

# Hertfordshire Golf – Reserves Policy

## 1. Purpose of the Policy

The purpose of this Reserves Policy is to ensure that Hertfordshire Golf Ltd (“the company”) maintains an appropriate level of reserves to:

- Meet future needs and ensure sustainability
- Protect the organisation against financial uncertainty and risk
- Provide flexibility to respond to unforeseen circumstances or opportunities.

This policy supports good financial management and transparency.

## 2. Definition of Reserves

Reserves are that part of the company’s unrestricted funds that are freely available to spend on any of its purposes. This excludes:

- Restricted funds
- Endowment funds
- Designated funds earmarked for specific future projects
- Fixed assets (e.g. buildings or equipment).

## 3. Target Level and Minimum Level of Reserves

We have set a Target Reserve level of reserves equivalent to 6 months of all operational expenditure as anticipated in three years’ time. This is currently set at £250K, based on the company’s annual budget and current financial position.

This level is considered sufficient to:

- Cover essential running costs (staff salaries, premises, utilities)
- Allow time to adjust to changing financial circumstances
- Maintain continuity of services during unforeseen disruptions.

If reserves exceed or fall below the target range, the Board will review the position and consider appropriate action.

We have also set a Minimum Reserve level of £125K (6 months of core costs), below which the Board will agree urgent actions to prevent any further deterioration, options to include reducing operational expenditure and associated activities.

## 4. Justification of Reserves Level

This level of reserves is based on:

- Commitment to staff and contractual obligations (core costs)
- Risk analysis of income streams (e.g. reliance on affiliation fees, grants, entry fees etc)
- Expected cash flow needs
- Volatility in the popularity of golf
- Plans for future strategic development.

## **5. Monitoring and Review**

The reserves level will be reviewed:

- Annually as part of the budgeting and financial planning process
- Whenever there is a significant change in income, expenditure, or risk profile
- Every three years as a formal review of this policy by the Board.

The Board will report on the reserves position in the annual Financial Statement, including:

- The amount held in reserves
- Why they are held
- When they are likely to be used
- How the reserves policy is being monitored and reviewed.

## **6. Use of Reserves**

Use of reserves outside the planned budget must be approved by the Board. Examples of appropriate use include:

- Bridging short-term funding gaps
- Emergency maintenance or legal costs
- Investing in key strategic initiatives with long-term benefit.

## **7. Responsibilities**

The Board is responsible for:

- Setting and reviewing the reserves policy
- Ensuring financial stability and good governance

The Finance Director is responsible for:

- Monitoring reserves levels
- Providing accurate financial reports to the Board.

Responsible Person: Finance Director

Adopted: July 2025

Review: July 2028