



## Wellington Choral Society - Reserves Policy

### Background.

The Charity Commission expects all Charities in England and Wales to decide, publish, implement and monitor their charity's reserves policy so that they can comply with their legal duties. In practice, this means we should hold sufficient financial resources to ensure the continued normal operation of our charity, should there be events, both within and outside our direct control, which could cause a significant disruption to them.

### Reserves Policy.

- 1) The Trustees have reviewed the cash requirements of the Society during a typical year and for hypothetical years in which, for various reasons, funds are dramatically reduced or non-existent from the normal sources of income, and/or expenditure is higher than historical costs indicate. A figure of £3,500 has been identified as the minimum amount which should be held as the Reserves at the end of the financial year to protect the society in the event of such occurrences.
- 2) Reserves are that part of the Charity's funds that are freely available to spend on any of its purposes. They exclude any amounts designated for essential future spending. The Trustees should identify on a regular basis, and, specifically at year end, those resources which qualify as reserves.
- 3) It is important that the Trustees recognise that the amount of Reserves will fluctuate during the singing year and that there are times when particular attention should be paid to this. Examples of this include but are not limited to: -
  - a. the start of each singing term when the number of members paying subscriptions is an important factor.
  - b. the two occasions in the year when cash flow is critical i.e. at the time of the November and March concerts.

In normal years the Reserves held prior to these events are more than sufficient to maintain a healthy positive cash position throughout the year. However, under this policy it is the duty of the Trustees to review fluctuations in income or expenditure associated with these events and identify any factors which could place the Reserves figure at risk of being below the £3,500 minimum.

- 4) At any time during the singing year, should the trustees identify either a coming event which threatens the reserves level or the Society actually experiences an event that does so, then the Trustees must consider what options are available to them under the terms of the Society's Constitution, to rectify the situation at the earliest opportunity.
- 5) Annually, at year end, the Trustees should review any significant changes in the Society's activities that indicate a change in the recommended level of minimum Reserves of £3,500 is required and take action if considered necessary.
- 6) It is not thought necessary to set any maximum allowable level of Reserves. However, under normal circumstances the actual level of Reserves will grow year on year and should be reviewed annually at year end. The Trustees should consider whether steps should be taken to lower the level of actual Reserves. If it is decided that a reduction is necessary then the Trustees should do so with due regard for any restrictions placed on their use by the Society's Constitution.

Drawn up July 2017

Approved by Trustees on: 4 October 2017      Date

Signed by Chair:..... See original document .... Mike Maddock

### Review Due: Yearly as part of the Finance Review

(Papers held with the original document detail the exercise undertaken to reach the conclusions shown)