



# FINANCIAL RESERVES – INSOLVENCY PROTECT FUND

## Club Policy Statement

### Issue No 1

(8th November 2024)

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Amendments List

Amendment No	Version No	Date	Details
0	1.0	8 <sup>th</sup> Nov 2024	Initial Issue

**THIS DOCUMENT IS ISSUED ON  
THE AUTHORITY OF THE  
CHAIRMAN OF THE BOARD OF  
LEDBURY RUGBY FOOTBALL CLUB**

Throughout this document, all references to ‘Ledbury RFC’ and ‘The Club’ should be interpreted as representing Ledbury Rugby Football Club Ltd, including its subsidiary company, The Pavilion Rooms (Ledbury) Ltd, unless specified otherwise.

Please notify the document author of any errors, omissions, or suggested amendments by e-mail to gm@ledburyrfc.co.uk

## Policy Overview:

The purpose of the Insolvency Protection Fund (Reserves Policy) for the group is to ensure the financial resilience, employment and ongoing operations of the club to endure impacts sustained to normal operations.

The Operating Reserve is intended to provide an internal source of funds for situations such as an unanticipated loss in operating income or uninsured losses as a result of unexpected external factors. The Reserve is not to be used for one-time, nonrecurring expenses. Such expenses are to be funded from excesses retained over and above the Operating Reserve.

Operating Reserves are not intended to replace a permanent income loss or eliminate an ongoing budget gap. The group intends for these reserves to be used and replenished within a reasonably short period of time.

## Definition and Goals

The operating Reserve Fund is defined as a designated fund set aside by action of the Board of directors. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain facilities, insurance, other minimum legal obligations and employment in the event that ordinary commercial and club operations are suspended. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to six months of minimum operating costs, estimated at FY 2024-25 as £50,000. The calculation of minimum monthly operating costs includes all mandatory recurring, predictable expenses such as salaries and benefits, utilities, insurance premia, and minimum pitch and facilities maintenance so as to allow a return to full operations as soon as possible and protect the estate from deterioration. The amount of the Operating Reserve minimum will be calculated each year at or around the point at which the prior years accounts are approved, reported to the Board of Directors and included in the regular financial reports.

## Accounting and Reserves

The Operating Reserve fund will be recorded in the monthly financial reports as Board-Designated Operating Reserve and will be available in cash or cash equivalent funds. It will be combined with the general cash and investment accounts.

## Funding of Reserves

The Operating Reserve fund will be funded with surplus unrestricted operating funds.

## Use of Reserves

Use of the Operating Reserves requires three steps:

### Identification of appropriate use of reserve funds

The General Manager and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires an analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and an evaluation of the time period that the funds will be required and replenished.

### Authority to use operating reserves

Authority for the use of up to 20% of Operating Reserves is delegated to the General Manager in consultation with the Finance Director. The use of Operating Reserves will be reported to the Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination regarding the use of funds and plans for replenishment to restore the Operating Reserve Fund to the target minimum amount. The General Manager must receive prior approval from the Board of Directors for any use of Operating Reserves in excess of 20%.

### Reporting and monitoring

The Finance Director is responsible for ensuring that the Operating Reserve fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve Funds, the Finance Director will maintain records of the use of funds and plan for replenishment. He or she will provide regular reports to the Board of Directors on progress to restore the fund to the target minimum amount.

## Signature Page:

This policy document has been approved for issue by the Board of Ledbury Rugby Football Club Ltd

*Hard Copy Signed*

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J Wilesmith  
Club Chairman

Date: 8<sup>th</sup> November 2024

Date for next formal review: 1<sup>st</sup> October September 2025