

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales · Charity number 229393

Details

Other names	(THE COMMUNITY OF) BENEDICTINE NUNS AT ST MARY'S PRIORY, ST MARY'S PRIORY, ST MARYS PRIORY
Status	Registered
Legal form	Trust
Registered	1963-10-24
Register	View on the Charity Commission register

Contact

Address St Michael's Abbey
280 Farnborough Road
Farnborough
Hampshire
GU14 7NQ

Phone 01252546105

Activities

Objects: SUCH CHARITABLE PURPOSES WHICH ADVANCE THE RELIGIOUS OR OTHER CHARITABLE WORK FOR THE TIME BEING CARRIED ON BY OR UNDER THE DIRECTION OF THE COMMUNITY AND IF AT ANY TIME THE COMMUNITY SHALL CEASE TO EXIST OR SHALL CEASE TO CARRY ON OR DIRECT ANY CHARITABLE WORK THEN FOR SUCH CHARITY PURPOSES CONNECTED WITH THE ADVANCEMENT OF THE ROMAN CATHOLIC RELIGION AS THE TRUSTEES SHALL DECIDE.

Activities: The activities of the charity can be divided into two main areas: caring for the members of the community, including supporting the ministries of the individuals, and the advancement of the Roman Catholic religion-primarily by giving grants.

Classification

- **How:** Makes Grants To Organisations
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONAL
- India
- Scotland
- United States
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£139,680	£1,426,969	-	-
2023-12-31	£203,719	£1,493,423	-	-
2022-12-31	£515,692	£2,538,212	£6,367,676	0
2021-12-31	£268,271	£1,192,839	-	-
2020-12-31	£235,026	£732,947	-	-

Trustees

Name	Role	Appointed
Rev Dom Brendan Patrick Creeden		2020-06-03
Rev Dom Michal Dymitr Mycka		2020-06-03
Richard Hawker		2022-08-11
Richard John Berkley-Matthews		2022-08-11
Right Rev Dom David Cuthbert Brogan OSB		2019-09-20

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales - Charity number 229393

Accounts

**St Mary's Priory
Fernham
Residual Fund**

Annual Report and Accounts

31 December 2024

Charity Registration Number
229393

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	10

Accounts

Statement of financial activities	15
Balance sheet	16
Principal accounting policies	17
Notes to the accounts	21

Reference and administrative information

Trustees	Rt Rev David Cuthbert Brogan – Visitor Mother Winsome Angela Durrant Rev Dom Brendan Patrick Creedon Rev Dom Michal Dymitr Mycka Fra Richard John Berkley-Matthews Mr Richard Hawker
Bursar	Rev Dom Michal Dymitr Mycka
Principal address	Saint Michael's Abbey 280 Farnborough Road Farnborough Hampshire GU14 7NQ
Charity registration number	229393
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Bankers	Metro Bank plc One Southampton Row London WC1B 5HA
Investment managers	Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ
Solicitors	Irwin Mitchell LLP Davidson House Forbury Square Reading RG1 3EU

The trustees present their report together with the accounts of St Mary's Priory Fernham Residual Fund (the 'charity' or the 'trust') for the year ended 31 December 2024.

The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached accounts and comply with the charity's trust deed, applicable laws and the requirements of Statement of Recommended Practice on Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The charity was created by a deed dated 16 May 1963 and was known, until 7 March 2003, as the Community of Benedictine Nuns of St Mary's Priory. The deed was amended on 1 December 1998 by a Scheme of the Charity Commissioners. A further Deed of Variation, dated 7 March 2003, was accepted by the Charity Commissioners following a decision to close the house at Fernham and disperse the individual members of the Community to other locations. Under this latter Deed of Variation, although the Community did not cease to exist, it ceased to carry on or direct any charitable works as a Community. The trustees now hold the assets of the charity for such charitable purposes connected with the advancement of the Roman Catholic Religion as they decide.

OVERALL OBJECTIVES

The trustees aim to use the assets of the charity, and the income thereof, for the support of the remaining member of the Community, and for the advancement of the Roman Catholic religion - primarily by giving grants. The trustees are mindful of the need for the charity to demonstrate that it provides public benefit and they have had regard to the general guidance on the provision of public benefit published by the Charity Commission.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Activities and specific objectives

The activities of the charity can be divided into two main areas: caring for the sole remaining member of the Community, including supporting her ministry; and the advancement of the Roman Catholic religion - primarily by giving grants.

Care of the remaining member of St Mary's Priory

The trustees have a moral and legal obligation to care for the one remaining member of the Community. The sister has no private income of her own as all earnings, gifts or donations, and pensions have been covenanted to the charity.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Activities and specific objectives (continued)

Grants for the advancement of the Roman Catholic religion

The trustees continue the material work of the former monastic community of Fernham by giving grants from the Fernham Residual Fund. Their current priority is to support the English Province of the Subiaco-Cassinese Congregation to which St Mary's Priory belonged. Other particular interests of the trust include the wider Benedictine world and other causes which advance the Catholic Faith.

Investment policy

The trustees agreed in 2003 that the assets of the charity would be invested with a view to producing a return to cover future charitable expenditure. The trustees reviewed their investment policy in 2023 and agreed that the investment objective is to achieve a balanced return from income and capital growth while accepting a moderate degree of risk consistent with the charity's ethical investment policies.

There are no restrictions on the charity's power to invest. However, the trustees have requested that the investment managers do not invest in any company whose primary business is concerned with the manufacture of armaments, tobacco or any products which would be used in connection with contraception or abortion or whose primary business entails labour exploitation. The trustees have delegated discretionary powers of management to Rathbone Investment Management Limited. The portfolio is managed with a view to producing a balance between income and capital returns

Grant making policy

The trustees give consideration to applications for grants in accordance with the provisions of the trust. The primary aim of grants would be, as stated in the trust deed, the advancement of the Roman Catholic religion. The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital. The trustees have continued the priorities which have always been those of the charity, namely the Subiaco-Cassinese Congregation English Province, the wider Subiaco-Cassinese Congregation, and the other Catholic causes.

The trustees currently take a pro-active approach, aiming in particular to focus on the historic Grade One and Grade Two Listed buildings in the care of the Province. These restorations will be attentive to public access, health and safety, heating and lighting, wheelchair access, sounds systems etc., which are all of public benefit. The Abbot Visitor is an *ex officio* trustee but it is the properly constituted Trust body that makes decisions concerning the management policy of the trust and, as a civil trust, it is not subject or answerable to any ecclesiastical individual or body, and has absolute discretion to make grants as it sees fit in accordance with the Trust Deed.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities

Care of member

The charity continued to support the remaining member of the St Mary's Priory, Fernham, community.

Grants for the advancement of the Roman Catholic religion

The trustees made various grants and donations to advance the Roman Catholic religion. In 2023 a number of grants were made to assist religious students. The Trust continued to fund course fees for a young Polish priest who is undertaking doctoral research in liturgy at the Benedictine Liturgical Institute of Sant Anselmo in Rome. Two monk students of the English Province of the Subiaco-Cassinese Congregation were assisted. One was ordained deacon in 2024 and is due to complete his studies and be ordained priest in 2025. Another monk studies at the Collegio Beda in Rome and was recently made acolyte in his second year of his four year course.

The Trust responded favourably to a request of the diocese of Cairo of the Coptic Catholic Church in Egypt and assisted in buying a car to assist a priest in pastoral work in his extensive parish.

The wider monastic family was assisted in the decision to award a grant to a house of Benedictine nuns to send one of its members to the established conference for monastic formators in Rome. The trustees continued in 2024 to fund the concluding stages of the major project of the restoration of the Grade One Listed Buildings of St Michael's Abbey, Farnborough, Hampshire. This included provision of geo-thermal heating. The renewal of the electrics has not only provided a sympathetic lighting system, but also fire detection system (including the roof space) and equipment for live-streaming of the liturgical offices, thereby giving extensive public access to the daily round of monastic worship of this young and thriving community.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

The Trust was notified in the early Summer of 2024 of a complaint to the Charity Commission. Although neither the author nor the nature of the complaint was made known to the Trust, the Trustees readily answered the queries put to them by the Commission and cooperated fully with the investigation. Since the queries were raised, the Trust has again presented fully audited annual accounts to the Commission. Although changes in the trustee body had previously been envisaged, the Trustees decided that they would make no major changes or significant new grants until the conclusion of the Charity Commission's examination of the Trust. In May 2025 the Charity Commission reported to the Trustees that this matter is now concluded.

The Trustees have carried out a careful review of the management of their investments, reviewing their ethical investment policy and risk levels. The Trust body met in person with Mr Julian Booth from Rathbones, their investment broker, to examine, amend, and confirm these policies. Likewise, the Trustees discussed their relationship with their accountants and auditors and decided to continue this relationship.

FUTURE PLANS

It is not anticipated that there will be any significant changes to the charity's activities in the forthcoming year.

The trustees will pay due heed to the impact of the current macroeconomic and geopolitical environment, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

FINANCIAL REVIEW

Income for the year was £139,680 (2023 – negative £46,281). Income comprises £128,834 (2023 – £192,468) from investments and donations were £8,718 (2023 – negative £240,471). Donations include £8,718 (2023 – £8,502) from pensions of individual religious received under Deed of Covenant and in 2023 included the reimbursement of a restricted donation of £250,000 from St Barnabas Society to fund the Prinknash Abbey project, which was cancelled during that year.

Expenditure totalled £1,426,969 compared to £1,243,423 in 2023. During the current and the previous year, the living expenses of the one remaining member of the Community who lives alone were paid. Expenditure on grants and donations, excluding allocated support costs and the costs of the feasibility study at Prinknash Abbey, totalled £1,343,244 as compared to £1,094,878 in the previous year. Further details of grants and donations are provided in note 4 to the attached accounts and earlier in this report.

FINANCIAL REVIEW (continued)

Net expenditure before investment gains for the year amounted to £1,287,289 (2023 – £1,289,704). Investment gains totalled £309,010 (2023 – £227,390 gains) and net expenditure and net decrease in funds therefore, amounted to £978,279 (2023 – £1,062,314).

Investment performance

The charity has a portfolio of investments with a market value at 31 December 2024 of £4,185,444 (2023 – £5,396,629) including cash awaiting investment of £36,744 (2023 – £16,503).

During the year, the charity's investments achieved an income yield of 2.70% (2023 – 3.00%) and a capital yield of plus 6.49% (2023 – plus 3.55%). The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 10 to the attached accounts.

The trustees continue to take a long-term view regarding investment strategy and believe their policy remains appropriate.

Reserves policy and financial position

Reserves policy

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees agreed in 2003 that the bulk of the sale proceeds of the Fernham property would be invested with a view to producing a return to cover the future charitable expenditure outlined above. The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital.

The trustees are considering whether a sum of the reserves should be designated for the care of the last member of the community, given the age profile of the last remaining member and the high costs of care should such need arise. As the potential amount for these purposes has not yet been quantified, no such designation is reflected in this years' accounts.

The objectives of the charity would outlive the last member of the Community and funds should be invested with this in mind, though the trustees have no intention in declaring these invested funds as permanent endowment, as they may wish to spend capital.

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate sufficient income to meet annual expenditure after accounting for investment gains. The trustees are of the opinion that this provides sufficient flexibility, provides adequate working capital to cover core costs, and will allow the charity to cope and respond to changes in the arrangements for the care of the last remaining member of the Community.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

Financial position

The balance sheet shows funds of £4,327,083 (2023 – £5,305,362) of which £ nil (2023 – £ nil) are restricted funds and £4,327,083 (2023 – £5,305,362) are free reserves. The trustees are of the opinion that this level of free reserves meets the reserves policy outlined above.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Community continues to exist as an entity in Canon Law under the care of the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation, even though, following the decision of the Community in December 2001, the house at Fernham was closed and the individuals dispersed to other locations.

The charity is governed by the trustees. The Prioress appointed the original trustees. The minimum number of trustees is five, to include any ex officio trustee and a maximum of two community members. Further trustees are appointed by the Visitor, who is an ex officio trustee, and is the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation. The Visitor has the power to remove trustees.

The names of the trustees who served during the year are shown on page 1.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers, e.g. investments managers, solicitors and accountants.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of trustees' responsibilities (continued)

- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

No trustees received remuneration in connection with their duties as a trustee (2023: none).

No trustees received reimbursement for travel expenses in the year (2023 – £nil).

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charity currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

The Community currently has one member. The trustees are aware that there is both a moral and legal obligation to care for the member, as she has no substantial resources of her own. As the sister grows older, so the need to provide care for the sister may increase. A key element of the management of this risk is ensuring that the charity has the available financial resources to finance this care both now and, in the years, ahead by carefully reviewing reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

The charity donates significant sums in donations to advance the Roman Catholic religion. The trustees currently see their priorities as beginning with the support of the English Province of the Subiaco-Cassinese Congregation where there may be need; radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK; other monastic and religious needs wherever they may arise; and ultimately the needs of the Church in general.

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet with the investment managers regularly and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long-term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Approved by the trustees and signed on their behalf by:



Trustee



Date:

Independent auditor's report to the trustees of St Mary's Fernham Residual Fund

Opinion

We have audited the accounts of St Mary's Fernham Residual Fund (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, including the trustees' report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with representatives from the trustees, and from our knowledge and experience of the charity sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ performed substantive testing on expenditure including the authorisation thereof;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of representatives from the trustees as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott Audit LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

7 August 2025

Buzzacott Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2024

	Notes	Unrestricted funds £	Restricted funds £	2024 Total funds £	Unrestricted funds £	Restricted funds £	2023 Total funds £
Income from:							
Donations and grants	1	8,718	—	8,718	9,529	(250,000)	(240,471)
Investments and interest receivable	2	130,962	—	130,962	194,190	—	194,190
Total income		139,680	—	139,680	203,719	(250,000)	(46,281)
Expenditure on:							
Raising funds							
. Investment management and related advisory fees		30,591	—	30,591	35,005	—	35,005
Charitable activities							
. Care of members of the Community and the support of their ministry	3	16,711	—	16,711	15,227	—	15,227
. Advancement of the Roman Catholic religion through the provision of grants	4	1,379,667	—	1,379,667	1,114,678	78,513	1,193,191
Total expenditure		1,426,969	—	1,426,969	1,164,910	78,513	1,243,423
Net (expenditure) income before net investment (losses) gains	6	(1,287,289)	—	(1,287,289)	(961,191)	(328,513)	(1,289,704)
Net investment gains		309,010	—	309,010	227,390	—	227,390
Net (expenditure) income before transfers		(978,279)	—	(978,279)	(733,801)	(328,513)	(1,062,314)
Transfers between funds	13	—	—	—	(148,995)	148,995	—
Net (expenditure) income and net movement in funds		(978,279)	—	(978,279)	(882,796)	(179,518)	(1,062,314)
Reconciliation of funds:							
Total funds brought forward at 1 January 2024		5,305,362	—	5,305,362	6,188,158	179,518	6,367,676
Total funds carried forward at 31 December 2024		4,327,083	—	4,327,083	5,305,362	—	5,305,362

All recognised gains and losses are included in the statement of financial activities above.

All activities of the charity derived from continuing operations during the above two financial years.

Balance sheet 31 December 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	9		168,617		168,617
Investments					
. Listed investments	10		4,185,444		5,396,629
			<u>4,354,061</u>		<u>5,565,246</u>
Current assets					
Debtors	11	8,046		7,956	
Cash at bank and in hand		15,023		36,543	
		<u>23,069</u>		<u>44,499</u>	
Current liabilities					
Creditors: amounts falling due within one year	12	(50,047)		(304,383)	
Net current liabilities			(26,978)		(259,884)
Total net assets			<u>4,327,083</u>		<u>5,305,362</u>
Represented by:					
The funds of the charity					
Restricted funds	13		—		—
Unrestricted funds			4,327,083		5,305,362
			<u>4,327,083</u>		<u>5,305,362</u>

Approved by the trustees
and signed on their behalf by:

Trustee



Approved on:

6.8.25

Principal accounting policies 31 December 2024

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2024 with comparatives provided for the year to 31 December 2023.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make judgments and estimates. There are no key estimates for the year ended 31 December 2024 or 2023.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The trustees will continue to keep both income and expenditure under review. Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, grants, investment income and interest receivable.

Income recognition (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, and grants are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations and/or grants being pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation and/or a grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not valued and recognised in these accounts.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Expenditure comprise costs of raising funds and charitable activities. Costs of raising funds comprises investment management fees. Expenditure on charitable activities includes expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- (i) Expenditure on the care of members of the Community and their ministry. Such expenditure enables the members to contribute to religious work.
- (ii) The advancement of the Roman Catholic religion through the provision of grants. These are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs have been allocated directly to costs as incurred on activities.

Services provided by members of the Community

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Community.

Tangible fixed assets

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land
The freehold land held by the charity comprises the cemetery attached to Fernham House in which some thirty members of the Community are buried. It is held in the accounts at £1.
- ◆ Freehold residential building
The freehold residential building is designed, and used wholly, as private residential accommodation. It is stated at cost but not depreciated. The value and condition of the property is reviewed annually by the trustees, who are satisfied that its residual value is not materially less than its book value.

Disposals and additions are accounted for on legal completion of the relevant transaction.

- ◆ Motor vehicles and computer equipment
Expenditure on the purchase and replacement of both motor vehicles and computer equipment is stated at cost and depreciated over a four year period on a straight line basis.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The reserves are used to fulfil the charity's objectives. The reserves policy is set out in the trustees' report.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Cash flow statement

The charity has taken advantage of the exemptions within the Charities SORP FRS 102 from the requirement to prepare a statement of cashflows.

1 Income from: Donations and grants

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Unrestricted funds £
Pensions or other income of individual religious received under Deed of Covenant	8,718	—	8,718	8,502
Grants receivable (see below)	—	—	—	(250,000)
Donations received	—	—	—	1,027
Total	8,718	—	8,718	(240,471)

During 2022, the charity agreed a partnership with the St Barnabas Society (formerly the Converts' Aid Society) to find a solution to the problems of the Sisters of the Blessed Virgin Mary in Kingstanding in Birmingham. This community was living in temporary rented accommodation and is in urgent need of a permanent home. The monks of Prinknash Abbey offered them shelter on their property. The St Barnabas Society and the charity worked together to see if the Prinknash Abbey property might prove suitable and the St Barnabas Society agreed to make a grant of £1 million available to the charity to assist with the refurbishment of the Prinknash Abbey property, of which £250,000 was made available to the charity during 2022. However, in 2023, an alternative property became available to the Sisters which was accepted given their urgent needs. The grant received of £250,000 was reimbursed during 2023 and the agreement with the St Barnabas Society formally and amicably ended. (See also note 13).

