

Financial Policy Update

AGM 2024

The Financial Policy was adopted by the AGM in 2019 and then incorporated into the Committee Handbook. The policy includes the statement 'Each of the club's ticketed dance events and its *Day School* are priced to cover their costs, unless specifically agreed otherwise.' Given the comments at the last AGM about the Highland Ball rarely covering its costs the committee has proposed changing the Financial Policy to incorporate that information. The additional wording is highlighted in blue below.

The word 'free' has also been removed from before 'Members' Tea Dance' as that was not free this year and may not be in the future.

1. POLICY GUIDELINES

- i. Year on year, the club's operating costs should not exceed its gross revenue, unless specifically planned for and agreed by the committee.
- ii. Membership subscriptions are set at an appropriate level to cover:
 - a. The hire of Potten End Village Hall for every Tuesday evening in the club's season;
 - b. The cost of refreshments for those evenings and such catering as is required for any special event evening (e.g. Burns' Night);
 - c. The subsidy for the annual Highland Ball;
 - d. All costs associated with the annual *Members' Tea Dance* and any other special event for club members planned for and agreed in advance by the committee;
 - e. Any subsidies necessary to cover the costs associated with running the Beginners' and Monday Classes;
 - f. The costs associated with maintaining and updating the club's collection of recorded dance music and dance description books;
 - g. The annual costs of maintaining the club website;
 - h. The cost of the club's public liability insurance and any other necessary insurances for the club's equipment and materials;
 - i. Any additional sum necessary to maintain the required minimum level of reserves.
- iii. As required by the constitution, any changes to the membership subscription must be agreed by the members at the AGM.
- iv. The annual Highland Ball is not expected to cover its costs from ticket income but the committee is expected to minimise losses of this event.
- v. With the exception of the Highland Ball, each of the club's ticketed dance events and its Day School are priced to cover their costs, unless specifically agreed otherwise.

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- vi. Any surplus generated by the *Charity Dance*, over and above the cost of a musician, is donated to the club's chosen charity for the year.
- vii. The club's Beginners' and Monday classes are priced with the intention that, year on year, they will break even. Variability of attendance, however, makes this difficult to predict. Any deficits produced are subsidised from members' subscriptions; any surpluses generated are added to reserves.
- viii. Merchandise sold through the club is priced to make a positive contribution to reserves.
- ix. From time to time the committee initiates 'one-off' development or special projects, the finance for which may be drawn from reserves. These should be carefully costed, budgeted and separately identified in the accounts.
- x. The club does not follow the accountancy practice of depreciating its physical assets year on year. Consequently, plans for the timely replacement of each asset need to be made, budgeted for and reviewed annually. In an emergency, replacement costs may be taken from the contingency reserve, set aside for just such a situation.
- xi. At the last committee meeting of the club's financial year, the Treasurer will present, for the committee's approval, a draft financial forecast and budget, together with an assessment of the level of reserves (see 2. Financial Reserves, below) required for the year ahead. These should form the basis of any proposed changes to membership subscriptions put forward at the AGM.

2. FINANCIAL RESERVES

The club maintains a substantial cash balance at the bank, commonly referred to as the 'Reserves'. The working party identified three (3) categories of necessary reserve needed by the club:

- i. A 'Critical Reserve' – to cover the club's largest uninsured risk, the Highland Ball
- ii. A 'Contingency Reserve' – to cover unexpected replacement of assets
- iii. 'Working Capital' – required to manage cash flow across the financial year

Any monies remaining over and above these reserves, the 'Surplus', may be considered and proposed by the committee to either defray membership subscriptions or be set aside for planned improvements to the benefit of members.

In any financial year the level of reserves should not fall below the sum of the three categories of reserve identified above.

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3. FINANCIAL MANAGEMENT

The Treasurer is responsible to the committee for the appropriate management of the club's financial affairs. This involves:

- i. The management of cash flow in the club through the receipt of payments from all sources and the timely payment of creditors;
- ii. Where required, ensuring appropriate cash floats are available for classes and other events;
- iii. Recording and monitoring all income and expenditure against identified forecasts and budgets;
- iv. The preparation of annual financial forecasts, budgets, accounts and report for the approval of the committee and the Annual General Meeting;
- v. Arranging an annual stock take and assessment of all the club's material assets, and maintaining a full list of the club's holdings and where they are kept;
- vi. Maintaining the club's public liability insurance and ensuring that such other insurances as are deemed necessary by the committee are in place
- vii. Effectively managing the club's bank accounts and arranging for the Treasurer, the President and the Vice-President to be cheque signatories
- viii. Arranging for the Annual Accounts to be audited prior to the AGM
- ix. Maintaining an archive of the club's financial affairs.