RESERVES POLICY

Introduction

1. The purpose of this policy is to set out the rationale and justification in respect of reserves and how the holding of reserves should be considered through the development and agreement of a Reserves Policy.
2. Triathlon Ireland is committed to good governance and financial management to ensure it builds a sustainable, financially secure organisation that is seen as a leading light in sport domestically but also within triathlon internationally.
3. Triathlon Ireland is aware of the need to secure its viability beyond the immediate future. In order to be able to provide reliable services over a longer period, TI must be able to absorb setbacks and take advantage of change and opportunity. TI has therefore provided for this by retaining some of its previously generated surplus as a reserve against future uncertainty, which would allow it sufficient time to restructure (if required) or for it to seek alternative income.
4. Reserves should be set at a level that balances the requirements of the business as a going concern, alongside the Strategy of TI, which is to invest in the sport of Triathlon in Ireland.

Definition of Reserves

5. Reserves are defined as being the Total Net Assets as reported in the TI Annual Report and Financial Statements.
6. To justify the holding of reserves, Triathlon Ireland's Reserve Policy is based on a realistic assessment of need and covers:
    a. the reasons why the organisation needs a reserve or does not;
    b. what level (or range) of reserves the organisation believes it needs;
    c. what steps the organisation is going to take to establish or maintain reserves at the agreed level (or range); and
    d. arrangements for monitoring and reviewing the policy.

7. The development of the Reserves Policy has been informed by an analysis in respect of:

   a. forecasts for levels of income in future years, taking into account the reliability of each source of income and the prospects for opening up new sources;
   b. forecasts for expenditure in future years on the basis of planned activity;
   c. analysis of any future needs, opportunities, contingencies or risks that the organisation has demonstrated they would not be able to meet out of routine income;
   d. assessment, on the best evidence reasonably available, of the likelihood of each of those liabilities arising and the potential consequences for the organisation of not being able to meet them; and
   e. a general assessment of the financial position.

Setting a Reserve Level

8. There is no absolute level of reserves that an organisation should hold but when looking at the level of reserves Triathlon Ireland has considered the following:

   a. How secure is the organisation’s present funding?
   b. How long would it take to find alternative sources of funding?
   c. If the organisation had to close, how long would it take to wind up in an orderly manner?
   d. What costs could be involved in winding up? Consider:
      i. redundancy costs;
      ii. legal and accountancy costs; and
      iii. the time to the expiry of leases on property and office equipment.

9. By basing the reserve on a percentage of annual expenditure, you consider the broader financial picture, including not only operational costs but also potential capital expenditures, expansion plans, and other financial needs. This approach provides a more comprehensive and adaptable financial buffer. Triathlon Ireland believes that an acceptable level of reserve might be considered to be 16-18% of projected income in any given year.

Disclosure of Reserves

10. Triathlon Ireland's annual accounts will state the level of reserves on the last day of the financial year.

Use of Reserves

11. Normally, TI should operate above the level of the Total Reserves. However, there may be certain circumstances where the Board may decide to allow TI to go below the level of Total Reserves, taking account of the economic outlook and/or other exceptional circumstances. However, should that happen there should be a plan for TI to move reserves back to the agreed targeted Total reserves within an agreed timeframe, to be approved by the TI Board.

Review of Reserves Policy

12. Triathlon Ireland's Reserves Policy should be reviewed at the end of each financial year to take account of any change in circumstances.

Reserves Policy

13. Triathlon Ireland has reviewed, updated and approved this Policy on 7th December 2023. It states:
    a. The Directors have set a reserves policy which requires reserves to be built at a level of 16-18% of the previous year's total income, with a target to achieve compliance with this target by the end of 2028.
    b. The reserves at 31 December 2023 are €115,000.