



## Reserves Policy

October 2017

Hitchin Swimming Club is a non-profit making organisation and:

- Any surplus funds are re-invested in the Club
- The Club's constitution has strict controls on the way in which the Club can spend money
- The Club operates with financial reserves
- The Club aims to be transparent and accountable to its members

The Club holds financial reserves for the following reasons:

- A level of working capital is required to operate day to day. For example – some pools require the club to pay hire fees a term in advance. In addition, where intensive warm weather training camps are organised, the club funds the deposit required to secure lanes and flights until swimmers are selected, invited and payments are received.
- It requires protection to ensure it could continue operating despite a significant delay in income streams;
- In the scenario that the Club was forced to cease its operations either temporarily or permanently, reserves would be required to allow the club to fulfil its contracted obligations;
- It requires protection from general business risks; eg. fluctuations in income streams and unforeseen costs;
- It may require funds to restructure or finance future growth and development.

The definition of financial reserve for this purpose is the amount of unrestricted reserves not invested in fixed assets.

The Committee believes that an appropriate level of reserves for the Club is around £40k which would cover 6 months operating costs. For practical purposes, the Committee has established an acceptable band of £35k to £45k within which reserves can fluctuate. The committee will allow the funds to drop to £35k before looking to increase squad or membership fees and if reserves increase above £45k, the Committee will look to increase planned expenditure for the benefit of its members.

An annual review of reserves will be carried out in order to:

- compare current reserves held with current policy level;
- ensure the reserves level requirement continues to be appropriate after consideration of all financial risks and current/future plans;
- ensure current budgets and future financial plans remain consistent with the reserves policy.