



FP001 - RESERVES POLICY

The Organisation's Views on Operating Reserves

The Organisation define “Operating Reserves” as the portion of unrestricted net assets that are available for use in emergencies to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenue.

Policy Statement on Operating Reserves

The British Triathlon Federation is aware of the need to secure their viability beyond the immediate future. In order to be able to provide reliable services over the longer period, the BTF must be able to absorb setbacks and take advantage of change and opportunity. The BTF has therefore provided for this by putting aside some of their current income as a reserve against future uncertainty, allowing sufficient time to restructure (if required) or seek alternative income.

Definition of Free Cash Operating Reserves

For the purposes of this definition the term “operating reserves” is applied to that part of the BTF’s income that is freely available for its general purposes. Operating reserves are the resources the BTF has or can make available to spend for any or all of its purposes once it has met its commitments and covered its other planned expenditure. This definition excludes unspent money from grants, i.e. where a funder has ring fenced what the money must be spent on and the Board do not have the power to spend the money on anything.

Sustainable Reserves

Since the BTF enters into commitments - through the agreement to deliver services, the employment of staff, the leasing of premises, the purchase of goods or service etc - it is imperative that it has sufficient resources. Even though the BTF operates in a moderately stable environment where future income streams and expenditure requirements can be identified there will remain an element of uncertainty as to the absolute timing of each individual transaction and also the possibility that unforeseen expenses or liabilities will emerge. Against this background the BTF considers it good practice to seek to build some financial reserves which will allow them to meet their future commitments or unforeseen expenses without a negative impact on their ability to deliver their services or develop their businesses in the manner planned.

Through holding sustainable reserves the BTF is able to absorb setbacks and take advantage of change and opportunity; to demonstrate that the BTF have thought through how they might secure their viability beyond the immediate future and provide reliable services over the longer term; and to demonstrate to potential funders that they are effectively managing

their resources, and have given consideration to their long-term plans and viability and a general assessment of the financial position.

Unrestricted Reserves

As an organisation carrying unrestricted reserves, it allows the BTF:

- to absorb setbacks and to take advantage of change and opportunities;
- to demonstrate that they have thought through how they might secure their viability beyond the immediate future and provide reliable services over the longer term;
- to demonstrate to potential funders that they are effectively managing their resources, and have given consideration to their long-term plans and viability.

Reserve Level

- The BTF has set its reserve policy by considering the following:
- Sufficient free reserves to provide cover for between three and six months in relation to known liabilities
- A smaller additional provision of free reserves for unforeseen liabilities
- The amount of deferred membership income

Timing

The BTF's reserves policy will be reviewed every three years but updated if necessary at the end of each financial year to take account of any change in circumstances and to recalculate the operating reserves based on the 31 March Balance.

Calculation

The BTF Board has set a reserves policy which requires that the operating reserves are built at a level which ensures that 6 months of the BTF's core activity could continue during a period of unforeseen difficulty.

	Triathlon England			
	Members Special Reserve	Sustainable Reserves	BTF Sustainable Reserves	
2014/15 Balance B/fwd	35,460	504,730	552,266	1,092,456
Forecast Surplus/(Deficit) for 2015/16		12,334	(86,329)	(73,995)
				0
Forecast Reserves Position 2015/16	35,460	517,064	465,937	1,018,461
Sustainable Reserves;	0	462,395	405,053	867,448
Unrestricted Reserves / (Sustainable Reserves Shortfall)	35,460	54,669	60,884	