

## Reserve Policy

The Trustees 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 we are aware of as well as contingencies to allow the Mill of Benholm Enterprise to cope with unexpected costs and opportunities.

We principally hold reserves to:

- Protect the continuity of the Mill of Benholm Enterprise's work against uncertain future Income streams
- Provide the capital needed to finance investment in operations
- Provide funds to replace assets
- To cover for specific liabilities and identifiable risks
- To allow the Mill of Benholm Enterprise to respond to unexpected opportunities that can further mission
- To allow the Mill of Benholm Enterprise to meet contractual obligations.

The Trustees have set optimal reserves at £0 for the Financial Year 2025/26. The reason for reducing the reserve is to address the needs of the charity during this year to become financial sustainable in the first full year of operation after gaining ownership of the Mill of Benholm via Community Asset Transfer from Aberdeenshire Council in 2024. The aim is to have a reserve of approx. 3 month unrestricted spending for the Financial Year 2026/27. In January 2025, the level of Free Reserves organisations (defined as total general unrestricted funds) stands at £2,534.

The Mill of Benholm Enterprise has currently no designated reserves (January 2025) and no restricted reserves (January 2025). Restricted reserves relate to income to be used in accordance with specific restrictions imposed by funders and therefore do not form part of general reserves.

The Reserves Policy is reviewed latest every January as part of our internal financial control systems.

## Document Version Control

### Reserve Policy

Version number	Change or update	Author or owner	Date	Signed
1.0	First version	Secretary	January 23	E. Pollock 13/01/23
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