Financial Reserves Policy

Date Adopted: 27th May 2026

Next Review Date: 27th May 2028

Policy Review: This policy will be reviewed by the trustees every 2 years or sooner if legal guidance changes.

1. Purpose of the Policy

The purpose of this policy is to set out the West Kent Badger Group's approach to holding reserves. Reserves are held to ensure the West Kent Badger Group can meet its financial commitments, manage risk, and continue to operate in the event of unexpected costs or a temporary loss of income.

The trustees have a duty to balance the need to hold reserves with the need to apply the West Kent Badger Group's funds to achieve its charitable purposes.

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2. Definition of Reserves

For the purposes of this policy, **reserves** are defined as unrestricted funds that are freely available to spend on the West Kent Badger Group's general purposes.

Reserves therefore **exclude**:

- Restricted funds
- Designated funds
- Funds committed to specific projects or obligations

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3. Why the West Kent Badger Group Holds Reserves

The West Kent Badger Group holds reserves in order to:

- Cover short-term cash flow needs
- Manage unforeseen costs or emergencies
- Protect the group against fluctuations or delays in income
- Allow time to adapt to changes in funding or operating conditions
- Support the orderly winding down of activities, if ever required

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4. Level of Reserves

The trustees have assessed the group's risks, size, and financial commitments and consider it appropriate to hold reserves equivalent to 12 months of essential operating costs.

This level is considered sufficient to:

- Meet ongoing commitments such as animal welfare costs, vets bills, insurance, and core service costs
- Allow time to respond to unexpected financial challenges

At present, this equates to a target reserves level of approximately **£3,000.**

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5. Use of Reserves

Reserves may be used with trustee approval for:

- Managing unexpected financial shortfalls
- Meeting one-off or exceptional costs
- Supporting the West Kent Badger Group during periods of reduced income

Reserves will not normally be used to fund ongoing deficits unless there is a clear and agreed plan to restore financial sustainability.

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6. Review and Monitoring

The trustees will:

- Monitor the level of reserves regularly as part of financial reporting
- Review this policy at least annually, or sooner if circumstances change
- Adjust the target level of reserves if the group's activities, risks, or costs change

Any significant use of reserves will be recorded in trustee meeting minutes and reflected in the group's financial planning.

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7. Public Disclosure

This reserves policy will be made available to stakeholders and will be summarised in the West Kent Badger Group's Trustees' Annual Report, in line with Charity Commission guidance.