

British Society for Surgery of the Hand

1.6.2014 – 31.5.2015

Reserves Policy

At 31 May 2015, the charity's 'free reserves' amounted to £2,305,617 (31 May 2014: £2,023,155).

Following a detailed review of future spending plans for the Society, the trustees wish to grow the charity's 'free reserves' to such a level as to produce sufficient investment income annually to cover the Society's plans for funding additional grants, awards and prizes.

The trustees have set a target annual funding requirement for the charity of £100,000 of recurring unrestricted investment income, which they feel will enable a more stable budgeted level of grant giving to be achieved. On the basis that this target is to be met by returns on the charity's unrestricted investments portfolio and at a target rate of future income return of 4%, the trustees wish to maintain 'free reserves' in the charity's investment portfolio at an implied target level of capital of £2.5 million.

At 31 May 2015, the charity's investment portfolio had a market value of £2,566,647 (31 May 2014: £2,165,641) and during 2014/2015, generated investment income of £104,892 (2013/2014: £84,657).

Investments Policy

The trustees have wide ranging powers to invest the funds of the Society as they see fit, and in practice, they receive advice from the Society's investment managers on appropriate investments. In addition, any short term surplus cash funds are held in interest bearing deposit accounts.

In line with the requirements of the Society's reserves policy, the trustees' revised investments strategy (and the new standing instructions to its investment managers) is to seek income growth whilst maintaining capital in real terms at the target value of £2.5 million.

The performance of the Society's investments against this policy is reviewed by the trustees throughout the year. The trustees will not invest in anything that they consider to be socially, environmentally or ethically unsound in any way.

For the year ended 31 May 2015, the charity's investments portfolio grew in value by 7% (2013/2014: 13%) and achieved an average gross income return of 4.6% (2013/2014: 4.1%) and an average net income (after investment management costs) return of 4.6% (2013/2014: 3.5%). The charity's cash deposits achieved an average income return of 0.3% (2013/2014: 0.3%).