2 Income from: Investments and interest receivable

	2024 Unrestricted funds £	2023 Unrestricted funds £
Investment income		
. UK fixed interest	31,381	30,760
. UK equities	26,634	60,374
. Overseas fixed interest	—	5,551
. Overseas equities	40,223	56,811
. Alternatives	30,596	38,972
	128,834	192,468
Interest received		
. Interest on cash held by investment managers	2,128	1,723
Total	130,962	194,191

3 Expenditure on: Care of members of the Community and the support of their ministry

	2024 Unrestricted funds £	2023 Unrestricted funds £
Living and personal expenses	15,150	13,500
Depreciation of motor vehicle	—	501
	15,150	14,001
Allocated support costs (note 5)	1,561	1,226
	16,711	15,227

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants

	Unrestricted funds £	Restricted funds £	2024 Total funds £	Unrestricted funds £	Restricted funds £	2023 Unrestricted funds £
Grants and donations	1,343,244	—	1,343,244	1,094,878	—	1,094,878
Feasibility study costs	—	—	—	—	78,513	78,513
Allocated support costs (note 5)	36,423	—	36,423	19,800	—	19,800
	1,379,667	—	1,379,667	1,114,678	78,513	1,193,191

Feasibility study costs include expenditure on architects, surveyors and other professionals to establish the feasibility of the plans for development of a property on the estate of Prinknash Abbey, Gloucestershire (see notes 1 and 13).

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

The grants payable during the year were as follows:

Recipient	Purpose of grant	2024 £	2023 £
St Michael's Abbey Trust, Farnborough	Repairs after water ingress	—	(3,761)
	For the restoration of the historic Cavallé-Coll organ at Farnborough	6,407	—
	For the restoration of the bell turret	57,122	38,478
	For conservation works on the Farnborough Abbey church interior and windows	—	(29,636)
	Towards the restoration of Farnborough Abbey including ongoing projects including heating for the Abbey Church, and disabled access	—	196,410
	Restoration of sacred vessels and ecclesiastical metalworks	—	11,404
	Furnishings for the Grade One historic abbey church	—	(43,503)
	Church audio/security/livestream system	103,424	29,058
	Renewal of heating and electrics	753,389	561,742
	Restoration of historic paintings	—	(18,928)
	Studies – Monk recipient	2,298	—
	Studies – Sister Recipient	6,301	—
	Towards Church Building Works	324,439	343,861
Carried forward		1,253,380	1,085,125

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

Recipient	Purpose of grant	2024 £	2023 £
Brought forward		1,253,380	1,085,125
Brazil Monestary	Study assistance for one of the Brothers	5,000	1,146
Prinknash Abbey	For their garden project	3,707	(20,000)
Stanbrook Abbey	Study Day for 500 th Anniversary	—	500
	Studies - Sister Recipient	3,300	—
Benedictine University of Sant Anselmo	To finance the liturgical studies of a priest student at the Benedictine University of Sant Anselmo	1,341	1,785
Milane Kakone	Monk recipient - studies maintenance donation	2,000	3,500
Church in Slovakia (St Joseph-Bzovik)	Restoration of the historic altar	32,235	6,036
Corpus Christi Maiden Lane	For the Shrine of Blessed Carlo	—	—
Portsmouth Diocese	Visa Processing	—	419
Monk Recipient	Towards Theological Studies in Rome	12,000	12,000
Abbey of Santa Cecilia	Gregorian Chant Programme	5,000	4,367
Congregation	Towards Running Costs	8,782	—
English Province	General Expenses for the Abbot Visitor's work	10,000	—
Monk Recipient	Towards a Car for Parish Related Work	6,500	—
		1,343,245	1,094,878

Negative items included above relate to grants which were cancelled during the year as a result of the expenditure incurred being less than the initial award.

The Right Reverend Dom Cuthbert Brogan is a trustee of St Michael's Abbey Charitable Trust, Farnborough and The Prinknash Abbey Charities. As Abbot Visitor of the English Province, he is Major Superior of the Province and, therefore involved with every monastery of the Province. He has made the other trustees aware of his various offices and membership of various trusts when seeking approval of grants payable to those charities.

As noted above, grants of £1,257,087 (2023 – £1,085,125) were payable to these charities during the year. Grants of £21,787 (2023 – £256,217) payable to the St Michael's Abbey Charitable Trust, were unpaid at 31 December 2024 and are included within creditors (note 12). Grants of £3,707 were made to Prinknash Abbey during 2024 (2023 – £20,000 written back). Donations of £nil (2023 – £6,250) were received from Prinknash.

In addition to these grants towards the Abbot Visitor's related parties, a grant towards the Abbot Visitor's general expenses, to advance his work, was made for £10,000 (2023 – £nil).

A grant of £2,298, included within the grants to Saint Michael's Abbey Trust, was awarded towards the Latin Studies of Dom Stanislaus Mycka.

5 Support costs

	Advancement of the Roman Catholic religion through the provision of grants £	Care of members of the Community and the support of their ministry £	2024 £	2023 £
Insurance	—	1,561	1,561	1,226
Other expenses	26	—	26	—
Depreciation of computer equipment	—	—	—	—
Governance costs	—	—	—	—
. Auditor's remuneration	24,960	—	24,960	19,800
Legal Fees	11,437	—	11,437	—
	<u>36,423</u>	<u>1,561</u>	<u>37,984</u>	<u>21,026</u>

Support costs have been allocated directly to costs as incurred on charitable activities.

	2024 £	2023 £
Advancement of the Roman Catholic religion through the provision of grants	36,423	19,800
Care of members of the Community and the support of their ministry	1,561	1,226
	<u>37,984</u>	<u>21,026</u>

6 Net (expenditure) income before net investment (losses) gains

This is stated after charging:

	2024 £	2023 £
Depreciation	—	501
Auditor's remuneration (including VAT)		
. Statutory audit services		
.. Current year	15,120	14,400
.. Prior year	1,800	—
. Other services: accountancy support		
.. Current year	5,640	5,400
.. Prior year	2,400	—

7 Staff costs, key management personnel and trustees' remuneration

The charity did not employ any staff during the year (2023 – none).

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No trustees received any remuneration (2023 – none). No trustees were reimbursed expenses during the current or the previous year.

8 Taxation

St Mary's Priory Fernham Residual Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Tangible fixed assets

	Freehold land £	Freehold Residential building £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2024 and 31 December 2024	1	168,616	2,387	12,405	183,409
Depreciation					
At 1 January 2024	—	—	2,387	12,405	14,792
Charge for the year	—	—	—	—	—
At 31 December 2024	—	—	2,387	12,405	14,792
Net book values					
At 31 December 2024	1	168,616	—	—	168,617
At 31 December 2023	1	168,616	—	—	168,617

10 Listed investments

	2024 £	2023 £
Listed investments		
Market value (fair value) at 1 January 2024	5,380,126	7,446,749
Additions at cost	945,605	543,518
Disposals at book value (see below)	(2,431,074)	(2,809,283)
Net unrealised (losses) gains	254,043	199,142
Market value (fair value) 31 December 2024	4,148,700	5,380,126
Cash held by investment managers		
	36,744	16,503
	4,185,444	5,396,629
Cost of listed investments at 31 December 2024	3,293,049	4,297,318

Disposals at book value included above are made up of the following:

	2024 £	2023 £
Proceeds	2,486,041	2,837,531
Net realised losses (gains)	(54,967)	(28,248)
Disposals at book value	2,431,074	2,809,283

10 Listed investments (continued)

Listed investments held at 31 December 2024 comprised the following:

	2024	2023
	£	£
UK fixed interest	799,757	914,330
UK equities	600,680	1,176,855
Overseas fixed interest	—	—
Overseas equities	2,311,342	2,514,848
Alternatives	436,921	774,093
	4,148,700	5,380,126

11 Debtors

	2024	2023
	£	£
Investment income and interest receivable	8,046	7,956
	8,046	7,956

12 Creditors: amounts falling due within one year

	2024	2023
	£	£
Donations payable	21,787	273,083
Investment managers' fees	7,500	8,500
Accruals	20,760	22,800
	50,047	304,383

13 Restricted funds

The income funds of the charity include restricted funds comprising the following donation held on trust and to be applied for specific purposes:

	At 1 January 2024 £	Income £	Expenditure £	Transfers £	At 31 December 2024 £
St Barnabas Society fund	—	—	—	—	—

	At 1 January 2023 £	Income £	Expenditure £	Transfers £	At 31 December 2023 £
St Barnabas Society fund	179,518	(250,000)	(78,513)	148,995	—

The above fund related to a grant received from St Barnabas Society that was due to be used towards the refurbishment of a designated portion of the monastic buildings at Prinknash, Abbey, Cranham, Gloucester so as to provide a suitable and permanent residence for the Sisters of the Blessed Virgin Mary of Kingstanding (the "Sisters"); the provision and maintenance of ongoing accommodation at Prinknash Abbey for the Sisters; and such other related work that St Barnabas Society and the charity were to agree. A grant of £1 million was awarded to the charity in accordance with an agreement dated 21 July 2022, of which £250,000 was received during the year ended 31 December 2024. Before the agreement with the St Barnabas Society ended, the charity expensed monies in relation to the feasibility study on the project. During the prior year, the grant was reimbursed when the agreement with the St Barnabas Society formally and amicably ended (see notes 1 and 16).

14 Analysis of net assets between funds

	General fund £	Restricted funds £	Total 2024 £
Fund balances at 31 December 2024 are represented by:			
Tangible fixed assets	168,617	—	168,617
Listed investments	4,185,444	—	4,185,444
Net current (liabilities) assets	(26,978)	—	(26,978)
Total net assets	4,327,083	—	4,327,083

14 Analysis of net assets between funds (continued)

	General fund £	Restricted funds £	Total 2023 £
<i>Fund balances at 31 December 2023 are represented by:</i>			
<i>Tangible fixed assets</i>	168,617	—	168,617
<i>Listed investments</i>	5,396,629	—	5,396,629
<i>Net current (liabilities) assets</i>	(259,884)	—	(259,884)
<i>Total net assets</i>	<u>5,305,362</u>	<u>—</u>	<u>5,305,362</u>

The funds of the charity include unrealised gains as follows:

	2024 £	2023 £
Total unrealised gains:		
On investments	<u>855,651</u>	<u>1,082,808</u>
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2024	1,082,808	1,542,100
In respect to disposals in year	(478,349)	(658,434)
Net gains arising on revaluation in the year	254,043	199,142
Adjustments for non-market transactions	(2,851)	—
Unrealised gains at 31 December 2024	<u>855,651</u>	<u>1,082,808</u>

15 Transactions with trustees and related parties

Transactions connected to trustees are disclosed in notes 4 and 7 to the accounts with additional detail in note 1.

There were no other related party transactions requiring disclosure (2023 – none).

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales - Charity number 229393

Accounts

**St Mary's Priory
Fernham
Residual Fund**

Annual Report and Accounts

31 December 2023

Charity Registration Number
229393

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	10

Accounts

Statement of financial activities	15
Balance sheet	16
Principal accounting policies	17
Notes to the accounts	21

Reference and administrative information

Trustees	Rt Rev David Cuthbert Brogan – Visitor Mother Winsome Angela Durrant Rev Dom Brendan Patrick Creeden Rev Dom Michal Dymitr Mycka Fra Richard John Berkley-Matthews Mr Richard Hawker
Bursar	Rev Dom Michal Dymitr Mycka
Principal address	Saint Michael's Abbey 280 Farnborough Road Farnborough Hampshire GU14 7NQ
Charity registration number	229393
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Metro Bank plc One Southampton Row London WC1B 5HA
Investment managers	Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ
Solicitors	Irwin Mitchell LLP Davidson House Forbury Square Reading RG1 3EU

The trustees present their report together with the accounts of St Mary's Priory Fernham Residual Fund (the 'charity' or the 'trust') for the year ended 31 December 2023.

The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached accounts and comply with the charity's trust deed, applicable laws and the requirements of Statement of Recommended Practice on Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The charity was created by a deed dated 16 May 1963 and was known, until 7 March 2003, as the Community of Benedictine Nuns of St Mary's Priory. The deed was amended on 1 December 1998 by a Scheme of the Charity Commissioners. A further Deed of Variation, dated 7 March 2003, was accepted by the Charity Commissioners following a decision to close the house at Fernham and disperse the individual members of the Community to other locations. Under this latter Deed of Variation, although the Community did not cease to exist, it ceased to carry on or direct any charitable works as a Community. The trustees now hold the assets of the charity for such charitable purposes connected with the advancement of the Roman Catholic Religion as they decide.

OVERALL OBJECTIVES

The trustees aim to use the assets of the charity, and the income thereof, for the support of the remaining member of the Community, and for the advancement of the Roman Catholic religion - primarily by giving grants. The trustees are mindful of the need for the charity to demonstrate that it provides public benefit and they have had regard to the general guidance on the provision of public benefit published by the Charity Commission.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Activities and specific objectives

The activities of the charity can be divided into two main areas: caring for the sole remaining member of the Community, including supporting her ministry; and the advancement of the Roman Catholic religion - primarily by giving grants.

Care of the remaining member of St Mary's Priory

The trustees have a moral and legal obligation to care for the one remaining member of the Community. The sister has no private income of her own as all earnings, gifts or donations, and pensions have been covenanted to the charity.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Activities and specific objectives (continued)

Grants for the advancement of the Roman Catholic religion

The trustees continue the material work of the former monastic community of Fernham by giving grants from the Fernham Residual Fund. Their current priority is to support the English Province of the Subiaco-Cassinese Congregation to which St Mary's Priory belonged. Other particular interests of the trust include the wider Benedictine world and other causes which advance the Catholic Faith.

Investment policy

The trustees agreed in 2003 that the assets of the charity would be invested with a view to producing a return to cover future charitable expenditure. The trustees reviewed their investment policy in 2023 and agreed that the investment objective is to achieve a balanced return from income and capital growth while accepting a moderate degree of risk consistent with the charity's ethical investment policies.

There are no restrictions on the charity's power to invest. However, the trustees have requested that the investment managers do not invest in any company whose primary business is concerned with the manufacture of armaments, tobacco or any products which would be used in connection with contraception or abortion or whose primary business entails labour exploitation. The trustees have delegated discretionary powers of management to Rathbone Investment Management Limited. The portfolio is managed with a view to producing a balance between income and capital returns

Grant making policy

The trustees give consideration to applications for grants in accordance with the provisions of the trust. The primary aim of grants would be, as stated in the trust deed, the advancement of the Roman Catholic religion. The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital. The trustees have continued the priorities which have always been those of the charity, namely the Subiaco-Cassinese Congregation English Province, the wider Subiaco-Cassinese Congregation, and the other Catholic causes.

The trustees currently take a pro-active approach, aiming in particular to focus on the historic Grade One and Grade Two Listed buildings in the care of the Province. These restorations will be attentive to public access, health and safety, heating and lighting, wheelchair access, sounds systems etc., which are all of public benefit. The Abbot Visitor is an *ex officio* trustee but it is the properly constituted Trust body that makes decisions concerning the management policy of the trust and, as a civil trust, it is not subject or answerable to any ecclesiastical individual or body, and has absolute discretion to make grants as it sees fit in accordance with the Trust Deed.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities

Care of member

The charity continued to support the remaining member of the St Mary's Priory, Fernham, community.

Grants for the advancement of the Roman Catholic religion

The trustees made various grants and donations to advance the Roman Catholic religion. In 2023 a number of grants were made to assist religious students. Course fees were paid for a young Polish priest who is undertaking doctoral research in liturgy at the Benedictine Liturgical Institute at Sant Anselmo in Rome.

Several monk students of the English Province of the Subiaco Congregation were assisted. One of these completed his studies in 2023 and was ordained to the priesthood in June 2023. A second is approaching the end of his studies at the Collegio Beda in Rome and will be ordained deacon in June 2024. A young priest of the Syrian Catholic Church was awarded a grant toward his pastoral studies which will help in the work of rebuilding the Church in Iraq. A monastery in Brazil of the Subiaco Cassinese Congregation was awarded a grant towards the studies of one of its young monks. The wider monastic family was assisted in the decision to award grants to a house of Benedictine nuns, firstly to assist in a conference concerning monastic history and secondly to send one of its members to the established conference for monastic formators in Rome.

The trustees continued in 2023 the major project of the restoration of the Grade One Listed Buildings of St Michael's Abbey, Farnborough, Hampshire. This includes provision of heating for the first time in fifteen years. The system has employed geo-thermal technology. The renewal of the electrics has not only provided a sympathetic lighting system, but also fire detection system (including the roof space) and equipment for live-streaming of the liturgical offices, thereby giving extensive public access to the daily round of monastic worship. It is envisaged that the St Michael's Abbey projects awarded grants will be completed in August of 2024.

FUTURE PLANS

It is not anticipated that there will be any significant changes to the charity's activities in the forthcoming year.

The trustees will pay due heed to the impact of the current macroeconomic and geopolitical environment, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

FINANCIAL REVIEW

Income for the year was negative £46,281 (2022 – £515,692). Income comprises £192,468 (2022 – £226,598) from investments and donations were negative £240,471 (2022 – £264,160). Donations include £8,502 (2022 – £7,910) from pensions of individual religious received under Deed of Covenant and the reimbursement of a restricted donation of £250,000 from St Barnabas Society to fund the Prinknash Abbey project, which was cancelled during the year.

Expenditure totalled £1,243,423 compared to £2,538,212 in 2022. During the current and the previous year, the living expenses of the one remaining member of the Community who lives alone were paid. Expenditure on grants and donations, excluding allocated support costs and the costs of the feasibility study at Prinknash Abbey, totalled £1,094,878 as compared to £2,381,838 in the previous year. Further details of grants and donations are provided in note 4 to the attached accounts and earlier in this report.

Net expenditure before investment losses for the year amounted to £1,289,704 (2022 – £2,022,520). Investment gains totalled £227,390 (2022 – £669,215 losses) and net expenditure and net decrease in funds therefore, amounted to £1,062,314 (2022 – £2,691,735).

Investment performance

The charity has a portfolio of investments with a market value at 31 December 2023 of £5,396,629 (2022 – £7,448,610) including cash awaiting investment of £16,503 (2022 – £1,861).

During the year, the charity's investments achieved an income yield of 3.00% (2022 – 2.74%) and a capital yield of plus 3.55% (2022 – minus 8.09%). The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 10 to the attached accounts.

The trustees continue to take a long-term view regarding investment strategy and believe their policy remains appropriate.

Reserves policy and financial position

Reserves policy

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

Reserves policy (continued)

The trustees agreed in 2003 that the bulk of the sale proceeds of the Fernham property would be invested with a view to producing a return to cover the future charitable expenditure outlined above.

In addition, the objectives of the charity would outlive the last member of the Community and funds should be invested with this in mind, though the trustees have no intention in declaring these invested funds as permanent endowment, as they may wish to spend capital.

The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital.

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate sufficient income to meet annual expenditure after accounting for investment gains. The trustees are of the opinion that this provides sufficient flexibility, provides adequate working capital to cover core costs, and will allow the charity to cope and respond to changes in the arrangements for the care of the last remaining member of the Community.

Financial position

The balance sheet shows funds of £5,305,362 (2022 – £6,367,676) of which £nil (2022 – £179,518) are restricted funds and £5,305,362 (2022 – £6,188,158) are free reserves. The trustees are of the opinion that this level of free reserves meets the reserves policy outlined above.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Community continues to exist as an entity in Canon Law under the care of the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation, even though, following the decision of the Community in December 2001, the house at Fernham was closed and the individuals dispersed to other locations.

