

<b>Policy</b>	<b>Reserves</b>
<b>Effective Date</b>	1 March 2018
<b>Date Last Reviewed</b>	19 March 2018
<b>Authorised by</b>	Trustees Meeting
<b>Scheduled Review Date</b>	March 2019
<b>Supersedes</b>	All previous Policies and/or Statements

### **Introduction**

The Harrogate Choral Society (HCS) aims to establish an annual budget with expenditure matched by income. However, it recognises that there will be situations when this cannot be achieved either in planning or actual and this reserves policy makes provision for these eventualities.

### **Sponsorship**

To break even, the current business model of HCS depends on a significant level of corporate sponsorship which is normally time limited and may or may not be renewed. Such sponsorship has accounted for up to 20 % of the total annual income in each of the previous 4 years to 2017.

Therefore, in case of non-renewal, HCS aims to retain the equivalent of 2 years sponsorship income in its reserves to allow sufficient time for other sources of corporate sponsorship to be identified and/or adjustments to be made to operational arrangements to bring them in line with the revised level of income. Most of this reserve is held in a savings account with relatively quick access, penalty free.

A common reserve guidance figure is 3-6 months expenditure. For HCS a 6 months income would give a very similar figure to 2 years sponsorship. ie £25 - 30,000

### **Cash Flow**

Cash flow needs, to deal with outlays in advance of performances, require an additional reserve in the current account (especially at the start of financial year when membership fees are still incoming) and the possibility of a cancelled concert which has been fully contracted for orchestras, soloists, conductors etc. and which could fall outside our insurance policy terms and conditions must also be taken into account. HCS would need a rollover figure of 3 months expenditure to secure this in the case where 2 concerts are early in the season, especially if a venue other than Royal Hall is used (ie hire fee not set against ticket income)

### **Halcyon Youth Choir**

The Halcyon Youth Choir is a recent addition to the HCS family of choirs. While it is still in a developmental stage and dependent for financial viability on a number of corporate sponsorship sources, HCS considers it appropriate to retain in reserve the equivalent of 1 year's charitable expenditure in addition to at least 3 months expenditure at the start of the financial year to allow for cash flow plus a further amount to cover fluctuations in membership and associated fundraising capability. Halcyon has its own current account but does not have funds in a savings account.

**Monitoring**

HCS reviews its reserves policy annually and monitors current arrangements throughout the year as part of the normal budgetary process.

**Change Control History**

Date of Change	Summary of Revisions Made
March 2018	More specific information included relating to actual reserve held and cash flow