

## Background

Advice from the Charity Commission is that every charity should implement a policy that defines how it will measure that there are sufficient financial resources available to ensure the continued operation of the charity should there be events, either inside or outside of its direct control or both, that could cause a major or significant disruption to the charity's normal or expected operations. These events may or may not lead to a notable impact on the charity's budgeted finance cash flow.

## Reserves Policy

- 1) The Trustees have reviewed the Society's needs for reserves in line with Operational Guidance No. 43 (Charity Income Reserves) issued by the Charity Commission.
- 2) The Society's main charitable purpose is the education of the public in the art and science of choral music and its principal means of fulfilling this purpose is by the performance of public concerts. In order to maintain high musical standards the Society generally performs its concerts with professional soloists and orchestra. Therefore, each concert involves considerable expense, only part of which can normally be recovered through revenues from ticket sales. In addition, the cost of concert venues varies but represents an additional item of expense.
- 3) Arrangements for concerts have to be made many months in advance. The Society, therefore, has to undertake commitments that involve substantial expenditure, whereas the income from ticket sales is only received in the weeks leading up to a concert. In addition, the quantity of ticket sales is volatile and there is no guarantee that actual sales will match those estimated when drawing up a season's budget.
- 4) Since concert expenses normally exceed ticket revenues, often by a considerable amount, the deficit is met from members' subscriptions and fundraising. Members' subscriptions are fixed at the beginning of each season and there is little scope for increasing subscriptions if one or more concerts incur heavier losses than expected. The Society cannot rely on fundraising to meet an unexpected deficit and it would be irresponsible to do so.
- 5) Accordingly, there is a risk, in any season, that one or more concerts might incur a much larger loss than anticipated in the budget. If the Society suffered substantial losses on one concert it might still be committed to the remaining concert(s) in that season, since the costs arising from cancellation might exceed the expected loss if the concert goes ahead.
- 6) The Trustees, therefore, consider it prudent that the Society should seek to maintain a reserve that is substantial enough to cover the costs of at least two concerts, and preferably the cost for a whole season, in order to guarantee the quality of service.

For and on behalf of Wimbledon Choral Society,



Neil Dennis  
Chairman, Wimbledon Choral Society