The charity is governed by the trustees. The Prioress appointed the original trustees. The minimum number of trustees is five, to include any ex officio trustee and a maximum of two community members. Further trustees are appointed by the Visitor, who is an ex officio trustee, and is the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation. The Visitor has the power to remove trustees.

The names of the trustees who served during the year are shown on page 1.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers, e.g. investments managers, solicitors and accountants.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

No trustees received remuneration in connection with their duties as a trustee (2022: none).

No trustees received reimbursement for travel expenses in the year (2022 – £nil).

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charity currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

The Community currently has one member. The trustees are aware that there is both a moral and legal obligation to care for the member, as she has no substantial resources of her own. As the sister grows older, so the need to provide care for the sister may increase. A key element of the management of this risk is ensuring that the charity has the available financial resources to finance this care both now and, in the years, ahead by carefully reviewing reserves.

The charity donates significant sums in donations to advance the Roman Catholic religion. The trustees currently see their priorities as beginning with the support of the English Province of the Subiaco-Cassinese Congregation where there may be need; radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK; other monastic and religious needs wherever they may arise; and ultimately the needs of the Church in general.

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet with the investment managers regularly and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long-term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Approved by the trustees and signed on their behalf by:

Handwritten signature of Tom Cuthbert in black ink.

Trustee

Date: 18th October 2024

Independent auditor's report to the trustees of St Mary's Fernham Residual Fund

Opinion

We have audited the accounts of St Mary's Fernham Residual Fund (the 'charity') for the year ended 31 December 2023, which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with representatives from the trustees, and from our knowledge and experience of the charity sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ performed substantive testing on expenditure including the authorisation thereof;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of representatives from the trustees as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

21 October 2024

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income from:							
Donations and grants	1	9,529	(250,000)	(240,471)	14,160	250,000	264,160
Investments and interest receivable	2	194,190	—	194,190	251,532	—	251,532
Total income		<u>203,719</u>	<u>(250,000)</u>	<u>(46,281)</u>	<u>265,692</u>	<u>250,000</u>	<u>515,692</u>
Expenditure on:							
Raising funds							
. Investment management and related advisory fees		35,005	—	35,005	48,305	—	48,305
Charitable activities							
. Care of members of the Community and the support of their ministry	3	15,227	—	15,227	16,922	—	16,922
. Advancement of the Roman Catholic religion through the provision of grants	4	1,114,678	78,513	1,193,191	2,402,503	70,482	2,472,985
Total expenditure		<u>1,164,910</u>	<u>78,513</u>	<u>1,243,423</u>	<u>2,467,730</u>	<u>70,482</u>	<u>2,538,212</u>
Net (expenditure) income before net investment (losses) gains	6	(961,191)	(328,513)	(1,289,704)	(2,202,038)	179,518	(2,022,520)
Net investment (losses) gains		<u>227,390</u>	<u>—</u>	<u>227,390</u>	<u>(669,215)</u>	<u>—</u>	<u>(669,215)</u>
Net (expenditure) income before transfers		(733,801)	(328,513)	(1,062,314)	(2,871,253)	179,518	(2,691,735)
Transfers between funds	13	<u>(148,995)</u>	<u>148,995</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net (expenditure) income and net movement in funds		<u>(882,796)</u>	<u>(179,518)</u>	<u>(1,062,314)</u>	<u>(2,871,253)</u>	<u>179,518</u>	<u>(2,691,735)</u>
Reconciliation of funds:							
Total funds brought forward at 1 January 2023		<u>6,188,158</u>	<u>179,518</u>	<u>6,367,676</u>	<u>9,059,411</u>	<u>—</u>	<u>9,059,411</u>
Total funds carried forward at 31 December 2023		<u>5,305,362</u>	<u>—</u>	<u>5,305,362</u>	<u>6,188,158</u>	<u>179,518</u>	<u>6,367,676</u>

All recognised gains and losses are included in the statement of financial activities above.

All activities of the charity derived from continuing operations during the above two financial years.

Balance sheet 31 December 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	9		168,617		169,118
Investments					
. Listed investments	10		5,396,629		7,448,610
			<u>5,565,246</u>		<u>7,617,728</u>
Current assets					
Debtors	11	7,956		35,059	
Cash at bank and in hand		36,543		44,823	
		<u>44,499</u>		<u>79,882</u>	
Current liabilities					
Creditors: amounts falling due within one year	12	(304,383)		(1,329,934)	
Net current liabilities					
			(259,884)		(1,250,052)
Total net assets					
			<u>5,305,362</u>		<u>6,367,676</u>
Represented by:					
The funds of the charity					
Restricted funds	13		—		179,518
Unrestricted funds			5,305,362		6,188,158
			<u>5,305,362</u>		<u>6,367,676</u>

Approved by the trustees
and signed on their behalf by:

Trustee 
Approved on: 18th October 2024

Principal accounting policies 31 December 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2023 with comparatives provided for the year to 31 December 2022.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make judgments and estimates. There are no key estimates for the year ended 31 December 2023 or 2022.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The trustees will continue to keep both income and expenditure under review. Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, grants, investment income and interest receivable.

Income recognition (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, and grants are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations and/or grants being pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation and/or a grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not valued and recognised in these accounts.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Expenditure comprise costs of raising funds and charitable activities. Costs of raising funds comprises investment management fees. Expenditure on charitable activities includes expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- (i) Expenditure on the care of members of the Community and their ministry. Such expenditure enables the members to contribute to religious work.
- (ii) The advancement of the Roman Catholic religion through the provision of grants. These are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs have been allocated directly to costs as incurred on activities.

Services provided by members of the Community

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Community.

Tangible fixed assets

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land
The freehold land held by the charity comprises the cemetery attached to Fernham House in which some thirty members of the Community are buried. It is held in the accounts at £1.
- ◆ Freehold residential building
The freehold residential building is designed, and used wholly, as private residential accommodation. It is stated at cost but not depreciated. The value and condition of the property is reviewed annually by the trustees, who are satisfied that its residual value is not materially less than its book value.

Disposals and additions are accounted for on legal completion of the relevant transaction.

- ◆ Motor vehicles and computer equipment
Expenditure on the purchase and replacement of both motor vehicles and computer equipment is stated at cost and depreciated over a four year period on a straight line basis.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The reserves are used to fulfil the charity's objectives. The reserves policy is set out in the trustees' report.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Cash flow statement

The charity has taken advantage of the exemptions within the Charities SORP FRS 102 from the requirement to prepare a statement of cashflows.

1 Income from: Donations and grants

	Unrestricted funds £	Restricted funds £	2023 Total funds £	2022 Unrestricted funds £
Pensions or other income of individual religious received under Deed of Covenant	8,502	—	8,502	7,910
Grants receivable (see below)	—	(250,000)	(250,000)	250,000
Donations received	1,027	—	1,027	6,250
Total	9,529	-250,000	(240,471)	264,160

During the prior, the charity agreed a partnership with the St Barnabas Society (formerly the Converts' Aid Society) to find a solution to the problems of the Sisters of the Blessed Virgin Mary in Kingstanding in Birmingham. This community is living in temporary rented accommodation and is in urgent need of a permanent home. The monks of Prinknash Abbey offered them shelter on their property. The St Barnabas Society and the charity worked together to see if the Prinknash Abbey property might prove suitable and the St Barnabas Society agreed to make a grant of £1 million available to the charity to assist with the refurbishment of the Prinknash Abbey property. £250,000 was made available to the charity during the prior year. However, in the current year, an alternative property became available to the Sisters which was accepted given their urgent needs. The grant received of £250,000 has been reimbursed during 2023 and the agreement with the St Barnabas Society formally and amicably ended. (See also note 13).

2 Income from: Investments and interest receivable

	2023 Unrestricted funds £	2022 Unrestricted funds £
Investment income		
. UK fixed interest	30,760	4,247
. UK equities	60,374	113,352
. Overseas fixed interest	5,551	6,442
. Overseas equities	56,811	66,126
. Alternatives	38,972	36,431
	192,468	226,598
Interest received		
. Interest on cash held by investment managers	1,723	24,934
Total	194,191	251,532

3 Expenditure on: Care of members of the Community and the support of their ministry

	2023 Unrestricted funds £	2022 Unrestricted funds £
Living and personal expenses	13,500	12,375
Depreciation of motor vehicle	501	3,101
	14,001	15,476
Allocated support costs (note 5)	1,226	1,446
	15,227	16,922

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants

	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Unrestricted funds £
Grants and donations	1,094,878	—	1,094,878	2,381,838	—	2,381,838
Feasibility study costs	—	78,513	78,513	—	70,482	70,482
Allocated support costs (note 5)	19,800	—	19,800	20,665	—	20,665
	1,114,678	78,513	1,193,191	2,402,503	70,482	2,472,985

Feasibility study costs include expenditure on architects, surveyors and other professionals to establish the feasibility of the plans for development of a property on the estate of Prinknash Abbey, Gloucestershire (see notes 1 and 13).

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

The grants payable during the year were as follows:

Recipient	Purpose of grant	2023 £	2022 £
St Michael's Abbey Trust, Farnborough	Repairs after water ingress	(3,761)	30,000
	For the restoration of the historic Cavaillé-Coll organ at Farnborough	—	15,740
	For the restoration of the bell turret	38,478	723,965
	For conservation works on the Farnborough Abbey church interior and windows	(29,636)	105,000
	Towards the restoration of Farnborough Abbey including ongoing projects including heating for the Abbey Church, and disabled access	196,410	483,357
	Additional grounds work as a result of work on the drive and dangerous trees	—	5,019
	Restoration of sacred vessels and ecclesiastical metalworks	11,404	40,000
	Furnishings for the Grade One historic abbey church	(43,503)	120,000
	To assist with living expenses for a monk on legitimate leave from his community.	—	27,000
	Church audio/security/livestream system	29,058	80,000
	Renewal of electrics	561,742	584,394
	Restoration of historic paintings	(18,928)	100,000
	Medical treatment for the fathers	—	2,896
	Travel etc for monks and candidates doing IELTS tests etc and Visa meetings	—	10,573
	Studies Br Stanislaus	—	10,640
	Towards Church Building Works	343,861	—
Carried forward		1,085,125	2,338,584

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

Recipient	Purpose of grant	2023 £	2022 £
Brought forward		1,085,125	2,338,584
St Joseph-Bzovik		2,465	—
Brazil Monestary	Study assistance for one of the Brothers	1,146	—
SBVM Kingstanding	For running costs	—	2,000
Prinknash Abbey	For their garden project	(20,000)	20,000
The Ghana (Sunyani) Monastery Trust	Theological studies for a brother of Kristo Buase Monastery in Ghana	—	5,000
Convent of our Lady Stanbrook	For formator's course	—	5,780
	Sabbatical course for the former Abbess of Colwich	—	4,330
	Study Day for 500 th Anniversary	500	—
Benedictine University of Sant Anselmo	To finance the liturgical studies of a priest student at the Benedictine University of Sant Anselmo	1,785	1,644
Milane Kakone	Fr Milan Kakone studies maintenance donation	3,500	2,500
Church in Slovakia	Restoration of the historic altar	3,571	—
Corpus Christi Maiden Lane	For the Shrine of Blessed Carlo	—	2,000
Portsmouth Diocese	Visa Processing	419	—
Dom Hugh Nichols	Towards Theological Studies in Rome	12,000	—
Abbey of Santa Cecilia	Gregorian Chant Programme	4,367	—
		1,094,878	2,381,838

Negative items included above relate to grants which were cancelled during the year as a result of the expenditure incurred being less than the initial award.

The Right Reverend Dom Cuthbert Brogan is a trustee of St Michael's Abbey Charitable Trust, Farnborough, The Prinknash Abbey Charities, The Ghana (Sunyani) Monastery Trust and Empress Eugenie Memorial Trust (Realty), which maintains Farnborough Abbey on behalf of St Michael's Abbey. As Abbot Visitor of the English Province, he is Major Superior of the Province and, therefore involved with every monastery of the Province. He has made the other trustees aware of his various offices and membership of various trusts when seeking approval of grants payable to those charities.

As noted above, grants of £1,085,125(2022 – £2,363,584) were payable to these charities during the year. Grants of £256,217 (2022 – £1,248,895) payable to the St Michael's Abbey Charitable Trust, were unpaid at 31 December 2023 and are included within creditors (note 12). A £20,000 write-back (2022 – £nil) of a grant to Prinknash Abbey was made during the year. No other grants were made to Prinknash Abbey during 2023 (2022 – £20,000 was accrued). Donations of £6,250 (2022 – £nil) were received from Prinknash.

Dom Stanislaus Mycka is a member of the Empress Eugenie Memorial Trust (Realty) and the Saint Michael's Abbey Trust. He took no part in the discussions relating to grants awarded to these charities.

Mother Winsome Durrant is a trustee of the Sisters of the Blessed Virgin Mary Trust. As explained in note 1 to these accounts, as at 31 December 2022 there was a possibility that the Sisters of the Blessed Virgin Mary Trust might occupy part of Prinknash following a major refurbishment to be funded from grants made by the charity. During the year to 31 December 2023 the decision was made not to proceed with the move and the feasibility study was cancelled. Mother Winsome took no part in discussions regarding the Prinknash Abbey feasibility plans.

5 Support costs

	Advancement of the Roman Catholic religion through the provision of grants £	Care of members of the Community and the support of their ministry £	2023 £	2022 £
Insurance	—	1,226	1,226	1,082
Other expenses	—	—	—	25
Depreciation of computer equipment	—	—	—	364
Governance costs				
. Auditor's remuneration	19,800	—	19,800	20,640
	<u>19,800</u>	<u>1,226</u>	<u>21,026</u>	<u>22,111</u>

Support costs have been allocated directly to costs as incurred on charitable activities.

	2023 £	2022 £
Advancement of the Roman Catholic religion through the provision of grants	19,800	20,665
Care of members of the Community and the support of their ministry	1,226	1,446
	<u>21,026</u>	<u>22,111</u>

6 Net (expenditure) income before net investment (losses) gains

This is stated after charging:

	2023 £	2022 £
Depreciation	501	3,465
Auditor's remuneration (including VAT)		
. Statutory audit services	14,400	11,400
. Other services: accountancy support		
.. Current year	5,400	2,640
.. Prior year	—	3,465

7 Staff costs, key management personnel and trustees' remuneration

The charity did not employ any staff during the year (2022 – none).

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No trustees received any remuneration (2022 – none). No trustees were reimbursed expenses during the current or the previous year.

8 Taxation

St Mary's Priory Fernham Residual Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Tangible fixed assets

	Freehold land £	Freehold Residential building £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2023 and 31 December 2023	1	168,616	2,387	12,405	183,409
Depreciation					
At 1 January 2023	—	—	2,387	11,904	14,291
Charge for the year	—	—	—	501	501
At 31 December 2023	—	—	2,387	12,405	14,792
Net book values					
At 31 December 2023	1	168,616	—	—	168,617
At 31 December 2022	1	168,616	—	501	169,118

10 Listed investments

	2023 £	2022 £
Listed investments		
Market value (fair value) at 1 January 2023	7,446,749	9,104,054
Additions at cost	543,518	410,280
Disposals at book value (see below)	(2,809,283)	(1,442,234)
Net unrealised (losses) gains	199,142	(625,351)
Market value (fair value) 31 December 2023	5,380,126	7,446,749
Cash held by investment managers		
	16,503	1,861
	5,396,629	7,448,610
Cost of listed investments at 31 December 2023	4,297,318	5,904,649

Disposals at book value included above are made up of the following:

	2023 £	2022 £
Proceeds	2,837,531	1,398,370
Net realised losses (gains)	(28,248)	43,864
Disposals at book value	2,809,283	1,442,234

Listed investments held at 31 December 2023 comprised the following:

	2023 £	2022 £
UK fixed interest	914,330	768,794
UK equities	1,176,855	2,346,278
Overseas fixed interest	—	81,968
Overseas equities	2,514,848	2,776,488
Alternatives	774,093	1,473,221
	5,380,126	7,446,749

10 Debtors

	2023 £	2022 £
Investment income and interest receivable	7,956	9,218
Amount held by St Michael's Abbey Charitable Trust on behalf of the charity (note 15)	—	25,841
	7,956	35,059

11 Creditors: amounts falling due within one year

	2023 £	2022 £
Donations payable	273,083	1,268,896
Investment managers' fees	8,500	12,500
Accruals	22,800	18,000
Expense creditors	—	30,538
	304,383	1,329,934

12 Restricted funds

The income funds of the charity include restricted funds comprising the following donation held on trust and to be applied for specific purposes:

	At 1 January 2023 £	Income £	Expenditure £	Transfers £	At 31 December 2023 £
St Barnabas Society fund	179,518	(250,000)	(78,513)	148,995	—

The above fund relates to a grant received from St Barnabas Society that was due to be used towards the refurbishment of a designated portion of the monastic buildings at Prinknash, Abbey, Cranham, Gloucester so as to provide a suitable and permanent residence for the Sisters of the Blessed Virgin Mary of Kingstanding (the "Sisters"); the provision and maintenance of ongoing accommodation at Prinknash Abbey for the Sisters; and such other related work that St Barnabas Society and the charity were to agree. A grant of £1 million was awarded to the charity in accordance with an agreement dated 21 July 2022, of which £250,000 was received during the year ended 31 December 2023. During the current and prior year, the charity expensed monies in relation to the feasibility study on the project. However, during the year the grant has been reimbursed and the agreement with the St Barnabas Society formally and amicably ended (see notes 1 and 16).

13 Analysis of net assets between funds

	General fund £	Restricted funds £	Total 2023 £
Fund balances at 31 December 2023 are represented by:			
Tangible fixed assets	168,617	—	168,617
Listed investments	5,396,629	—	5,396,629
Net current (liabilities) assets	(259,884)	—	(259,884)
Total net assets	5,305,362	—	5,305,362

	General fund £	Restricted funds £	Total 2022 £
<i>Fund balances at 31 December 2022 are represented by:</i>			
<i>Tangible fixed assets</i>	<i>169,118</i>	<i>—</i>	<i>169,118</i>
<i>Listed investments</i>	<i>7,448,610</i>	<i>—</i>	<i>7,448,610</i>
<i>Net current (liabilities) assets</i>	<i>(1,429,570)</i>	<i>179,518</i>	<i>(1,250,052)</i>
<i>Total net assets</i>	<i>6,188,158</i>	<i>179,518</i>	<i>6,367,676</i>

The funds of the charity include unrealised gains as follows:

	2023 £	2022 £
Total unrealised gains:		
On investments	1,082,808	1,542,100
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2023	1,542,100	2,555,091
In respect to disposals in year	(658,434)	(387,640)
Net gains arising on revaluation in the year	199,142	(625,351)
Unrealised gains at 31 December 2023	1,082,808	1,542,100

14 Transactions with trustees and related parties

During a period of transition from former trustees to the current trustees, and while the charity was in the process of addressing the complexities of transferring the bank mandate, the transactions of the charity were administered through a dedicated bank account held by St Michael's Abbey Trust, Farnborough. As explained in note 4, Rt Rev David Cuthbert Brogan, is a trustee of that charity. As at 31 December 2022 the bank account had a balance of £25,841, which was included within debtors in these financial statements. The balance was transferred to the charity during the current year.

