A RAILWAY OWNED BY THE COMMUNITY FOR THE COMMUNITY

A Community Benefit Society (No 8486)

AVCR Ltd RESERVES POLICY

The Trustees of AVCR Ltd regularly review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks AVCR Ltd are aware of as well as contingencies to allow AVCR Ltd to cope with unexpected costs and opportunities.

AVCR Ltd principally hold reserves to:

- protect the continuity of AVCR Ltd's work against uncertain future income streams
- provide funds to replace assets
- to cover for specific liabilities and identifiable risks
- provide the capital needed to finance investment in operations
- to allow AVCR Ltd to respond to unexpected opportunities that can further their mission
- to allow AVCR Ltd to meet contractual obligations.

Currently, the organisations main income streams are:

- Income from the Running of the Train (inc special events)
- Income from Rent of the Meeting Room
- Income from Membership Subscriptions
- Income from Sale of Merchandise
- Income from Donations
- Income from Grants

The Trustees have considered the funds required to replace assets (excluding the building and land which is leased from Aberdeenshire Council and the Rolling Stock which belongs to two benefactors). We have quantified these assets – see Asset Register \\Treasury\Asset Register\AVCR Asset Replacement Register - where we list the item, its lifecycle, its initial cost etc. From this Basis of Estimate, a sum is calculated and this sum is transferred into AVCR Ltd Savings Account on a monthly basis. As at 03/09/26 the sum transferred to savings to cover replacement of our further assets was set at £251 per month.

In relation to the Rolling Stock it was agreed to set aside a reserve to allow potential purchase of the Rolling stock (purchased in 2021 at auction for £13,000) – 50% in 2025/26 (£6,500) and 50% in 2026/27. However, in initial discussions with the owner of the rolling stock, dialogue has not concluded regarding purchase or lease and therefore no funds have been set aside so far in 2026/27 for the further 50% until dialogue with the owner has concluded.

In relation to the building and land - there is a long-term plan to purchase via Community Asset Transfer direct sale or at least convert the lease to a longer term ie 99 years.

AVCR Ltd has restricted reserves (income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves) of £13,778.40 as per Finance Report 03/09/26. The designated reserves are held to represent reserves that are not available for other activities.

AVCR Ltd have refined the Reserves Policy to retain an optimal designated reserves figure, to be calculated at year end, which equates to approximately twelve months unrestricted expenditure calculated as £14,995.44 and resides in the AVCR Ltd Savings Account.

The Reserves Policy, including the Asset Replacement Reserve is reviewed and updated as and when new Assets come into our ownership and, outwith that occurrence, annually after our AGM.

Document version control

Version number	**Change or update**	**Author or owner**	**Date**
1.0	First version	Gloria Malcolm	29/11/24
1.1	Minor Revisions	Gloria Malcolm	10/01/25
2.0	Approved	Board	17/01/25
3.0	Revisions	Gloria Malcolm	22/10/25
4.0	Approved	Board	18/11/25
5.0	Revisions	Gloria Malcolm and Joan Gilbert-Stevens	

References

SCVO Reserves Notes

OSCR v10-charities-reserves-factsheet