



Reserves Policy

Part of the policy Framework

Our Mission

To promote high standards of Western Equitation
and stimulate the growth of these riding disciplines



Document Metadata

Policy Title	Reserves Policy
Document Ref.	WES-POL-0009
Version	1.0
Date Published	19/11/2025
Review Date	19/11/2027
Owner (Role)	Treasurer
Author	Dan Gwalter
Approved By	Treasurer
Confidentiality	Publicly Available
Status	Published

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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

- **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

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

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

6. Policy Detail / Procedures

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

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

8. Compliance and Breach Handling

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

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

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