

Leighton Buzzard & District Young Farmer's Club

RESERVES POLICY

Revised September 2016



WHAT IS THE RESERVES POLICY?

The policy outlined in this document exists to create a buffer against a loss of income, unbudgeted expenses or simply an unexpected event that has cost implications for the club. This pot of money is not designed to cover long-term shortfalls but instead brief reductions in income from subscriptions or events.

Restricted & Unrestricted funds

Income can be split into two categories; restricted and unrestricted. The latter covers the majority of money the club handles - it is money raised from donations, events and contra funds collected from members and passed to other organisations. Restricted funds are monies generated from member subscriptions; they are sectioned under this title so if there were a decrease in membership numbers in one annual period we would still be able to pay the levy and insurance for the previous.

Where does the reserved money come from?

A great amount of money has been accumulated over many years from profitable periods of the club, once such account is documented as holding over £6000 in 1996 and has increased to over £10,500 at the time of writing. This account is called the High Interest account and sits along side the current account (which holds a similar amount of money) and the Martian Senior account which holds £2,500 designated for travel and training awards. The high interest account is designated as the source of reserve money if needed.

HOW MUCH IS ALLOCATED?

The underlying phrase here is 'It depends', the club has no requirement to pay salaries, upkeep buildings, maintain assets or make regular payments so any need to keep money in the event of loss of income is quite small. However, the risk of an event being cancelled and ticket fees needing to be returned as well as other expenses paid out could have significant effect on the club, even if this situation is pretty unlikely. The largest event the club holds is the summer ball with an average cost (calculated over the past 5 years) of £10,000 so it is felt that something around that amount is suitable.

Investment

Although the funds are ear-marked as reserved it does not mean they could not be invested in short to medium term policies, as long as they can be easily obtained if needed.

Why does this help us?

The liquid resources of the club are much higher than are possibly needed and whilst this is being spent on assets for the club, not enough resources are required to diminish the fund totally. The creation of this policy gives the High Interest Account a reason to exist and forms a cushion against future loss of income.

AMENDMENTS TO RULES

These rules may be reviewed on an annual basis and updated if new produces are required. Any amendment to the rules must be agreed by the club committee and formally proposed and adopted at the club AGM for which they should be circulated beforehand. The amount included in the reserve account may be altered depending on the current requirements of the club. If saving was underway to build a clubroom, the amount may be reduced so a bank loan etc was not needed.

Signed: Chairman of the Club