Other transactions connected to trustees are disclosed in notes 4 and 7 to the accounts with additional detail in note 1.

There were no other related party transactions requiring disclosure (2022 – none).

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales - Charity number 229393

Accounts

**St Mary's Priory
Fernham
Residual Fund**

Annual Report and Accounts

31 December 2022

Charity Registration Number
229393

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	16

Accounts

Statement of financial activities	21
Balance sheet	22
Statement of cash flows	23
Principal accounting policies	24
Notes to the accounts	28

Reference and administrative information

Trustees	Rt Rev David Cuthbert Brogan – Visitor Rev Dr Stephen David Morgan (to February 2022) Mother Winsome Angela Durrant Rev Dom Brendan Patrick Creeden Rev Dom Michal Dymitr Mycka Fra Richard John Berkley-Matthews (from 11 August 2022) Mr Richard Hawker (from 11 August 2022)
Bursar	Rev Dom Michal Dymitr Mycka
Principal address	Saint Michael's Abbey 280 Farnborough Road Farnborough Hampshire GU14 7NQ
Charity registration number	229393
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers (Until February 2022)	The Royal Bank of Scotland plc Dundee Broughty Ferry 5 th Floor Bath Street Glasgow G2 4RS
(From August 2021)	Metro Bank plc One Southampton Row London WC1B 5HA
Investment managers	Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ

Reference and administrative information

Solicitors Irwin Mitchell LLP
Davidson House
Forbury Square
Reading
RG1 3EU

The trustees present their report together with the accounts of St Mary's Priory Fernham Residual Fund (the 'charity' or the 'trust') for the year ended 31 December 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 24 to 27 of the attached accounts and comply with the charity's trust deed, applicable laws and the requirements of Statement of Recommended Practice on Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

INTRODUCTION

The charity was created by a deed dated 16 May 1963 and was known, until 7 March 2003, as the Community of Benedictine Nuns of St Mary's Priory. The deed was amended on 1 December 1998 by a Scheme of the Charity Commissioners. A further Deed of Variation, dated 7 March 2003, was accepted by the Charity Commissioners following a decision to close the house at Fernham and disperse the individual members of the Community to other locations. Under this latter Deed of Variation, although the Community did not cease to exist, it ceased to carry on or direct any charitable works as a Community. The trustees now hold the assets of the charity for such charitable purposes connected with the advancement of the Roman Catholic Religion as they decide.

OVERALL OBJECTIVES

The trustees aim to use the assets of the charity, and the income thereof, for the support of the members of the Community, the advancement of the religious and other charitable works of the individual members, and for the advancement of the Roman Catholic religion - primarily by giving grants. The trustees are mindful of the need for the charity to demonstrate that it provides public benefit and they have had regard to the general guidance on the provision of public benefit published by the Charity Commission.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Activities and specific objectives

The activities of the charity can be divided into two main areas: caring for the sole remaining member of the Community, including supporting her ministry; and the advancement of the Roman Catholic religion - primarily by giving grants.

Care of member

The trustees have a moral and legal obligation to care for the one remaining member of the Community. The sister has no private income of her own as all earnings, gifts or donations, and pensions have been covenanted to the charity.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Activities and specific objectives (continued)

Grants for the advancement of the Roman Catholic religion

The trustees continue the material work of the former monastic community of Fernham by giving grants from the Fernham Residual Fund. Their current priority is to support the English Province of the Subiaco-Cassinese Congregation to which St Mary's Priory belonged. Other particular interests of the trust include the wider Benedictine world and other causes which advance the Catholic Faith.

Investment policy

The trustees agreed in 2003 that the assets of the charity would be invested with a view to producing a return to cover future charitable expenditure. The trustees reviewed their investment policy in 2019 and agreed that the investment objective is to achieve a balanced return from income and capital growth while accepting a moderate degree of risk consistent with the charity's ethical investment policies.

There are no restrictions on the charity's power to invest. However, the trustees have requested that the investment managers do not invest in any company whose primary business is concerned with the manufacture of armaments, tobacco or any products which would be used in connection with contraception or abortion or whose primary business entails labour exploitation. The trustees have delegated discretionary powers of management to Rathbone Investment Management Limited. The portfolio is managed with a view to producing a balance between income and capital returns.

Grant making policy

The trustees give consideration to applications for grants in accordance with the provisions of the trust deed and application forms have been drawn up to assist this process objectively. The primary aim of any such grants would be, as stated in the trust deed, the advancement of the Roman Catholic religion and applicants are required to state how the purpose for which they make the request conforms to this objective. The trustees' policy is to distribute excess income but this does not preclude, in exceptional cases, the expenditure of capital.

The trustees have continued the priorities which have always been those of the charity, namely the Subiaco-Cassinese Congregation English Province, the wider Subiaco-Cassinese Congregation, and the other Catholic causes.

The majority of the English Province monasteries are financially well-off. Rather than wait for applications for funds, the trustees have taken a pro-active approach, aiming in particular to focus on the historic Grade One and Grade Two Listed buildings in the care of the Province. These restorations will be attentive to public access, health and safety, heating and lighting, wheelchair access, sounds systems etc., which are all of public benefit. The onus is on the Abbot Visitor, who is a trustee of the charity, to identify the needs and to assess the financial abilities of the various communities during his canonical visitations of the houses.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities

Care of member

The charity continued to support the remaining member of the St Mary's Priory, Fernham, community.

Grants for the advancement of the Roman Catholic religion

The trustees made various grants and donations to advance the Roman Catholic religion. Grants from the Fernham Fund for 2022 included the following:

The Trustees have continued their programme of proactively assessing the needs of the monastic communities of the Benedictine Subiaco-Cassinese Congregation's English Province during the canonical visitations of its communities and using the Fernham Trust's funds to work towards strengthening and supporting communities as they have need. In addition to this, the Trust has been able to assist other Catholic causes.

A major project was the restoration of the bell turret of the St Michael's Abbey Farnborough. Part of the Grade One and Grade Two Listed range of conventual buildings, the turret was designed by the French architect Gabriel Hippolyte Destailleur in the 1880s.

The project involved repairs to the wood work of the turret, the restoration of the clock and renewal of slates and drainage. The summit cross, which was in imminent danger of falling, was replaced, as were the rotten windows. The bell was also restored and returned to its daily use to summon the monks to various community meals and activities.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)



ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

During the year, the Trust agreed a partnership with the St Barnabas Society (formerly the Converts' Aid Society) to find a solution to the problems of the Sisters of the Blessed Virgin Mary in Kingstanding in Birmingham. This community is living in temporary rented accommodation and is in urgent need of a permanent home. The monks of Prinknash Abbey offered them shelter on their property. The St Barnabas Society and the Fernham Fund worked together to see if the Prinknash Abbey property might prove suitable and the St Barnabas Society agreed to make a grant of £1 million available to the Trust to assist with the refurbishment of the Prinknash Abbey property. £250,000 was made available to the Trust during the year. However, subsequent to the year end, an alternative property became available to the Sisters which was accepted given their urgent needs. The grant received of £250,000 has been reimbursed and the agreement with the St Barnabas Society formally and amicably ended. The trustees have decided to continue with the feasibility study in regard to the work at Prinknash Abbey and will make a decision shortly about whether it is appropriate to continue with the refurbishment project from its funds. The Trust made a grant of £2,000 to help the Sisters with running costs during the year.



The Trust has assisted with academic course fees for a young priest undertaking doctoral work in liturgical studies at the Benedictine Liturgical Institute in Rome. We are supporting also second young priest who is undertaking pastoral studies as part of his work of rebuilding the Church in his native Iraq in difficult times.

Underground pipes have already been laid in preparation for the 2023 project of providing ground source technology heating to the abbey church at Farnborough to provide conservation heating to the Grade One Listed building.



ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

2022 saw the return of the Cavallé-Coll organ to the Abbey Church at Farnborough at the end of its careful restoration by Willis and Sons of Liverpool.

The trustees were able to give some support towards expenses of two members of the English Province of the Subiaco Cassinese Congregation who are studying for the priesthood. Dom Stanislaus of Farnborough (right) is in the last year of his studies at Oxford and Rome and Dom Louis (below) of Kristo Buase (Ghana) has commenced his studies at the Beda College in Rome. In June of 2023 Dom Stanislaus became the newest priest of our English Province.



Ever aware that the Fernham Fund owes its genesis to the nuns of our Province, the trustees gave grants to two monastic communities of women. An award of was given to Stanbrook Abbey in Yorkshire to enable one of their nuns to attend an intensive course in monastic formation, organised by the Benedictine University at Sant' Anselmo in Rome. A grant to the nuns of Colwich enabled one of the sisters to undertake an extended sabbatical retreat.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

The two huge paintings in the transepts of Farnborough Abbey Church were removed, cleaned and restored, as were their frames. These are amongst the few important items which survive from the Tuileries Palace in Paris which was destroyed by fire in 1871. The two paintings, which feature of the Visitation and the Presentation originally flanked the altar of the domestic chapel of the Palace.



Above: the painting in their original position in the Palais du Tuileries, Paris, 1860s.

Right: an expert teams reinstall the restored paintings at Farnborough.



Above and right: the cleaning and restoration process have had a visually dramatic affect on these important historic pieces.



ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)



The meticulous cleaning of the interior of Farnborough Abbey Church was completed in 2022 with excellent and dramatic results.



FUTURE PLANS

It is not anticipated that there will be any significant changes to the charity's activities in the forthcoming year.

The trustees will pay due heed to the aftermath of the Covid-19 pandemic and impact of the current macroeconomic and geopolitical environment, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

FINANCIAL REVIEW

Income for the year was £515,692 (2021 – £268,271). Income comprises £226,598 (2021 – £260,869) from investments and donations of £264,160 (2021 – £7,402). Donations include £7,910 (2021 – £7,402) from pensions of individual religious received under Deed of Covenant, a restricted donation of £250,000 (2021: £nil) from St Barnabas Society to fund the Prinknash Abbey project and £6,250 (2021: £nil).

Expenditure totalled £2,538,212 compared to £1,192,839 in 2021. During the current and the previous year, the living expenses of the one remaining member of the Community who lives alone were paid. Expenditure on grants and donations, excluding allocated support costs and the costs of the feasibility study at Prinknash Abbey, totalled £2,381,838 as compared to £1,081,648 in the previous year. Further details of grants and donations are provided in note 4 to the attached accounts and earlier in this report.

Net expenditure before investment losses for the year amounted to £2,022,520 (2021 – £924,568). Investment losses totalled £669,215 (2021 – £1,020,986 gains) and net expenditure and net decrease in funds therefore, amounted to £2,691,735 (2021 – net income of £96,418).

Investment performance

The charity has a portfolio of investments with a market value at 31 December 2022 of £7,448,610 (2021 – £9,182,379) including cash awaiting investment of £1,861 (2021 – £78,325).

During the year, the charity's investments achieved an income yield of 2.74% (2021 – 2.96%) and a capital yield of minus 8.09% (2021 – plus 14.52%). The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 10 to the attached accounts.

The trustees continue to take a long-term view regarding investment strategy and believe their policy remains appropriate.

FINANCIAL REVIEW (continued)

Reserves policy and financial position

Reserves policy

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees agreed in 2003 that the bulk of the sale proceeds of the Fernham property would be invested with a view to producing a return to cover the future charitable expenditure outlined above.

In addition, the objectives of the charity would outlive the last member of the Community and funds should be invested with this in mind, though the trustees have no intention in declaring these invested funds as permanent endowment, as they may wish to spend capital.

The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital.

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate sufficient income to meet annual expenditure after accounting for investment gains. The trustees are of the opinion that this provides sufficient flexibility, provides adequate working capital to cover core costs, and will allow the charity to cope and respond to changes in the arrangements for the care of the last remaining member of the Community.

Financial position

The balance sheet shows funds of £6,367,676 (2021 - £9,059,411) of which £179,518 are restricted funds and £6,188,158 (2021 - £9,059,411) are free reserves. The trustees are of the opinion that this level of free reserves meets the reserves policy outlined above.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Community continues to exist as an entity in Canon Law under the care of the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation, even though, following the decision of the Community in December 2001, the house at Fernham was closed and the individuals dispersed to other locations.

The charity is governed by the trustees. The Prioress appointed the original trustees. The minimum number of trustees is five, to include any ex officio trustee and a maximum of two community members. Further trustees are appointed by the Visitor, who is an ex officio trustee, and is the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation. The Visitor has the power to remove trustees.

The names of the trustees who served during the year are shown on page 1.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers, e.g. investments managers, solicitors and accountants.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The last remaining member of the Community, Eileen Murdoch, was a trustee of the charity until 3 June 2020 and her living and personal expenses are borne by the charity. However, in common with the other trustees, she received no remuneration in connection with her duties as a trustee.

No trustees received reimbursement for travel expenses in the year (2021 – £nil).

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charity currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

The Community currently has one member. The trustees are aware that there is both a moral and legal obligation to care for the member, as she has no substantial resources of her own. As the sister grows older, so the need to provide care for the sister may increase. A key element of the management of this risk is ensuring that the charity has the available financial resources to finance this care both now and, in the years, ahead by carefully reviewing reserves.

The charity donates significant sums in donations to advance the Roman Catholic religion. The trustees currently see their priorities as beginning with the support of the English Province of the Subiaco-Cassinese Congregation where there may be need; radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK; other monastic and religious needs wherever they may arise; and ultimately the needs of the Church in general.

Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the trustees. The trustees meet with the investment managers regularly and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs both now and in the future. Given the current macroeconomic and geopolitical environment, the trustees continue to communicate with the charity's investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long-term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Approved by the trustees and signed on their behalf by:

Rt Rev David Cuthbert Brogan

Trustee

Date: 24 October 2023

Independent auditor's report to the trustees of St Mary's Fernham Residual Fund

Opinion

We have audited the accounts of St Mary's Fernham Residual Fund (the 'charity') for the year ended 31 December 2022, which comprise the statement of financial activities, the balance sheet, the cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with representatives from the trustees, and from our knowledge and experience of the charity sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ performed substantive testing on expenditure including the authorisation thereof;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of representatives from the trustees as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

30 October 2023

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Unrestricted funds £
Income from:					
Donations and grants	1	14,160	250,000	264,160	7,402
Investments and interest receivable	2	251,532	—	251,532	260,869
Total income		<u>265,692</u>	<u>250,000</u>	515,692	<u>268,271</u>
Expenditure on:					
Raising funds					
. Investment management and related advisory fees		48,305	—	48,305	54,922
Charitable activities					
. Care of members of the Community and the support of their ministry	3	16,922	—	16,922	19,661
. Advancement of the Roman Catholic religion through the provision of grants	4	2,402,503	70,482	2,472,985	1,118,256
Total expenditure		<u>2,467,730</u>	<u>70,482</u>	2,538,212	<u>1,192,839</u>
Net (expenditure) income before net investment (losses) gains	6	(2,202,038)	179,518	(2,022,520)	(924,568)
Net investment (losses) gains		<u>(669,215)</u>	<u>—</u>	(669,215)	<u>1,020,986</u>
Net (expenditure) income and net movement in funds		(2,871,253)	179,518	(2,691,735)	96,418
Reconciliation of funds:					
Total funds brought forward at 1 January 2022		<u>9,059,411</u>	<u>—</u>	9,059,411	<u>8,962,993</u>
Total funds carried forward at 31 December 2022		<u>6,188,158</u>	<u>179,518</u>	6,367,676	<u>9,059,411</u>

All recognised gains and losses are included in the statement of financial activities above.

All activities of the charity derived from continuing operations during the above two financial years.

There were no restricted funds in the year to 31 December 2021.

Balance sheet 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	9		169,118		172,583
Investments					
. Listed investments	10		7,448,610		9,182,379
			7,617,728		9,354,962
Current assets					
Debtors	11	35,059		34,112	
Cash at bank and in hand		44,823		205,989	
		79,882		240,101	
Current liabilities					
Creditors: amounts falling due within one year	12	(1,329,934)		(535,652)	
Net current liabilities			(1,250,052)		(295,551)
Total net assets			6,367,676		9,059,411
Represented by:					
The funds of the charity					
Restricted funds	13		179,518		—
Unrestricted funds			6,188,158		9,059,411
			6,367,676		9,059,411

Approved by the trustees
and signed on their behalf by:

Rt Rev David Cuthbert Brogan

Trustee

Approved on: 24 October 2023

Statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,476,305)	(756,297)
Cash flows from investing activities:			
Investment income and interest received		250,585	259,249
Proceeds from the disposal of investments		1,398,370	1,134,540
Purchase of investments		(410,280)	(666,174)
Net cash provided by investing activities		1,238,675	727,615
Change in cash and cash equivalents in the year		(237,630)	(28,682)
Cash and cash equivalents at 1 January 2022	B	284,314	312,996
Cash and cash equivalents at 31 December 2022	B	46,684	284,314

Notes to the statement of cash flows for the year to 31 December 2022.

A Reconciliation of net movement in funds to net cash used in operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(2,691,735)	96,418
Adjustments for:		
Depreciation charge	3,465	3,698
Losses (gains) on investments	669,215	(1,020,986)
Investment income and interest receivable	(251,532)	(260,869)
Decrease in debtors	—	23,389
Increase in creditors	794,282	402,053
Net cash used in operating activities	(1,476,305)	(756,297)

B Analysis of changes in cash and cash equivalents

	As at 1 January 2022 £	Cash flows £	As at 31 December 2022 £
Cash at bank and in hand	205,989	(161,166)	44,823
Cash held by investment managers	78,325	(76,464)	1,861
Total cash and cash equivalents	284,314	(237,630)	46,684

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

Principal accounting policies 31 December 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2022 with comparatives provided for the year to 31 December 2021.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make judgments and estimates. The key judgements and estimates used in the preparation of these accounts are the estimated useful lives of tangible fixed assets for the purpose of determining the annual depreciation charge; the allocation of support costs; and estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The trustees will continue to keep both income and expenditure under review. Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, grants, investment income and interest receivable.

Income recognition (continued)

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, and grants are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations and/or grants being pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation and/or a grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not valued and recognised in these accounts.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Expenditure comprise costs of raising funds and charitable activities. Costs of raising funds comprises investment management fees. Expenditure on charitable activities includes expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- (i) Expenditure on the care of members of the Community and their ministry. Such expenditure enables the members to contribute to religious work.
- (ii) The advancement of the Roman Catholic religion through the provision of grants. These are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs have been allocated directly to costs as incurred on activities.

Services provided by members of the Community

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Community.

Tangible fixed assets

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land
The freehold land held by the charity comprises the cemetery attached to Fernham House in which some thirty members of the Community are buried. It is held in the accounts at £1.
- ◆ Freehold residential building
The freehold residential building is designed, and used wholly, as private residential accommodation. It is stated at cost but not depreciated. The value and condition of the property is reviewed annually by the trustees, who are satisfied that its residual value is not materially less than its book value.

