

PROPOSED RESERVE POLICY FOR SOUTHWARK CITY TENNIS CLUB

Southwark City Tennis Club

A formal policy on reserves was agreed at the _____ meeting of the executive committee/ Board / etc.

It states:

The Board has set a reserves policy which requires:

- Reserves be maintained at a level which ensures that Southwark City Tennis Club (the Club) organisation's core activity could continue during a period of unforeseen difficulty.
- A proportion of reserves be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle. It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted;
- Planned activity level;
- Organisation's commitments.

- Introduction;

This statement sets out the reserve policy of the Club and will be reviewed periodically as well as forming part of the Trustee's Annual Report.

- **Current policy: (as outlined above);**

The Club became a charity on 8 April 2013 and this is its second formal statement of the need for reserves as a Charity.

- **Risk assessment: against each category of income and expenditure;**

Income

- fees from memberships are likely to be stable at around £2,200 if current prices are kept.
- one off events may raise some £7,000 based on past experience. However, this income is not guaranteed. .

The Club should be active in raising additional funds to allow an expansion of its activities on a project by project basis.

Expenditure

- in the short term this is low risk as the Club has no ongoing commitments or operating costs beyond the decision to have accounts prepared each year (estimate £400). The Club can choose its expenditure on a project by project basis.
- decisions about future expenditure are subject to greater risk. The operation of community tennis activities by Be Active Social Enterprise CIC is not supported by a long term lease. Should Be Active not secure a future lease or cease operations then the Club would wish to maintain as much of the community programme as possible. Reserves of **£7,000** would allow some continuity in the programme in this event.

- **Future activity level: likely requirements on reserves;**

For the year 2014/15 the following items have so far been committed to:

- £600 training budget for volunteers
- £650 fund to develop girls and womens tennis.

- **Organisational commitments;**

Southwark City Tennis Club
Charity Number 1151559 and Company No. 08399940

Southwark City Tennis Club has committed **£35,000** as a designated fund to support the installation of covered courts at Burgess Park. The rationale for this is that the members and local community would benefit dramatically. The overall project cost is currently estimated as £700,000. While representing a small percentage (5%) of the total budget it is believed that the designated fund will be an important component in demonstrating the commitment of the Club and local community and will provide a higher chance of grant applications being successful by providing an element of matched funding.

In the event that the project is not to go ahead then the designated fund will be closed and the funds reallocated.

For background the definition of a designated fund is as follows: Designated funds are part of the unrestricted funds which trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.

Source: <http://www.charitycommission.gov.uk/publications/cc19.aspx> (visited 25/10/14)

- **Current reserves level.**

As of 25 October 2014 the club had assets of £41,048 held in a Business Money Manager and Current Account at HSBC. There is also an outstanding amount of £4,200 to be receiving from a fundraising event. A negligible rate of interest is received on these funds.

As set out above the £45,000 is comprised of £35,000 as a designated fund for covered courts due in the next two years and £7,000 is held as a reserve. The balance and any future fundraising is available to cover project expenditure and auditing costs.

Further investigation of whether a better return can be made on a very low risk investment of the £35,000 designated fund will be made by the Trustees. The investment requirement is that the capital is not put at risk and that the funds can be accessed on or before early 2016. The investment is in line with the Powers given to the Trustees under the Articles of Association for a Charitable Company