

## **HASLEMERE MUSICAL SOCIETY**

### **RESERVES POLICY**

**6<sup>th</sup> November 2018**

#### **Introduction**

- 1) Haslemere Musical Society's objects are to educate the public in the art and science of music, to enable members to make music together at regular rehearsals of choral and orchestral works under the direction of skilled musicians appointed for the purpose, to perform such works at public concerts and offer concertgoers good value for money, and from time to time to commission new works for performance by the Society.
- 2) Income is derived primarily from members' subscriptions (including Gift Aid) and from selling tickets to concerts. We have also been successful in attracting several significant sources of grants and donations over the past few years.
- 3) We spend money primarily on professional fees and on venue hire charges for rehearsals and concerts. In terms of professional fees, we have an ongoing commitment to our regular professionals, and we also pay professional soloists and supporting musicians for their services at concerts.

#### **Rationale behind reserves policy**

- 4) The Trustees believe that it is appropriate to maintain a certain level of reserves within the Society.
- 5) In the past, the target level of reserves which the Trustees considered appropriate to ensure continuity of our charitable activities was between 75% and 100% of the average annual income of the Society for the preceding three years.
- 6) The Trustees now feel that it is more appropriate to consider what our obligations would be in the event of a sudden loss of income.

#### **Risks identified**

- 7) In the case of our income:
  - a. The risk of membership subscriptions falling is low. The Society has weathered the last few years well, in spite of the economic slump following the banking collapse in 2008 and the ensuing austerity measures. Our membership has held up well historically even though we always struggle in certain sections.
  - b. The risk on concert income falling is low to moderate. We rely to a significant extent on members inviting family and friends to concerts, so a fall in membership will probably bring a fall in concertgoers. In addition classical audiences are difficult to attract, and are being offered a wider choice in Haslemere in recent years.

- c. The risk of grants and donations falling is moderate; we are currently reliant on the good work of one member in this area and income can never be guaranteed.

8) Overall, the risk of income falling to a dangerous extent is considered low, and any fall reversible. The Trustees have agreed to increase subscriptions and professional fees by around the rate of inflation each year from now on. The Society also seeks to stage popular concerts, consulting both members and audiences on what they would like to hear.

9) However, in the event of a sudden and significant loss of income, the Trustees would like the Society to be able to honour its commitments to its main suppliers – in effect, its regular professionals and its concert and rehearsal venues – for at least a year, and preferably for 18 months, to enable the Society to have time to continue functioning and a recovery plan to be implemented.

### **Required level of reserves**

10) The Trustees consider that the Society's reserves should be maintained at 125-150% of the prior year's expenditure on regular professionals and venues.

11) For the year ended 31 August 2018, the Society's expenditure on regular professionals and venues was:

	£
Regular professionals: rehearsals	11,494
Regular professionals: concerts	3,225
Rehearsal venues	2,981
Concert venues	<u>1,916</u>
Total	<u>19,616</u>

12) This means that the Society's reserves at that date should be between £24,520 and £29,424.

13) The Trustees will review the reserves policy every three years.

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