Disposals and additions are accounted for on legal completion of the relevant transaction.

- ◆ Motor vehicles and computer equipment
Expenditure on the purchase and replacement of both motor vehicles and computer equipment is stated at cost and depreciated over a four year period on a straight line basis.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The reserves are used to fulfil the charity's objectives. The reserves policy is set out in the trustees' report.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

1 Income from: Donations and grants

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Unrestricted funds £
Pensions or other income of individual religious received under Deed of Covenant	7,910	—	7,910	7,402
Grants receivable (see below)	—	250,000	250,000	—
Donations received	6,250	—	6,250	—
Total	14,160	250,000	264,160	7,402

During the year, the charity agreed a partnership with the St Barnabas Society (formerly the Converts' Aid Society) to find a solution to the problems of the Sisters of the Blessed Virgin Mary in Kingstanding in Birmingham. This community is living in temporary rented accommodation and is in urgent need of a permanent home. The monks of Prinknash Abbey offered them shelter on their property. The St Barnabas Society and the charity worked together to see if the Prinknash Abbey property might prove suitable and the St Barnabas Society agreed to make a grant of £1 million available to the charity to assist with the refurbishment of the Prinknash Abbey property. £250,000 was made available to the charity during the year. However, subsequent to the year end, an alternative property became available to the Sisters which was accepted given their urgent needs. The grant received of £250,000 has been reimbursed during 2023 and the agreement with the St Barnabas Society formally and amicably ended. (See also note 16).

2 Income from: Investments and interest receivable

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Unrestricted funds £
Investment income				
. UK fixed interest	4,247	—	4,247	20,331
. UK equities	113,352	—	113,352	149,177
. Overseas fixed interest	6,442	—	6,442	10,604
. Overseas equities	66,126	—	66,126	51,406
. Alternatives	36,431	—	36,431	29,351
	226,598	—	226,598	260,869
Interest received				
. Interest on cash held by investment managers	24,934	—	24,934	—
Total	251,532	—	251,532	260,869

3 Expenditure on: Care of members of the Community and the support of their ministry

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Unrestricted funds £
Living and personal expenses	12,375	—	12,375	16,250
Depreciation of motor vehicle	3,101	—	3,101	3,101
Cemetery expenses	—	—	—	—
	15,476		15,476	19,351
Allocated support costs (note 5)	1,446	—	1,446	310
	16,922	—	16,922	19,661

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Unrestricted funds £
Grants and donations	2,381,838	—	2,381,838	1,081,648
Feasibility study costs	—	70,482	70,482	18,970
Allocated support costs (note 5)	20,665	—	20,665	17,638
	2,402,503	70,482	2,472,985	1,118,256

Feasibility study costs include expenditure on architects, surveyors and other professionals to establish the feasibility of the plans for development of a property on the estate of Prinknash Abbey, Gloucestershire (see notes 1 and 13).

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

The grants payable during the year were as follows:

Recipient	Purpose of grant	2022 £	2021 £
St Augustine Abbey, Ramsgate	Restoration of the historic rood screen at Chilworth Abbey, and replacement of confessional	—	20,000
St Michael's Abbey Trust, Farnborough	Repairs after water ingress	30,000	—
	For the restoration of the historic Cavallé-Coll organ at Farnborough	15,740	6,250
	For the restoration of the bell turret	723,965	30,000
	For conservation works on the Farnborough Abbey church interior and windows	105,000	616,626
	Towards the restoration of Farnborough Abbey including ongoing projects including heating for the Abbey Church, and disabled access	483,357	120,000
	Emergency fund for the Abbot Visitor	—	10,000
	To purchase a car for the Visitor's provincial work	—	4,990
	Additional grounds work as a result of work on the drive and dangerous trees	5,019	56,476
	Restoration of sacred vessels and ecclesiastical metalworks	40,000	—
	High Mass vestments - so that the Imperial historic and irreplaceable 'Sultan of Turkey' set can be removed from over use.	—	7,000
	Furnishings for the Grade One historic abbey church	120,000	39,000
	For university fees, accommodation, and expenses for a monk studying for ordination to the priesthood in our province	—	7,600
	To assist with living expenses for a monk on legitimate leave from his community.	27,000	20,000
	Church audio/security/livestream system	80,000	—
	Renewal of electrics	584,394	—
	Restoration of historic paintings	100,000	—
	Medical treatment for the fathers	2,896	—
	Travel etc for monks and candidates doing IELTS tests etc and Visa meetings	10,573	—
	Studies Br Stanislaus	10,640	—
Carried forward		2,338,584	937,942

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

Recipient	Purpose of grant	2022 £	2021 £
Brought forward		2,338,584	937,942
St Michael's Abbey Press, Farnborough (Controlled by – Empress Eugenie Memorial Trust a charity associated with St Michael's Abbey, Farnborough)	Towards the costs of a tractor, trailer and topper for the Farnborough monks to maintain their estate and farm.	—	54,332
	Towards the purchase of a 'genie' for Farnborough Abbey to give access to roofs for high-level work to gutters, thereby avoiding extensive scaffolding costs	—	20,760
SBVM Kingstanding	For running costs	2,000	—
Chicago monks	Towards urgent roof works	—	30,000
Prinknash Abbey	Medical treatment for an Abbot	—	11,978
	For their garden project	20,000	—
The Ghana (Sunyani) Monastery Trust	Theological studies for a brother of Kristo Buase Monastery in Ghana	5,000	5,000
Convent of our Lady Stanbrook	For formator's course	5,780	—
	Sabbatical course for the former Abbess of Colwich	4,330	—
Benedictine University of Sant Anselmo	To finance the liturgical studies of a priest student at the Benedictine University of Sant Anselmo	1,644	1,636
Milane Kakone	Fr Milan Kakone studies maintenance donation	2,500	—
Corpus Christi Maiden Lane	For the Shrine of Blessed Carlo	2,000	—
The Oxford Oratory of St Philip Neri	For their work and mission.	—	20,000
		2,381,838	1,081,648

The Right Reverend Dom Cuthbert Brogan is a trustee of St Michael's Abbey Charitable Trust, Farnborough, The Prinknash Abbey Charities, The Ghana (Sunyani) Monastery Trust and Empress Eugenie Memorial Trust (Realty), which maintains Farnborough Abbey on behalf of St Michael's Abbey. As Abbot Visitor of the English Province, he is Major Superior of the Province and, therefore involved with every monastery of the Province. He has made the other trustees aware of his various offices and membership of various trusts when seeking approval of grants payable to those charities.,

As noted above, grants of £2,363,584 (2021 - £1,010,012) were payable to these charities during the year. Grants of £1,248,895 (2021 - £476,786) payable to the St Michael's Abbey Charitable Trust, were unpaid at 31 December 2022 and are included within creditors (note 12).

Dom Stanislaus Mycka is a member of the Empress Eugenie Memorial Trust (Realty) and the Saint Michael's Abbey Trust. He took no part in the discussions relating to grants awarded to these charities.

Mother Winsome Durrant is a trustee of the Sisters of the Blessed Virgin Mary Trust. As explained in note 1 to these accounts, as at 31 December 2022 there was a possibility that the Sisters of the Blessed Virgin Mary Trust might occupy part of Prinknash following a major refurbishment to be funded from grants made by the charity. Mother Winsome took no part in discussions regarding the Prinknash Abbey feasibility plans.

5 Support costs

	Advancement of the Roman Catholic religion through the provision of grants £	Care of members of the Community and the support of their ministry £	2022 £	2021 £
Insurance	—	1,082	1,082	1,115
Other expenses	25	—	25	6
Depreciation of computer equipment	—	364	364	597
Governance costs				
. Auditor's remuneration	20,640	—	20,640	16,230
	<u>20,665</u>	<u>1,446</u>	<u>22,111</u>	<u>17,948</u>

Support costs have been allocated directly to costs as incurred on charitable activities.

	2022 £	2021 £
Advancement of the Roman Catholic religion through the provision of grants	20,665	17,638
Care of members of the Community and the support of their ministry	1,446	310
	<u>22,111</u>	<u>17,948</u>

6 Net (expenditure) income before net investment (losses) gains

This is stated after charging:

	2022 £	2021 £
Depreciation	3,465	3,698
Auditor's remuneration (including VAT)		
. Statutory audit services	11,400	9,030
. Other services: accountancy support		
.. Current year	6,600	4,200
.. Prior year	2,640	3,000

7 Staff costs, key management personnel and trustees' remuneration

The charity did not employ any staff during the year (2021 – none).

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No trustees received any remuneration (2021 – none). No trustees were reimbursed expenses during the current or the previous year.

8 Taxation

St Mary's Priory Fernham Residual Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Tangible fixed assets

	Freehold land £	Freehold Residential building £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2022 and 31 December 2022	1	168,616	2,387	12,405	183,409
Depreciation					
At 1 January 2022	—	—	2,023	8,803	10,826
Charge for the year	—	—	364	3,101	3,465
At 31 December 2022	—	—	2,387	11,904	14,291
Net book values					
At 31 December 2022	1	168,616	—	501	169,118
At 31 December 2021	1	168,616	364	3,602	172,583

10 Listed investments

	2022 £	2021 £
Listed investments		
Market value (fair value) at 1 January 2022	9,104,054	8,551,434
Additions at cost	410,280	666,174
Disposals at book value (see below)	(1,442,234)	(1,070,738)
Net unrealised (losses) gains	(625,351)	957,184
Market value (fair value) 31 December 2022	7,446,749	9,104,054
Cash held by investment managers		
	1,861	78,325
	7,448,610	9,182,379
Cost of listed investments at 31 December 2022	5,904,649	6,548,963

Disposals at book value included above are made up of the following:

	2022 £	2021 £
Proceeds	1,398,370	1,134,540
Net realised losses (gains)	43,864	(63,802)
Disposals at book value	1,442,234	1,070,738

Listed investments held at 31 December 2022 comprised the following:

	2022 £	2021 £
UK fixed interest	768,794	786,747
UK equities	2,346,278	2,880,295
Overseas fixed interest	81,968	167,863
Overseas equities	2,776,488	3,826,651
Alternatives	1,473,221	1,442,498
	7,446,749	9,104,054

10 Listed investments (continued)

At 31 December 2022 listed investments included the following investment deemed material when compared to the overall portfolio valuation as at that date:

	Market value of holding £	Percentage of portfolio %
JP Morgan Asset Managers (UK) US Equity Income Hedged K income units	435,038	5.84%
Shell PLC EUR0.07 Ordinary Shares (UK Quoted)	379,091	5.09%

11 Debtors

	2022 £	2021 £
Investment income and interest receivable	9,218	8,271
Amount held by St Michael's Abbey Charitable Trust on behalf of the charity (note 15)	25,841	25,841
	35,059	34,112

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Donations payable	1,268,896	506,786
Investment managers' fees	12,500	13,784
Accruals	18,000	13,200
Expense creditors	30,538	1,882
	1,329,934	535,652

13 Restricted funds

The income funds of the charity include restricted funds comprising the following donation held on trust and to be applied for specific purposes:

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
St Barnabas Society fund	—	250,000	(70,482)	179,518

The restricted funds of the charity include a grant received from St Barnabas Society towards the refurbishment of a designated portion of the monastic buildings at Prinknash, Abbey, Cranham, Gloucester so as to provide a suitable and permanent residence for the Sisters of the Blessed Virgin Mary of Kingstanding (the "Sisters"); the provision and maintenance of ongoing accommodation at Prinknash Abbey for the Sisters; and such other related work that St Barnabas Society and the charity were to agree. A grant of £1 million was awarded to the charity in accordance with an agreement dated 21 July 2022. During the year the charity expensed monies in relation to the feasibility study on the project. Subsequent to the year end, the grant has been reimbursed and the agreement with the St Barnabas Society formally and amicably ended (see notes 1 and 16).

14 Analysis of net assets between funds

	General fund £	Restricted funds £	Total 2022 £
Fund balances at 31 December 2022 are represented by:			
Tangible fixed assets	169,118	—	169,118
Listed investments	7,448,610	—	7,448,610
Net current (liabilities) assets	(1,429,570)	179,518	(1,250,052)
Total net assets	6,188,158	179,518	6,367,676

The funds of the charity include unrealised gains as follows:

	2022 £	2021 £
Total unrealised gains:		
On investments	1,542,100	2,555,091
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2022	2,555,091	1,900,532
In respect to disposals in year	(387,640)	(302,625)
Net gains arising on revaluation in the year	(625,351)	957,184
Unrealised gains at 31 December 2022	1,542,100	2,555,091

15 Transactions with trustees and related parties

During a period of transition from former trustees to the current trustees, and while the charity was in the process of addressing the complexities of transferring the bank mandate, the transactions of the charity were administered through a dedicated bank account held by St Michael's Abbey Trust, Farnborough. As explained in note 4, Rt Rev David Cuthbert Brogan, is a trustee of that charity. During the year to 31 December 2021, the bank account received £648,075 and paid out £671,464 on behalf of the charity leaving a balance of £25,841. As of the year to 31 December 2022, this balance had not changed. This balance is included within debtors in note 11 and was repaid in 2023.

Other transactions connected to trustees are disclosed in notes 4 and 7 to the accounts with additional detail in note 1.

There were no other related party transactions requiring disclosure (2021 – none).

16 Post balance sheet events

As explained in note 1 to these accounts, during the year, the charity agreed a partnership with the St Barnabas Society (formerly the Converts' Aid Society) to find a solution to the problems of the Sisters of the Blessed Virgin Mary in Kingstanding in Birmingham. This community is living in temporary rented accommodation and is in urgent need of a permanent home. The monks of Prinknash Abbey offered them shelter on their property. The St Barnabas Society and the charity worked together to see if the Prinknash Abbey property might prove suitable and the St Barnabas Society agreed to make a grant of £1 million available to the charity to assist with the refurbishment of the Prinknash Abbey property. £250,000 was made available to the charity during the year.

However, subsequent to the year end, another charitable trust offered to put a suitable property at the immediate disposal of the Sisters of the Blessed Virgin Mary of Kingstanding whose needs have become urgent because of the poor condition of their present residence.

Consequently, the grant received of £250,000 has been reimbursed during 2023 and the agreement with the St Barnabas Society formally and amicably ended.

The trustees have decided to continue to fund the feasibility study and will make a decision shortly about whether it is appropriate to continue with the provision of grants to Prinknash Abbey for the potential refurbishment project.

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales - Charity number 229393

Accounts

**St Mary's Priory
Fernham
Residual Fund**

Annual Report and Accounts

31 December 2021

Charity Registration Number
229393

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	17

Accounts

Statement of financial activities	22
Balance sheet	23
Statement of cash flows	24
Principal accounting policies	25
Notes to the accounts	30

Reference and administrative information

Trustees	Rt Rev David Cuthbert Brogan – Visitor Rev Dr Stephen David Morgan (to February 2022) Mother Winsome Angela Durrant Rev Dom Brendan Patrick Creeden Rev Dom Michal Dymitr Mycka Fra Richard John Berkley-Matthews (from 11 August 2022) Mr Richard Hawker (from 11 August 2022)
Bursar	Rev Dom Michal Dymitr Mycka
Principal address	Saint Michael's Abbey 280 Farnborough Road Farnborough Hampshire GU14 7NQ
Charity registration number	229393
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers (Until February 2022)	The Royal Bank of Scotland plc Dundee Broughty Ferry 5 th Floor Bath Street Glasgow G2 4RS
(From August 2021)	Metro Bank PLC One Southampton Row London WC1B 5HA
Investment managers	Rathbone Investment Management Limited 8 Finsbury Circus London EC2M 7AZ

Reference and administrative information

Solicitors Irwin Mitchell LLP
Davidson House
Forbury Square
Reading
RG1 3EU

The trustees present their report together with the accounts of St Mary's Priory Fernham Residual Fund (the 'charity' or the 'trust') for the year ended 31 December 2021.

The accounts have been prepared in accordance with the accounting policies set out on pages 25 to 29 of the attached accounts and comply with the charity's trust deed, applicable laws and the requirements of Statement of Recommended Practice on Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019).

INTRODUCTION

The charity was created by a deed dated 16 May 1963 and was known, until 7 March 2003, as the Community of Benedictine Nuns of St Mary's Priory. The deed was amended on 1 December 1998 by a Scheme of the Charity Commissioners. A further Deed of Variation, dated 7 March 2003, was accepted by the Charity Commissioners following a decision to close the house at Fernham and disperse the individual members of the Community to other locations. Under this latter Deed of Variation, although the Community did not cease to exist, it ceased to carry on or direct any charitable works as a Community. The trustees now hold the assets of the charity for such charitable purposes connected with the advancement of the Roman Catholic Religion as they decide.

OVERALL OBJECTIVES

The trustees aim to use the assets of the charity, and the income thereof, for the support of the members of the Community, the advancement of the religious and other charitable works of the individual members, and for the advancement of the Roman Catholic religion - primarily by giving grants. The trustees are mindful of the need for the charity to demonstrate that it provides public benefit and they have had regard to the general guidance on the provision of public benefit published by the Charity Commission.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Activities and specific objectives

The activities of the charity can be divided into two main areas: caring for the sole remaining member of the Community, including supporting her ministry; and the advancement of the Roman Catholic religion - primarily by giving grants.

Care of member

The trustees have a moral and legal obligation to care for the one remaining member of the Community. The sister has no private income of her own as all earnings, gifts or donations, and pensions have been covenanted to the charity.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Activities and specific objectives (continued)

Grants for the advancement of the Roman Catholic religion

The trustees continue the material work of the former monastic community of Fernham by giving grants from the Fernham Residual Fund. Their current priority is to support the English Province of the Subiaco-Cassinese Congregation to which St Mary's Priory belonged. Other particular interests of the trust include the wider Benedictine world and other causes which advance the Catholic Faith.

Investment policy

The trustees agreed in 2003 that the assets of the charity would be invested with a view to producing a return to cover future charitable expenditure. The trustees reviewed their investment policy in 2019 and agreed that the investment objective is to achieve a balanced return from income and capital growth while accepting a moderate degree of risk consistent with the charity's ethical investment policies.

There are no restrictions on the charity's power to invest. However, the trustees have requested that the investment managers do not invest in any company whose primary business is concerned with the manufacture of armaments, tobacco or any products which would be used in connection with contraception or abortion or whose primary business entails labour exploitation. The trustees have delegated discretionary powers of management to Rathbone Investment Management Limited. The portfolio is managed with a view to producing a balance between income and capital returns.

Grant making policy

The trustees give consideration to applications for grants in accordance with the provisions of the trust deed and application forms have been drawn up to assist this process objectively. The primary aim of any such grants would be, as stated in the trust deed, the advancement of the Roman Catholic religion and applicants are required to state how the purpose for which they make the request conforms to this objective. The trustees' policy is to distribute excess income but this does not preclude, in exceptional cases, the expenditure of capital.

The trustees have continued the priorities which have always been those of the charity, namely the Subiaco-Cassinese Congregation English Province, the wider Subiaco-Cassinese Congregation, and the other Catholic causes.

