

# Reserves Policy

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## Reserves Policy

## Document Metadata

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| Owner (Role)    | Treasurer          |
| Author          | Dan Gwalter        |
| Approved By     | Treasurer          |
| Confidentiality | Publicly Available |
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## 1. Purpose

This policy outlines how the Western Equestrian Society (WES) manages and maintains its financial reserves. It ensures that the Society holds an appropriate level of unrestricted funds to:

- Provide stability during periods of income shortfall or unplanned expenditure
- Cover the wind-down or continuity of core operations
- Invest in future priorities with confidence

Reserves are a governance safeguard, not an unused surplus. This policy enables WES to make informed, risk-aware decisions about its financial sustainability.

## 2. Scope

This policy applies to:

- All **unrestricted** funds held by WES (i.e. not ring-fenced by donor or external agreement)

- The **Council**, Treasurer, and other Officers responsible for budget planning and oversight
- The setting, use, and reporting of reserve levels

It does **not** cover:

- Funds received with restrictions or conditions (e.g. grant-specific awards)
- Individual event or project budgets (unless a draw on reserves is requested)

### 3. Definitions

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- **Reserves:** Unrestricted funds not committed to immediate expenditure
- **Free Reserves:** The portion of reserves that is truly available for general use (excluding e.g. fixed assets or prepaid liabilities)
- **Minimum Reserve Level:** The lowest acceptable reserve balance WES aims to maintain
- **Target Reserve Level:** The ideal range of reserve funds, reviewed annually

### 4. Policy Statement

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WES is committed to maintaining a prudent level of financial reserves to ensure operational resilience. The Society recognises that holding too little puts services and commitments at risk — while holding too much may constrain member value and strategic development.

Council will monitor reserves annually and adjust this policy as needed in response to changing risk, income, or priorities.

### 5. Roles and Responsibilities

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| Role        | Responsibility  |
|-------------|---|
| Treasurer   | Monitor reserve levels; report to Council annually; propose use of or contributions to reserves |
| Chairperson | Support decision-making in times of risk or strategic investment                                |
| Council     | Approve use of reserves and review reserve policy annually                                      |

### 6. Policy Detail / Procedures

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#### 6.1 Target Reserve Level

- WES aims to maintain reserves equivalent to **12 months of core expenditure**, based on the previous year's accounts
- Core expenditure includes insurance, basic administrative costs, storage, IT services, and minimum governance functions
- This target may be adjusted annually based on financial risk or strategic plan

## 6.2 Minimum Reserve Level

- WES must not fall below **9 months of core expenditure** without Council discussion and a recovery plan
- The Treasurer will alert Council if projections show this is likely to happen

## 6.3 Contributions to Reserves

- Where WES records a surplus, Council may agree to allocate part of it to reserves
- Surpluses should be prioritised for reinvestment in member value or contingency planning

## 6.4 Use of Reserves

Reserves may be used for:

- Covering temporary cash flow shortfalls
- Emergency or unplanned costs (e.g. cancellation of key income-generating events)
- Strategic investments aligned with Society objectives (e.g. digital systems, CPD)

Reserves **must not** be used for:

- Regular operating costs without a recovery plan
- Unauthorised or ad hoc overspends
- Personal expenses or speculative projects

## 6.5 Reporting and Transparency

- The Treasurer will report on reserves annually at the AGM and quarterly to Council
- Reserve levels will be summarised in financial reports and noted in the minutes
- Major withdrawals must be formally approved and documented

## 6.6 Retention of society reserves

- Society reserves may only be retained in designated society bank accounts, either the Community Account or the Savings Account, both of which are maintained specifically for official society business.

## 6.7 Excess Reserves

- Council recognises that maintaining additional reserves helps ensure the society can continue functioning effectively whilst working toward its planned objectives. Consequently, although this policy sets a target level for reserves, it is expected that the society may often hold reserves above this level to accommodate future commitments.

- In the event of the target reserves being exceeded, the society must maintain clear documented proposals to reflect planned future expenditure.
- Excess reserves will be discussed as part of the Treasurer report at the AGM.

## 7. Related Policies and References

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- Financial Controls Policy
- Expenses and Reimbursement Policy
- WES Constitution
- Annual Financial Reports and AGM papers

## 8. Compliance and Breach Handling

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Failure to maintain reserves at a sustainable level may compromise WES's ability to deliver core services or meet obligations. Where reserves are forecast to drop below the minimum level, the Treasurer must propose a mitigation plan to Council without delay.

## 9. Review and Version Control

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| Version | Date       | Author | Changes Made                             |
|---------|------------|--------|--|
| 0.1     | 18/07/2025 | DG     | Initial policy draft                     |
| 0.5     | 08/10/2025 | DG     | Updated post Chairman's review           |
| 1.0     | 19/11/2025 | DLB    | Treasurers updates and final publication |

## 10. Approval Record

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| Approved By  | Date       | Notes                      |
|--------------|------------|----------------------------|
| Full Council | 19/11/2025 | Approved for immediate use |