**LAMPETER MUSIC CLUB RESERVE FUND POLICY**

**Introduction**

In 1995 Lampeter Music Club came close to insolvency, and was rescued by generous donations, and by one member in particular who provided a sum of £2000 specifically as an insurance against failure of the club following its re-launch.

Fortunately, the club has thrived since this time and is currently in a stable financial state. The regular income from patrons and members, as well as an encouraging level of additional donations, has put the club in this satisfactory position. The club does however rely heavily on a grant from the Welsh Arts Council, and on free use of the hall and piano in the College.

**Why reserves are needed?**

Lampeter Music Club needs sufficient reserves to meet its commitments in the event that other sources of income fail to meet its expectation. The Arts Council currently commits a grant for a three-year period, after which it invites a further application. The level of a future grant is not guaranteed. Artists for each season's programme are booked during the season before, and the club commits to expenditure well before income is received. The reserves therefore protect the club from a failure of income for reasons beyond its immediate control, and would allow a breathing space in which to reorganise our activities in the event of big change.

**What level, or range of levels, of reserves is needed?**

The committee has decided that one year’s expenditure is an appropriate size for a reserve fund. The reserve will not be allowed to fall below the original £2000, and is not to remain consistently above £5000, unless to enable a specifically identified project.

**What steps are to be taken to maintain the reserves?**

At present the reserves are well maintained without special effort. In the event of the reserve falling, options available might include an appeal to members, an increase in subscriptions or ticket rates, and special fundraising efforts as appropriate. Alternatively or additionally, the club could book fewer or cheaper concerts.

**What steps are to be taken if reserves rise above the agreed figure?**

Money above the upper value of the reserve should be used for the purposes of the club, in promoting additional or more expensive concerts, or other permissible activities for the benefits of members. This need not necessarily be in the year in which the surplus arises.

**What are arrangements for monitoring and review of the level of the reserves?**

The treasurer shall keep a running account from year to year of the money available as a Reserve Fund. The committee, and particularly the bookings secretary and the treasurer, should discuss the level of reserves during the period when bookings are being made, to consider the appropriate level of expenditure for the season to come. The level of reserves should be reported to the Annual General Meeting of the club, along with actions that have been taken in consequence.

1st May 2001

*Revision of this policy is pending*