The majority of the English Province monasteries are financially well-off. Rather than wait for applications for funds, the trustees have taken a pro-active approach, aiming in particular to focus on the historic Grade One and Grade Two Listed buildings in the care of the Province. These restorations will be attentive to public access, health and safety, heating and lighting, wheelchair access, sounds systems etc., which are all of public benefit. The onus is on the Abbot Visitor, who is a trustee of the charity, to identify the needs and to assess the financial abilities of the various communities during his canonical visitations of the houses.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities

Care of member

The charity continued to support the remaining member of the Community.

Grants for the advancement of the Roman Catholic religion

The trustees made various grants and donations to advance the Roman Catholic religion. Grants and donations were made to organisations in accordance with the policy set out above.

Further details of the grants and donations payable during the year are included in note 4 to the attached accounts.

Grants from the Fernham Fund for 2021 included the following:

Impressed by the pastoral dynamism of the **Oxford Oratory Community**, particularly their liturgical outreach of livestreaming the Mass during the Covid crisis, the trust made a grant to further their mission.



A grant to **Benedictine Abbey of Chilworth** enabled the Subiaco-Cassinese monks there to clean and conserve the historic rood screen in the Listed Abbey Church. Provision was also made of a confessional with wheelchair access. Side altars were also cleaned and the nave roof ridge tiles of the Abbey Church were secured with fresh mortar.

ACHIEVEMENTS AND PERFORMANCE (continued)

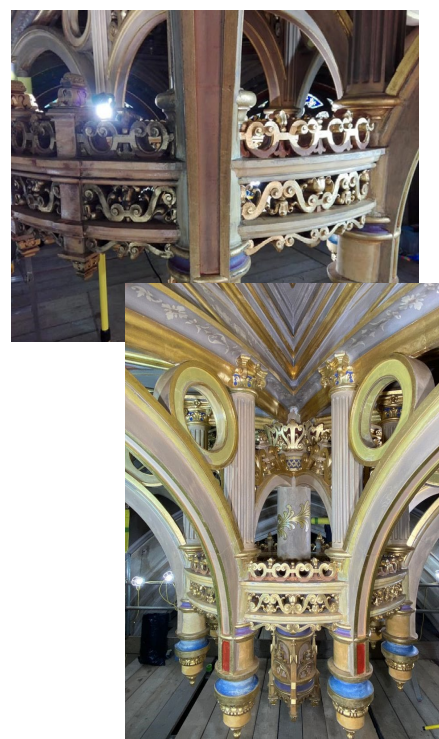
Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

Grants were awarded for monastic and liturgical studies at the **Benedictine Pontifical Institute of Sant Anselmo**. Two brothers from the English Subiaco-Cassinese Province were assisted in their studies for the priesthood, and a diocesan priest was given a grant to further his liturgical doctoral studies at the Benedictine Pontifical Liturgical Institute in Rome.



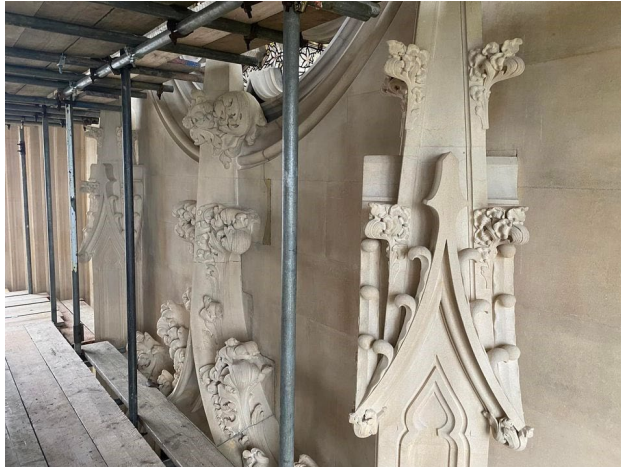
The trustees have resolved to be proactive in the restoration of the historic buildings for which the Subiaco-Cassinese Congregation cares. **Farnborough Abbey** is a Grade One Listed Building of international importance, being the mausoleum of the French Emperor Napoleon III and his family. Grants this year have focussed on the cleaning and restoration of the interior stonework, and the re-leading of windows which were in danger of falling. Once access has been made safe, the trustees will consider further grants to enable wheelchair access and wider intellectual through livestreaming. New electrics, lighting, heating and sound system will also enhance the quality of public access.



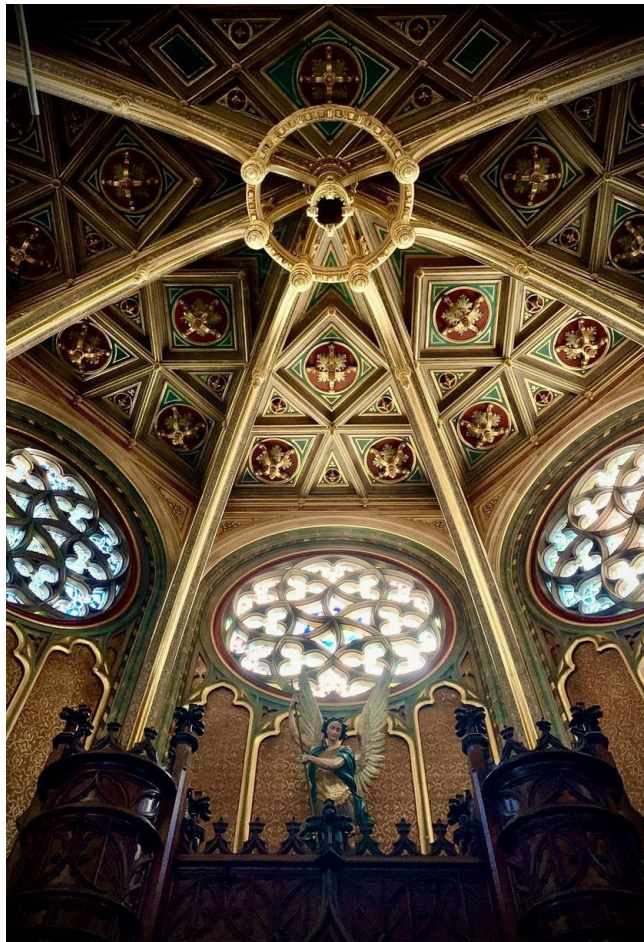
ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

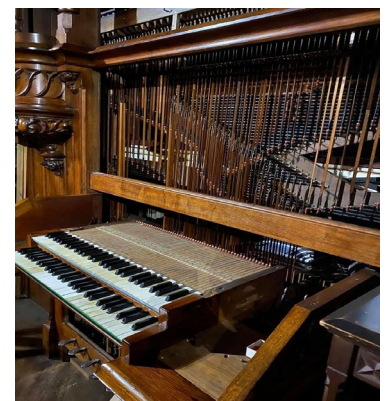


The apse corona – before and after conservation and cleaning



The trust has funded the restoration of the historic Cavaillé-Coll organ of Farnborough Abbey. This instrument is the finest example in this country of the work of this French organ builder who created some of the most famous church and cathedral organs of France.

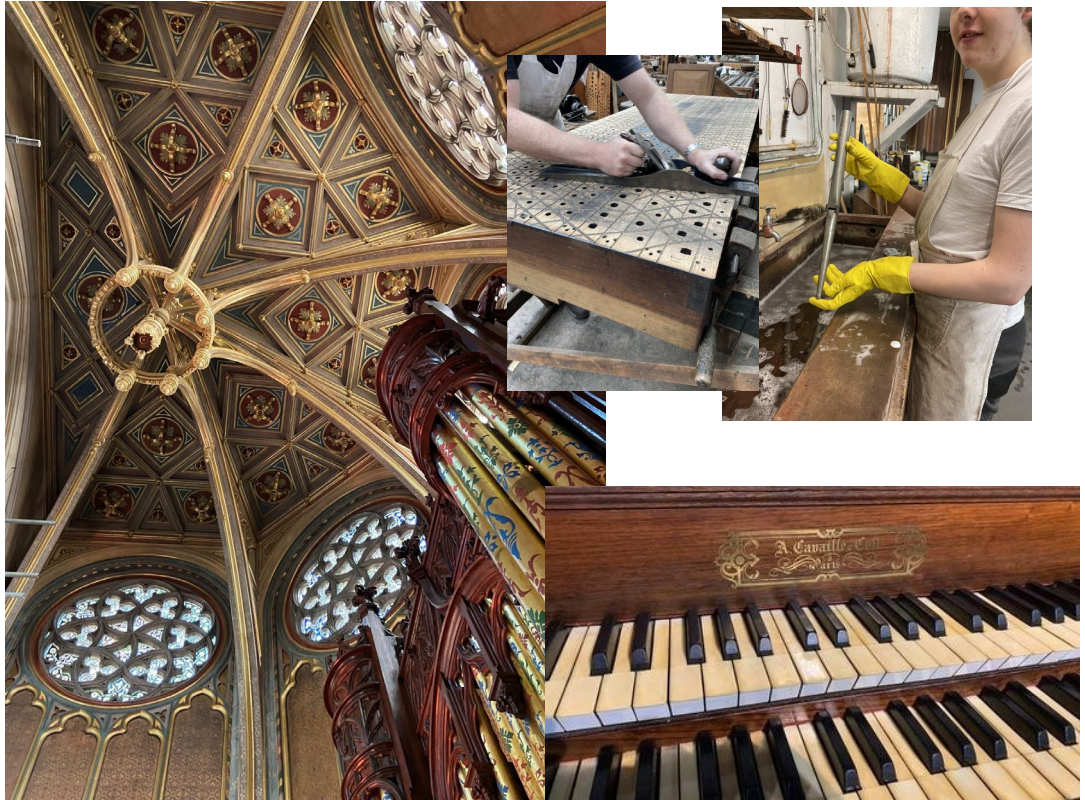
This delicate and precise work was entrusted to Willis Organ Builders of Liverpool.



ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)



The community of Subiaco-Cassinense monks at Farnborough has enough young members for the monks to carry out most of the manual work of maintenance of their estate. The Fernham Fund gave the monks a grant to replace their ancient tractor which had served them well for many years but was neither safe nor reliable. A topper and trailer were also purchased. The tractor was blessed outside the Abbey Church at the end of Sunday Mass.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)



The monastic range at Farnborough Abbey which includes both Grade One and Grade Two Listed buildings, has had extensive works in 2021. The first stage has ensured that the building is watertight by provision of reliable roofs and gutters. The increase in the number of monks is necessitating the provision of suitable accommodation. An increase in pilgrims to the National Shrine of St Joseph makes it imperative that the buildings are safe and have suitable facilities.



ACHIEVEMENTS AND PERFORMANCE (continued)

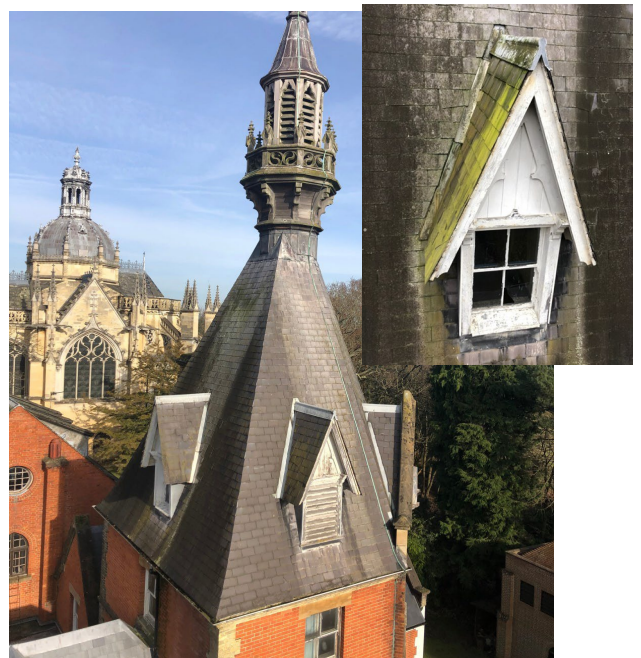
Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)



A grant to Prinknash Abbey, of the Subiaco-Cassinense Congregation, made possible medical treatment for an elderly monk, whose restored mobility has returned him to full and active participation in the life of the community there. The trustees are endeavouring to be attentive to the needs of the elderly and provision for suitable facilities for them. Part of the trust's dreams for the future include provision for the elderly in those communities which are aging.

The next stage of the restoration of the monastic buildings at Farnborough will be the restoration of its Listed bell turret which is dangerous at present. In 2021 the trust financed urgent works and also granted funds for preliminary architectural surveys for proposed works. In 2022 the trustees will be duly equipped with these surveys to make grants for further restoration of this important and unique historic building.



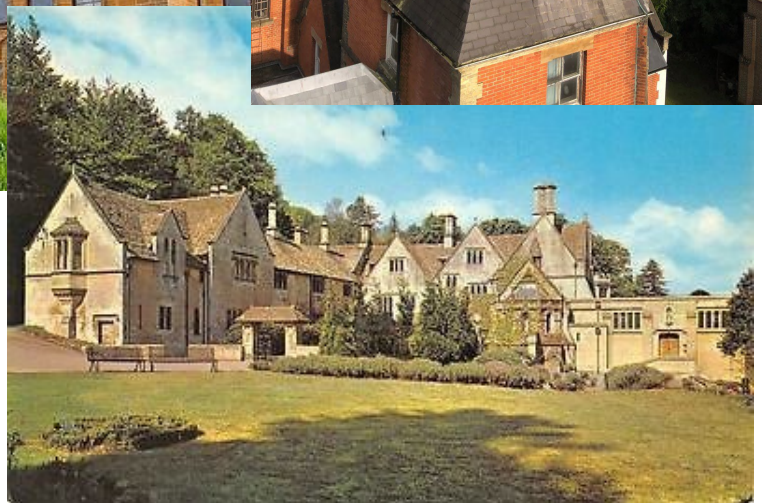
ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the activities (continued)

Grants for the advancement of the Roman Catholic religion (continued)

Future plans in relation to grants

The trust has financed, in 2021, surveys and architectural reports with a view to restoring the 1972 monastery at Prinknash Abbey as a new house of nuns in partnership with another Charitable Trust. Its chapel will also be opened to the public. This will help ensure the future of the monastic estate of Prinknash Abbey, originally a hunting lodge of the pre-Reformation abbots of Gloucester. The house of nuns will complement the monastery of monks who own the estate. The medieval house of monks will be included in the programme of restoration.



FINANCIAL REVIEW

Income for the year was £268,271 (2020 – £235,026). Income comprises £260,869 (2020 – £227,821) from investments and £7,402 (2020 – £7,205) from pensions of individual religious received under Deed of Covenant.

Expenditure totalled £1,192,839 compared to £732,947 in 2020. During the current and the previous year the living expenses of the one remaining member of the Community who lives alone were paid. Expenditure on grants and donations, excluding allocated support costs and the costs of the feasibility study at Prinknash Abbey, totalled £1,081,648 as compared to £627,177 in the previous year. Further details of grants and donations are provided in note 4 to the attached accounts and earlier in this report.

Net expenditure before investment gains for the year amounted to £924,568 (2020 – £497,921). Investment gains totalled £1,020,986 (2020 – £22,690) and the for the year, and net income and net movement in funds therefore, amounted to £96,418 (2020 – net expenditure of £475,231).

Investment performance

The charity has a portfolio of investments with a market value at 31 December 2021 of £9,182,379 (2020 – £8,692,811) including cash awaiting investment of £78,325 (2020 – £141,377).

During the year, the charity's investments achieved an income yield of 2.96% (2020 – 2.67%) and a capital yield of 14.52% (2020 – 0.27%). The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 10 to the attached accounts.

The trustees continue to take a long term view regarding investment strategy and believe their policy remains appropriate.

Reserves policy and financial position

Reserves policy

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees agreed in 2003 that the bulk of the sale proceeds of the Fernham property would be invested with a view to producing a return to cover the future charitable expenditure outlined above.

In addition, the objectives of the charity would outlive the last member of the Community and funds should be invested with this in mind, though the trustees have no intention in declaring these invested funds as permanent endowment, as they may wish to spend capital.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

Reserves policy (continued)

The trustees' policy is to distribute excess income but this does not preclude the expenditure of capital.

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate sufficient income to meet annual expenditure after accounting for investment gains. The trustees are of the opinion that this provides sufficient flexibility, provides adequate working capital to cover core costs, and will allow the charity to cope and respond to changes in the arrangements for the care of the last remaining member of the Community.

Financial position

The balance sheet shows general funds of £9,059,411 (2020 - £8,962,993) of which £8,886,828 (2020 - £8,786,712) are free reserves. The trustees are of the opinion that this level of reserves meets the reserves policy outlined above

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Community continues to exist as an entity in Canon Law under the care of the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation, even though, following the decision of the Community in December 2001, the house at Fernham was closed and the individuals dispersed to other locations.

The charity is governed by the trustees. The Prioress appointed the original trustees. The minimum number of trustees is five, to include any ex officio trustee and a maximum of two community members. Further trustees are appointed by the Visitor, who is an ex officio trustee, and is the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation. The Visitor has the power to remove trustees.

The names of the trustees who served during the year are shown on page 1.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers, e.g. investments managers, solicitors and accountants.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of trustees' responsibilities (continued)

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The last remaining member of the Community, Eileen Murdoch, was a trustee of the charity until 3 June 2020 and her living and personal expenses are borne by the charity. However, in common with the other trustees, she received no remuneration in connection with her duties as a trustee.

No trustees received reimbursement for travel expenses in the year (2020 – £nil).

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charity currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

The key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

The Community currently has one member. The trustees are aware that there is both a moral and legal obligation to care for the member, as she has no substantial resources of her own. As the sister grows older, so the need to provide care for the sister may increase. A key element of the management of this risk is ensuring that the charity has the available financial resources to finance this care both now and, in the years, ahead by carefully reviewing reserves.

The charity donates significant sums in donations to advance the Roman Catholic religion. The trustees currently see their priorities as beginning with the support of the English Province of the Subiaco-Cassinese Congregation where there may be need; radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK; other monastic and religious needs wherever they may arise; and ultimately the needs of the Church in general.

Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by a reputable investment manager who adheres to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs – both now and in the future. In the aftermath of the Covid-19 pandemic and given the current macroeconomic and geopolitical environment, the trustees will continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

FUTURE PLANS FOR THE CHARITY

It is not anticipated that there will not be any significant changes to the charity's activities in the forthcoming year.

The trustees will pay due heed to the aftermath of the Covid-19 pandemic and impact of the current macroeconomic and geopolitical environment, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

The trustees are finalising the plans for refurbishing a disused building on the Prinknash Abbey Estate in Gloucestershire in order to give a permanent home to the Sisters of the Blessed Virgin Mary in Kingstanding. Following various preparatory surveys and architectural reports, the charity has since the 31 December 2021 accepted a £1 million donation from The St Barnabas Society towards the cost of the refurbishment. Architectural plans have been completed and it is hoped that the construction works will begin before the end of 2022.

