffing costs and 6 months other operating costs

### Further Information

For further information about any aspect of the Hockey Wales Reserves Policy, please contact:

Hockey Wales  
Sport Wales National Centre  
Sophia Gardens  
Cardiff  
CF11 9SW

- [www.hockeywales.org.uk](http://www.hockeywales.org.uk)
- 0300-300-3126
- ✉ [info@hockeywales.org.uk](mailto:info@hockeywales.org.uk)
- t Follow [@HockeyWales](https://twitter.com/HockeyWales)
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