

Reserves Policy

Introduction

1. Accounting and Reporting by Charities: Statement of Recommended Practice 2005 ("SORP 2005") requires trustees to include in their annual report a statement of the Fund's policy on reserves, including the level of reserves held at the balance sheet date and why they are held. Trustees need to consider the need for reserves and develop an appropriate policy and statement, which should be reviewed annually.
2. There are a number of reasons why the Fund should hold reserves:
 - to fund working capital
 - to fund unexpected expenditure
 - to fund shortfalls in income
3. In the SORP the term "reserves" describes that part of a charity's income funds that is freely available; it does not include restricted funds. Currently we do have any funds designated as restricted.

Current Policy

4. We do not have an agreed reserves policy.
5. Good governance and accounting practice requires us to update our policy. Based on the description above a reserves policy should be put in place:
 - The policy is based on current expenditure of £28,618.00 (2016 £13,041)
 - The level of benefits paid in 2017 was exceptional so taking an average over the last two years would a prudent figure would be £20,800.
6. Taking these elements into account would reduce the reserves policy to c£.....

Revised Policy

7. The management accounts give a good indication as to the financial performance of the Fund. The main areas of expenditure have been examined to anticipate the maximum number of months it would take to substantially reduce the costs. These range from 1 to 6 months depending on the nature of the expenditure and are set out in the table overleaf.
8. On this basis, reserves of £..... are required.

BOURNEMOUTH SYMPHONY ORCHESTRA BENEVOLENT FUND

↻ a charitable fund set up in 1958 to provide financial support for musicians
with prolonged or serious illness or injury ↻

Reserves Policy

£	Expenditure	Net Expenditure	Months to reduce Expenditure	Reserve Required
Concert fee - Lighthouse	4,000		1	4000
Benefits	21,489		6	21489
Governance expenses	906		1	906
Marketing & Printing	1,300		1	1300
Examiners Fee	75		1	75
Annual concert costs	2,900		1	2900
Total Expenditure	30,670			30670

Reserves – we aim to retain sufficient free reserves in a range equivalent to approximately four to six months' forward expenditure. These reserves are held in case of any unexpected decline in income and to ensure contractual commitments to third parties are met and services to our beneficiaries can be made with confidence. At 31 March 2017 Unrestricted Free Reserves were £174,427.00 [2016 £183,360.00], £8,993.00 lower than the prior year. We do not have Restricted Reserves.