Approved by the trustees and signed on their behalf by:

David Cuthbert Brogan

Trustee

Date: 21 October 2022

Independent auditor's report to the trustees of St Mary's Fernham Residual Fund

Opinion

We have audited the accounts of St Mary's Fernham Residual Fund (the 'charity') for the year ended 31 December 2021, which comprise the statement of financial activities, the balance sheet, the cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with representatives from the trustees, and from our knowledge and experience of the charity sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ performed substantive testing on expenditure including the authorisation thereof;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of representatives from the trustees as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

28 October 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2021

	Notes	Unrestricted funds	
		2021 £	2020 £
Income from:			
Donations and legacies	1	7,402	7,205
Investments and interest receivable	2	260,869	227,821
Total income		268,271	235,026
Expenditure on:			
Raising funds			
. Investment management and related advisory fees		54,922	51,515
Charitable activities			
. Care of members of the Community and the support of their ministry	3	19,661	27,597
. Advancement of the Roman Catholic religion through the provision of grants	4	1,118,256	653,835
Total expenditure		1,192,839	732,947
Net expenditure before net investment gains	6	(924,568)	(497,921)
Net investment gains		1,020,986	22,690
Net income (expenditure) and net movement in funds		96,418	(475,231)
Reconciliation of funds:			
Total funds brought forward at 1 January 2021		8,962,993	9,438,224
Total funds carried forward at 31 December 2021		9,059,411	8,962,993

All recognised gains and losses are included in the statement of financial activities above.

All activities of the charity derived from continuing operations during the above two financial years.

Balance sheet 31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		172,583		176,281
Investments					
. Listed investments	10		9,182,379		8,692,811
			9,354,962		8,869,092
Current assets					
Debtors	11	34,112		55,881	
Cash at bank and in hand		205,989		171,619	
		240,101		227,500	
Current liabilities					
Creditors: amounts falling due within one year	12	(535,652)		(133,599)	
Net current (liabilities) assets			(295,551)		93,901
Total net assets			9,059,411		8,962,993
Represented by:					
The funds of the charity					
Unrestricted funds			9,059,411		8,962,993

Approved by the trustees
and signed on their behalf by:

David Cuthbert Brogan

Trustee

Approved on: 21 October 2022

Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(756,297)	(529,444)
Cash flows from investing activities:			
Investment income and interest received		259,249	229,417
Repayment of loan classified as a programme related investments		—	50,000
Purchase of tangible fixed assets		—	(168,616)
Proceeds from the disposal of investments		1,134,540	1,706,439
Purchase of investments		(666,174)	(1,803,785)
Net cash provided by investing activities		727,615	13,455
Change in cash and cash equivalents in the year		(28,682)	(515,989)
Cash and cash equivalents at 1 January 2021	B	312,996	828,985
Cash and cash equivalents at 31 December 2021	B	284,314	312,996

Notes to the statement of cash flows for the year to 31 December 2021.

A Reconciliation of net movement in funds to net cash used in operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	96,418	(475,231)
Adjustments for:		
Depreciation charge	3,698	3,698
Gains on investments	(1,020,986)	(22,690)
Investment income and interest receivable	(260,869)	(227,821)
Decrease in debtors	23,389	89,789
Increase in creditors	402,053	102,811
Net cash used in operating activities	(756,297)	(529,444)

B Analysis of changes in net debt

	As at 31 December 2020 £	Cash flows £	As at 31 December 2021 £
Cash at bank and in hand	171,619	34,370	205,989
Cash held by investment managers	141,377	(63,052)	78,325
Total cash and cash equivalents	312,996	(28,682)	284,314

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

Principal accounting policies 31 December 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2021 with comparatives provided for the year to 31 December 2020.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make judgments and estimates. The key judgements and estimates used in the preparation of these accounts are the estimated useful lives of tangible fixed assets for the purpose of determining the annual depreciation charge; the allocation of support costs; and estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

In the aftermath of the Covid-19 pandemic and given the current macroeconomic and geopolitical environment, the trustees continue to communicate with their investment managers and, whilst there are concerns over fluctuations in world stock markets, they acknowledge also that the charity is a long-term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and interest receivable.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

In accordance with the Charities SORP FRS 102 volunteer time is not valued and recognised in these accounts.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Expenditure comprise costs of raising funds and charitable activities. Costs of raising funds comprises investment management fees. Expenditure on charitable activities includes expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- (i) Expenditure on the care of members of the Community and their ministry. Such expenditure enables the members to contribute to religious work.
- (ii) The advancement of the Roman Catholic religion through the provision of grants. These are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support and governance costs are allocated to expenditure on charitable activities in proportion to the direct costs incurred on each charitable activity.

Services provided by members of the Community

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Community.

Tangible fixed assets

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land
The freehold land held by the charity comprises the cemetery attached to Fernham House in which some thirty members of the Community are buried. It is held in the accounts at £1.

Tangible fixed assets (continued)

◆ Freehold residential building

The freehold residential building is designed, and used wholly, as private residential accommodation. It is stated at cost but not depreciated. The value and condition of the property is reviewed annually by the trustees, who are satisfied that its residual value is not materially less than its book value.

Disposals and additions are accounted for on legal completion of the relevant transaction.

◆ Motor vehicles and computer equipment

Expenditure on the purchase and replacement of both motor vehicles and computer equipment is stated at cost and depreciated over a four year period on a straight line basis.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

1 Income from: Donations and legacies

	2021 £	2020 £
Pensions or other income of individual religious received under Deed of Covenant	7,402	7,205

2 Income from: Investments and interest receivable

	2021 £	2020 £
Investment income		
. UK fixed interest	20,331	16,925
. UK equities	149,177	112,164
. Overseas fixed interest	10,604	15,992
. Overseas equities	51,406	62,929
. Alternatives	29,351	19,114
	260,869	227,124
Interest received		
. Interest on cash held by investment managers	—	697
Total	260,869	227,821

3 Expenditure on: Care of members of the Community and the support of their ministry

	2021 £	2020 £
Living and personal expenses	16,250	18,329
Depreciation of motor vehicle	3,101	3,101
Cemetery expenses	—	5,042
	19,351	26,472
Allocated support costs (note 5)	310	1,125
	19,661	27,597

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants

	2021 £	2020 £
Grants and donations	1,081,648	627,177
Feasibility study costs	18,970	—
Allocated support costs (note 5)	17,638	26,658
	1,118,256	653,835

Feasibility study costs include expenditure on architects, surveyors and other professionals to establish the feasibility of the plans for development of a property on the estate of Prinknash Abbey, Gloucestershire (note 15).

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

The grants payable during the year were as follows:

Recipient	Purpose of grant	2021 £	2020 £
St Augustine Abbey, Ramsgate	To contribute towards the renovation of St Augustine's Abbey's archive room	—	10,000
	Restoration of the historic rood screen at Chilworth Abbey, and replacement of confessional	20,000	—
Monastero Delle Benedictine	To the Abbey of Santa Cecilia, Rome, for the support of the Benedictine community there, and of its liturgical and educational enterprises, such as the School of Gregorian Chant and Liturgical Spirituality.	—	139,020
Monastery of the Holy Cross, Chicago Priory	To provide financial assistance during the Covid-19 pandemic	—	40,020
Subiaco Solidarity Fund (Curia della Congregazione Sublacense Cassinese)	To support the charitable work of the Subiaco-Cassinense Congregation to which the Community belongs	—	1,733
Empress Eugenie Memorial Trust (a charity associated with St Michael's Abbey, Farnborough)	To support the major renovation works being conducted at St Michael's Abbey, Farnborough	—	307,654
St Michael's Abbey Trust, Farnborough	For the restoration of the historic Cavallé-Coll organ at Farnborough	6,250	103,750
	For the restoration of the bell turret	30,000	—
	For conservation works on the Farnborough Abbey church interior and windows	616,626	—
	Towards the restoration of Farnborough Abbey including ongoing projects including heating for the Abbey Church, and disabled access	120,000	—
	Emergency fund for the Abbot Visitor	10,000	—
	To purchase a car for the Visitor's provincial work	4,990	—
	Additional grounds work as a result of work on the drive and dangerous trees	56,476	—
	High Mass vestments - so that the Imperial historic and irreplaceable 'Sultan of Turkey' set can be re-moved from over use.	7,000	—
	Furnishings for the Grade One historic abbey church	39,000	—
	For university fees, accommodation, and expenses for a monk studying for ordination to the priesthood in our province	7,600	—
	To assist with living expenses for a monk on legitimate leave from his community.	20,000	—
St Michael's Abbey Press, Farnborough (Controlled by – Empress Eugenie Memorial Trust a charity associated with St Michael's Abbey, Farnborough)	Printing cost of the Monastic Diurnal	—	25,000
	Towards the costs of a tractor, trailer and topper for the Farnborough monks to maintain their estate and farm.	54,332	—
	Towards the purchase of a 'genie' for Farnborough Abbey to give access to roofs for high-level work to gutters, thereby avoiding extensive scaffolding costs	20,760	—
Chicago monks	Towards urgent roof works	30,000	—
Prinknash Abbey	Medical treatment for an Abbot	11,978	—
The Ghana (Sunyani) Monastery Trust	Theological studies for a brother of Kristo Buase Monastery in Ghana	5,000	—
Benedictine University of Sant Anselmo	To finance the liturgical studies of a priest student at the Benedictine University of Sant Anselmo	1,636	—
The Oxford Oratory of St Philip Neri	For their work and mission.	20,000	—
		1,081,648	627,177

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

The Right Reverend Dom Cuthbert Brogan is a trustee of St Michael's Abbey Charitable Trust, Farnborough, The Prinknash Abbey Charities, The Ghana (Sunyani) Monastery Trust and Empress Eugenie Memorial Trust (Realty), which maintains Farnborough Abbey on behalf of St Michael's Abbey. As Abbot Visitor of the English Province, he is Major Superior of the Province and, therefore involved with every monastery of the Province. He has made the other trustees aware of his various offices and membership of various trusts when seeking approval of grants payable to those charities.,

As noted above, grants of £1,010,012 (2020 - £436,404) were payable to these charities during the year. Grants of £476,786 (2020 - £103,750) payable to the St Michael's Abbey Charitable Trust, were unpaid at 31 December 2021 and are included within creditors (note 12).

Dom Stanislaus Mycka is a member of the Empress Eugenie Memorial Trust (Realty) and the Saint Michael's Abbey Trust. He took no part in the discussions relating to grants awarded to these charities.

Mother Winsome Durrant is a trustee of the Sisters of the Blessed Virgin Mary Trust. Whilst this trust has not had a direct grant from the Fernham Residual Fund in 2021, there is a possibility that the Community supported by the Sisters of the Blessed Virgin Mary Trust may occupy part of the refurbished property at Prinknash Abbey in due course. Hence, Mother Winsome has taken no part in discussions regarding the Prinknash Abbey feasibility plans.

5 Support costs

	2021 £	2020 £
Insurance	1,115	1,168
Other expenses	6	—
Depreciation of computer equipment	597	597
Governance costs		
. Auditor's remuneration	16,230	11,960
. Legal fees	—	14,058
	17,948	27,783

Support costs have been allocated in proportion to direct costs incurred on charitable activities as follows:

	2021 £	2020 £
Advancement of the Roman Catholic religion through the provision of grants	17,638	26,658
Care of members of the Community and the support of their ministry	310	1,125
	17,948	27,783

6 Net expenditure before net investment gains

This is stated after charging:

	2021 £	2020 £
Depreciation	3,698	3,698
Auditor's remuneration (including VAT)		
. Statutory audit services		
.. This year	9,000	8,960
.. Previous year	30	—
. Other services: accountancy support		
.. This year	4,200	3,000

7 Staff costs, key management personnel and trustees' remuneration

The charity did not employ any staff during the year (2020 – none).

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No trustees received any remuneration (2020 – none). No trustees were reimbursed expenses during the current or the previous year.

8 Taxation

St Mary's Priory Fernham Residual Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Tangible fixed assets

	Freehold land £	Freehold residential building £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2021 and 31 December 2021	1	168,616	2,387	12,405	183,409
Depreciation					
At 1 January 2021	—	—	1,426	5,702	7,128
Charge for the year	—	—	597	3,101	3,698
At 31 December 2021	—	—	2,023	8,803	10,826
Net book values					
At 31 December 2021	1	168,616	364	3,602	172,583
At 31 December 2020	1	168,616	961	6,703	176,281

10 Listed investments

	2021 £	2020 £
Listed investments		
Market value at 1 January 2021	8,551,434	8,431,398
Additions at cost	666,174	1,803,785
Disposals at book value (see below)	(1,070,738)	(1,983,333)
Net unrealised gains	957,184	299,584
Market value 31 December 2021	9,104,054	8,551,434
Cash held by investment managers	78,325	141,377
	9,182,379	8,692,811
Cost of listed investments at 31 December 2021	6,548,963	6,650,902

Disposals at book value included above are made up of the following:

	2021 £	2020 £
Proceeds	1,134,540	1,706,439
Net realised (gains) losses	(63,802)	276,894
Disposals at book value	1,070,738	1,983,333

Listed investments held at 31 December 2021 comprised the following:

	2021 £	2020 £
UK fixed interest	786,747	405,370
UK equities	2,880,295	3,241,552
Overseas fixed interest	167,863	512,355
Overseas equities	3,826,651	3,617,869
Alternatives	1,442,498	774,288
	9,104,054	8,551,434

At 31 December 2021 listed investments included the following investment deemed material when compared to the overall portfolio valuation as at that date:

	Market value of holding £	Percentage of portfolio %
JP Morgan Asset Managers (UK) US Equity Income Hedged K income units	555,905	6.11

11 Debtors

	2021 £	2020 £
Investment income and interest receivable	8,271	6,651
Amount held by St Michael's Abbey Charitable Trust on behalf of the charity (note 14)	25,841	49,230
	34,112	55,881

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Donations payable	506,786	103,750
Investment managers' fees	13,784	13,049
Accruals	13,200	12,000
Expense creditors	1,882	4,800
	535,652	133,599

13 Unrealised gains

The funds of the charity include unrealised gains as follows:

	2021 £	2020 £
Total unrealised gains:		
On investments	2,555,091	1,900,532
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2021	1,900,532	2,093,376
In respect to disposals in year	(302,625)	(492,428)
Net gains arising on revaluation in the year	957,184	299,584
Unrealised gains at 31 December 2021	2,555,091	1,900,532

14 Transactions with trustees and related parties

During the period of transition from the former trustees to the current trustees, and while the charity was in the process of addressing the complexities of transferring the bank mandate, the transactions of the charity were administered through a dedicated bank account held by St Michael's Abbey Trust, Farnborough. As explained in note 4, Rt Rev David Cuthbert Brogan, is a trustee of that charity. During the year to 31 December 2021, the bank account received £648,075 (2020 - £175,678) and paid out £671,464 (2020 - £126,448) on behalf of the charity leaving a balance of £25,841 (2020 - £49,230). This balance is included within debtors in note 11.

Other transactions connected to trustees are disclosed in notes 4, and 7 to the accounts.

There were no other related party transactions requiring disclosure (2020 – none).

15 Post balance sheet events

The trustees are finalising plans for financing by way of grant the cost of refurbishing a disused building on the Prinknash Abbey Estate in Gloucestershire. It is anticipated that the refurbished building may be used to give a permanent home to the Community in Kingstanding, Birmingham which is supported by the Sisters of the Blessed Virgin Mary Trust. Following various preparatory surveys and architectural reports, since 31 December 2021 the charity has accepted a £1 million donation from The St Barnabas Society to enable the grant to be made towards the cost of the refurbishment. Architectural plans have been completed and it is hoped that the construction works, and hence grant payments, will begin before the end of 2022.

ST MARY'S PRIORY FERNHAM RESIDUAL FUND

England & Wales - Charity number 229393

Accounts

**St Mary's Priory
Fernham
Residual Fund**

Annual Report and Accounts

31 December 2020

Charity Registration Number
229393

Contents

Reports

Reference and administrative information	1
Trustees' report	3
Independent auditor's report	12

Accounts

Statement of financial activities	17
Balance sheet	18
Statement of cash flows	19
Principal accounting policies	20
Notes to the accounts	25

Reference and administrative information

Trustees	Rt Rev David Cuthbert Brogan - Visitor Rev Dr Stephen David Morgan (from 3 June 2020) Mother Winsome Angela Durrant (from 3 June 2020) Rev Dom Brendan Patrick Creeden (from 3 June 2020) Rev Dom Michal Dymitr Mycka (from 3 June 2020) Eileen Joan Murdoch (to 3 June 2020) Rt Rev Geoffrey Scott (to 3 June 2020) Simon Joseph Lovett (to 3 June 2020) Acurcio Carmo Robinson D'Souza Alves (to 3 June 2020)
Bursar	Eileen Joan Murdoch (to 3 June 2020) Rev Dom Michal Dymitr Mycka (from 3 June 2020)
Principal address	Saint Michael's Abbey 280 Farnborough Road Farnborough Hampshire GU14 7NQ
Charity registration number	229393
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	The Royal Bank of Scotland plc Dundee Broughty Ferry 5 th Floor Bath Street Glasgow G2 4RS

Reference and administrative information

Investment managers Rathbone Investment Management Limited
8 Finsbury Circus
London
EC2M 7AZ

Solicitors Irwin Mitchell LLP
Davidson House
Forbury Square
Reading
RG1 3EU

The trustees present their report together with the accounts of St Mary's Priory Fernham Residual Fund (the charity) for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 20 to 24 of the attached accounts and comply with the charity's trust deed, applicable laws and the requirements of Statement of Recommended Practice on Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019).

INTRODUCTION

The charity was created by a deed dated 16 May 1963 and was known, until 7 March 2003, as the Community of Benedictine Nuns of St Mary's Priory. The deed was amended on 1 December 1998 by a Scheme of the Charity Commissioners. A further Deed of Variation, dated 7 March 2003, was accepted by the Charity Commissioners following a decision to close the house at Fernham and disperse the individual members of the Community to other locations. Under this latter Deed of Variation, although the Community did not cease to exist, it ceased to carry on or direct any charitable works as a Community. The trustees now hold the assets of the charity for such charitable purposes connected with the advancement of the Roman Catholic Religion as they decide.

OVERALL OBJECTIVES

The trustees aim to use the assets of the charity, and the income thereof, for the support of the members of the Community, the advancement of the religious and other charitable works of the individual members, and for the advancement of the Roman Catholic religion - primarily by giving grants. The trustees are mindful of the need for the charity to demonstrate that it provides public benefit and they have had regard to the general guidance on the provision of public benefit published by the Charity Commission.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES

Activities and specific objectives

The activities of the charity can be divided into two main areas: caring for the sole remaining member of the Community, including supporting her ministry, and the advancement of the Roman Catholic religion - primarily by giving grants.

1 Care of member

The trustees are very aware that they have a moral and legal obligation to care for the one remaining member of the Community. The sister has no private income of her own as all earnings, gifts or donations, and pensions have been covenanted to the charity.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Activities and specific objectives (continued)

2 Grants for the advancement of the Roman Catholic religion

In reaching grant making decisions, the trustees recognise that in a sense they continue the material work of the Community. Although they cannot continue the spiritual work, this can be fostered in other houses. They currently see their priorities, therefore, as beginning with the support of the English Province of the Subiaco-Cassinese Congregation where there may be need, radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK, other monastic and religious needs wherever they may arise and ultimately the needs of the Church in general.

Investment policy

The trustees agreed in 2003 that the assets of the charity would be invested with a view to producing a return to cover future charitable expenditure. The trustees reviewed their investment policy in 2019 and agreed that the investment objective is to achieve a balanced return from income and capital growth while accepting a moderate degree of risk consistent with the charity's ethical investment policies.

There are no restrictions on the charity's power to invest. However, the trustees have requested that the investment managers do not invest in any company whose primary business is concerned with the manufacture of armaments, tobacco, alcohol or any products which would be used in connection with contraception or abortion or whose primary business entails labour exploitation. The trustees have delegated discretionary powers of management to Rathbone Investment Management Limited. The portfolio is managed with a view to producing a balance between income and capital returns.

Grant making policy

The trustees give consideration to applications for grants in accordance with the provisions of the trust deed and application forms have been drawn up to assist this process objectively. The primary aim of any such grants would be, as stated in the trust deed, the advancement of the Roman Catholic religion and applicants are required to state how the purpose for which they make the request conforms to this objective. The trustees' policy is to distribute excess income but this does not preclude, in exceptional cases, the expenditure of capital.

The trustees have continued the priorities which have always been those of the charity, namely the Subiaco-Cassinese Congregation English Province, the wider Subiaco-Cassinese Congregation, and the other Catholic causes.

The majority of the English Province monasteries are financially well-off. Rather than wait for applications for funds, the trustees have taken a pro-active approach, aiming in particular to focus on the historic Grade one and Grade two Listed buildings in the care of the Province. These restorations will be attentive to public access, health and safety, heating and lighting, wheelchair access, sounds systems etc., which are all of public benefit. The onus is on the Abbot Visitor to identify the needs and to assess the financial abilities of the various communities during his canonical visitations of the houses.

ACTIVITIES, SPECIFIC OBJECTIVES AND RELEVANT POLICIES (continued)

Policy on receipt of donations and legacies

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It protects donors' data and never sells data, it never swaps data and ensures that communication preference can be changed at any time. The charity does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its approach to those who give it money and to learn from them. During the year, the charity received no such complaints.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities

1 Care of members

The charity continued to support the remaining member of the Community who is now attached to St Scholastica's Priory, Petersham. She continued until recently to provide support to her elderly, disabled mother in Scotland. In addition to meeting her financial needs, the charity purchased a modest property, a flat in Scotland, to house this sister.

2 Grants for the advancement of the Roman Catholic religion

The trustees made various grants and donations to advance the Roman Catholic religion. Grants and donations were made to organisations in accordance with the policy set out above.

The trustees have in 2020 in accordance with public benefit considerations, supported causes with the following parameters:

- ◆ The Subiaco-Cassinese Congregation English Province.
- ◆ The wider Subiaco-Cassinese Congregation.
- ◆ General charitable purposes connected with the advancement of the Roman Catholic religion.

The Trustees have a proactive policy to support the efforts of the Abbot Visitor of the English Province of the Subiaco-Cassinese Congregation of the Order of St Benedict to prioritise the needs of the English Province monasteries. The needs of the monasteries are assessed at each canonical visitation. Particular focus is given to the needs of the sick, improvement of buildings (especially the historic listed buildings within the province) and such matters of public benefit as access, safety, and public participation in the spiritual life of the monastic communities.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities (continued)

2 Grants for the advancement of the Roman Catholic religion (continued)

The Subiaco-Cassinese Congregation English Province

£10,000 was granted to St Augustine's Abbey, Chilworth towards the provision of a new suitable archive for the preservation of documents and artefacts relating to the history of the Abbey and its former school. The work carried out involved converting an old tool room into a new suitable archive and major renovation work was carried out.

£40,020 was awarded to the Benedictine Priory of the Holy Cross in Chicago, USA. This is a young community of the English Province whose main source of income is their bed and breakfast facility. This has greatly suffered due to the Covid crisis which has restricted people's movement and affected the hospitality industry as a result. The award contributed to the subsistence of the monks.

The following grants were awarded to Empress Eugenie Memorial Trust (Realty). This is a trust that is associated with St Michael's Abbey Charitable Trust, which maintains the Church, monastery and the properties of St Michael's Abbey, Farnborough, referred to as Farnborough Abbey:

- ◆ £41,000 was awarded to replace rotten windows on its Grade Two Listed buildings.
- ◆ £25,000 for emergency roof replacement of the domestic chapel of the monks which was leaking badly. Given the rain towards the end of the year, the roof was in urgent need of repair.
- ◆ £231,761 was awarded to Farnborough Abbey for the complete removal and replacement of the road to the Abbey which had become dangerous to the public. Supplementary grants were made for drainage works and works on the controlled access gates, necessitated by the road replacement.

The Wider Subiaco-Cassinese Congregation.

A grant of £ 1,733 was made to the Subiaco-Cassinese Fund of the Subiaco-Cassinese Congregation for the support of monasteries in need.

General Roman Catholic causes

£25,000 was awarded to Farnborough Abbey towards the reprinting of The Monastic Diurnal. This volume permits the public to participate in the Benedictine cycle of daily prayer.

£139,020 was granted to the Abbey of St Cecilia in Trastevere in Rome. This grant to the Benedictine nuns at this ancient Christian site is for physical improvements to their conventual buildings as well as assisting them in their important work in education, especially in the area of Gregorian Chant.

£103,000 was awarded for the restoration of the historic Cavallé-Coll organ at Farnborough Abbey.

ACHIEVEMENTS AND PERFORMANCE

Review of the activities (continued)

2 Grants for the advancement of the Roman Catholic religion (continued)

Further details of the grants and donations payable during the year are included in note 4 to the attached accounts.

COVID-19

The Covid-19 pandemic has continued to shape and nature of the world. It has impacted not only the basic nature of social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

The full impact of the pandemic on the charity's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still not fully known. The charity's income will no doubt continue to be affected because of the falls in income from listed investments as the corporate sector, in particular, has reacted to the pandemic by reducing dividend payments. In terms of expenditure, the trustees believe there may be an increase in demand for grants to assist with the impact of Covid-19. The trustees will continue to keep both income and expenditure under review.

During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over fluctuations in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Whilst there will undoubtedly be challenges ahead, the trustees do not expect material concerns to arise over the charity's immediate financial position.

FINANCIAL REVIEW

Income for the year was £235,026 (2019 – £436,350). Income comprises £227,821 (2019 – £281,685) from investments and £7,205 (2019 – £12,616) from pensions of individual religious received under Deed of Covenant and a donation of £nil (2019 - £1,030). The prior year's income included a legacy of £139,019.

Expenditure totalled £732,947 compared to £244,889 in 2019. During the current year the living expenses of the one remaining member of the Community who lives alone were paid. During 2019, the cost of caring for the Community included the nursing care fees of one other sister who passed away during that year. Expenditure on grants and donations, excluding allocated support costs, totalled £627,177 as compared to £105,000 in the previous year. Further details of grants and donations are provided in note 4 to the attached accounts and in an earlier section of this report.

Net expenditure before investment gains for the year amounted to £497,921 (2019 – net income of £191,461). Investment gains totalled £22,690 (2019 – gains of £862,298) and the net expenditure for the year, therefore, amounted to £475,231 (2019 – net income of £1,053,759).

FINANCIAL REVIEW (continued)

Investment performance

The charity has a portfolio of investments with a market value at 31 December 2020 of £8,692,811 (2019 – £9,028,918) including cash awaiting investment of £141,377 (2019 - £597,520).

During the year, the charity's investments achieved an income yield of 2.67% (2019 – 3.25%) and a capital yield of 0.27% (2019 - 9.33%). The performance of the portfolio reflected the condition of the markets generally throughout the period. The investment managers continued to invest in accordance with the trustees' investment policy set out earlier in this report and in compliance with the ethical guidelines given to them. Further details of the investment portfolio are included in note 10 to the attached accounts.

The trustees continue to take a long term view regarding investment strategy and believe their policy remains appropriate.

Reserves policy and financial position

Reserves policy

The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees agreed in 2003 that the bulk of the sale proceeds of the Fernham property would be invested with a view to producing a return to cover the future charitable expenditure outlined above.

In addition, the objectives of the charity would outlive the last member of the Community and funds should be invested with this in mind, though the trustees have no intention in declaring these invested funds as permanent endowment, as they may wish to spend capital.

The trustees' policy is to distribute excess income but this does not preclude, in exceptional cases, the expenditure of capital.

The trustees consider that, given the nature of the charity's work, the level of free reserves should be sufficient to generate sufficient income to meet annual expenditure. The trustees are of the opinion that this provides sufficient flexibility, provides adequate working capital to cover core costs, and will allow the charity to cope and respond to changes in the arrangements for the care of the last remaining member of the Community.

Financial position

The balance sheet shows general funds of £8,962,993 (2019 - £9,438,224) of which £8,786,712 (2019 - £9,426,861) are free reserves. The trustees are of the opinion that this level of reserves meets the reserves policy outlined above

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The Community continues to exist as an entity in Canon Law under the care of the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation, even though, following the decision of the Community in December 2001, the house at Fernham was closed and the individuals dispersed to other locations.

The charity is governed by the trustees. The Prioress appointed the original trustees. The minimum number of trustees is five, to include any ex officio trustee and a maximum of two community members. Further trustees are appointed by the Visitor, who is an ex officio trustee, and is the Abbot Visitor of the English Province of the Benedictine Subiaco-Cassinese Congregation. The Visitor has the power to remove trustees.

The names of the trustees who served during the year are shown on page 1.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers, e.g. investments managers, solicitors and accountants.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of trustees' responsibilities (continued)

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The last remaining member of the Community, Eileen Murdoch, was a trustee of the charity until 3 June 2020 and her living and personal expenses are borne by the charity. However, in common with the other trustees, she received no remuneration in connection with her duties as a trustee.

No trustees received reimbursement for travel expenses in the year (2019 – £1,234 reimbursed to four trustees).

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charity currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them.

The outbreak of the Covid-19 pandemic has clearly presented the trustees with challenges and affected its finances and activities in ways which could not have been foreseen. The trustees recognise their responsibility for the management of risks faced by the charity.

The financial and operational effects of Covid-19 are discussed above. Over and above these, the key risks for the charity, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

The Community currently has one member. The trustees are aware that there is both a moral and legal obligation to care for the member, as she has no substantial resources of her own. As the sister grows older, so the need to provide care for the sister may increase. A key element of the management of this risk is ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by carefully reviewing reserves.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

The charity donates significant sums in donations to advance the Roman Catholic religion. The trustees currently see their priorities as beginning with the support of the English Province of the Subiaco-Cassinense Congregation where there may be need; radiating outwards to the Congregation worldwide, the Benedictine world, particularly in the UK; other monastic and religious needs wherever they may arise; and ultimately the needs of the Church in general.

Whether or not the funds are used here in Great Britain or overseas, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by a reputable investment manager who adheres to a policy agreed by the trustees. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs – both now and in the future. During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

FUTURE PLANS FOR THE CHARITY

It is not anticipated that there will be any significant changes to the charity's activities in the forthcoming year.

The trustees will pay due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically, and will continue to work towards the good stewardship of the funds they hold for the present and future beneficiaries.

Approved by the trustees and signed on their behalf by:

David Cuthbert Brogan

Trustee

Date: 15 July 2021

Independent auditor's report to the trustees of St Mary's Fernham Residual Fund

Opinion

We have audited the accounts of St Mary's Fernham Residual Fund (the 'charity') for the year ended 31 December 2020, which comprise the statement of financial activities, the balance sheet, the cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with representatives from the trustees, and from our knowledge and experience of the charity sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of those charged with governance and reviewed minutes of trustees' meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested and reviewed journal entries to identify unusual transactions;
- ◆ performed substantive testing on expenditure including the authorisation thereof;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing accounts disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of trustees; and
- ◆ enquiring of representatives from the trustees as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

21 July 2021

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 31 December 2020

	Notes	Unrestricted funds	
		2020 £	2019 £
Income from:			
Donations and legacies	1	7,205	152,665
Investments and interest receivable	2	227,821	281,685
Surplus on disposal of tangible fixed assets		—	2,000
Total income		235,026	436,350
Expenditure on:			
Raising funds			
. Investment management and related advisory fees		51,515	53,026
Charitable activities			
. Care of members of the Community and the support of their ministry	3	27,597	75,696
. Advancement of the Roman Catholic religion through the provision of grants	4	653,835	116,167
Total expenditure		732,947	244,889
Net (expenditure) income before net investment gains	6	(497,921)	191,461
Net investment gains		22,690	862,298
Net (expenditure) income and net movement in funds		(475,231)	1,053,759
Reconciliation of funds:			
Total funds brought forward at 1 January 2020		9,438,224	8,384,465
Total funds carried forward at 31 December 2020		8,962,993	9,438,224

All recognised gains and losses are included in the statement of financial activities above.

All activities of the charity derived from continuing operations during the above two financial years.

Balance sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		176,281		11,363
Investments					
. Listed investments	10		8,692,811		9,028,918
. Programme related investments	11		—		50,000
			8,869,092		9,090,281
Current assets					
Debtors	12	55,881		147,266	
Cash at bank and in hand		171,619		231,465	
		227,500		378,731	
Current liabilities					
Creditors: amounts falling due within one year	13	(133,599)		(30,788)	
Net current assets			93,901		347,943
Total net assets			8,962,993		9,438,224
Represented by:					
The funds of the charity					
Unrestricted funds			8,962,993		9,438,224

Approved by the trustees
and signed on their behalf by:

David Cuthbert Brogan

Trustee

Approved on: 15 July 2021

Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(529,444)	(222,954)
Cash flows from investing activities:			
Investment income and interest received		229,417	277,971
Proceeds from the disposal of tangible fixed assets		—	2,000
Repayment of loan classified as a programme related investments		50,000	—
Purchase of tangible fixed assets		(168,616)	(13,864)
Proceeds from the disposal of investments		1,706,439	1,166,603
Purchase of investments		(1,803,785)	(1,223,260)
Net cash provided by investing activities		13,455	209,450
Change in cash and cash equivalents in the year		(515,989)	(13,504)
Cash and cash equivalents at 1 January 2020	B	828,985	842,489
Cash and cash equivalents at 31 December 2020	B	312,996	828,985

Notes to the statement of cash flows for the year to 31 December 2020.

A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(475,231)	1,053,759
Adjustments for:		
Depreciation charge	3,698	3,198
Gains on investments	(22,690)	(862,298)
Investment income and interest receivable	(227,821)	(281,685)
Surplus on disposal of tangible fixed assets	—	(2,000)
Increase in debtors	89,789	(138,769)
Increase in creditors	102,811	4,841
Net cash used in operating activities	(529,444)	(222,954)

B Analysis of changes in net debt

	As at 31 December 2019 £	Cash flows £	As at 31 December 2020 £
Cash at bank and in hand	231,465	(59,846)	171,619
Cash held by investment managers	597,520	(456,143)	141,377
Total cash and cash equivalents	828,985	(515,989)	312,996

Principal accounting policies 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2020 with comparatives provided for the year to 31 December 2019.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make judgments and estimates. The key judgements and estimates used in the preparation of these accounts are the estimated useful lives of tangible fixed assets for the purpose of determining the annual depreciation charge; the allocation of support costs; and estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Since March 2020, the Covid 19 pandemic has changed the shape and nature of the world. It has impacted not only the basic nature of the social interactions but has also had a significant economic impact at every level in ways which have been outside of the charity's control.

The full impact of the pandemic on the charity's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still not fully known. The charity's income will no doubt continue to be affected because of the falls in income from listed investments as the corporate sector, in particular, has reacted to the pandemic by reducing dividend payments. In terms of expenditure, the trustees believe there may be an increase in the demand for grants to assist with the impact of Covid-19.

Assessment of going concern (continued)

During the current Covid-19 pandemic, the trustees continue to communicate with their investment managers and, whilst there are concerns over fluctuations in world stock markets, they acknowledge also that the charity is a long term investor. As such, the charity will be able to wait for markets to stabilise over time whilst the trustees keep a watching brief.

Undoubtedly there will be challenges ahead but the trustees do not expect material concerns to arise over the charity's financial position or going concern. The trustees have concluded that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and interest receivable.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Income recognition (continued)

In accordance with the Charities SORP FRS 102 volunteer time is not valued and recognised in these accounts.

Investment income is recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

The surplus on the disposal of tangible fixed assets is calculated as the difference between disposal proceeds and the net book value of the asset immediately prior to disposal.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Expenditure comprise costs of raising funds and charitable activities. Costs of raising funds comprises investment management fees. Expenditure on charitable activities includes expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include:

- (i) Expenditure on the care of members of the Community and their ministry. Such expenditure enables the members to contribute to religious work.
- (ii) The advancement of the Roman Catholic religion through the provision of grants. These are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial procedures, provision of office services and equipment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support and governance costs are allocated to expenditure on charitable activities in proportion to the direct costs incurred on each charitable activity.

Services provided by members of the Community

For the purposes of these accounts, no monetary value has been placed on the administrative and other services provided by the members of the Community.

Tangible fixed assets

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land
The freehold land held by the charity comprises the cemetery attached to Fernham House in which some thirty members of the Community are buried. It is held in the accounts at £1.
- ◆ Freehold residential building
The freehold residential building is designed, and used wholly, as private residential accommodation. It is stated at cost but not depreciated. The value and condition of the property is reviewed annually by the trustees, who are satisfied that its residual value is not materially less than its book value.

Disposals and additions are accounted for on legal completion of the relevant transaction.

- ◆ Motor vehicles and computer equipment
Expenditure on the purchase and replacement of both motor vehicles and computer equipment is stated at cost and depreciated over a four year period on a straight line basis.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Investments (continued)

Programme related investments are included on the balance sheet at cost less any impairment. Impairments (including loans subsequently converted to grants) are charged to expenditure on charitable activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

1 Income from: Donations and legacies

	2020 £	2019 £
Legacies receivable	—	139,019
Pensions or other income of individual religious received under Deed of Covenant	7,205	12,616
Other donations	—	1,030
	7,205	152,665

2 Income from: Investments and interest receivable

	2020 £	2019 £
Investment income		
. UK fixed interest	16,925	17,192
. UK equities	112,164	140,342
. Overseas fixed interest	15,992	31,939
. Overseas equities	62,929	61,072
. Alternatives	19,114	27,249
	227,124	277,794
Interest received		
. Interest on cash held by investment managers	697	3,891
Total	227,821	281,685

3 Expenditure on: Care of members of the Community and the support of their ministry

	2020 £	2019 £
Living and personal expenses	18,329	18,203
Depreciation of motor vehicle	3,101	2,601
Funeral expenses	—	1,650
Cemetery expenses	5,042	—
Nursing home fees	—	45,966
	26,472	68,420
Allocated support costs (note 5)	1,125	7,276
	27,597	75,696

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants

	2020 £	2019 £
Grants and donations	627,177	105,000
Allocated support costs (note 5)	26,658	11,167
	653,835	116,167

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

The charity makes grants to advance the Roman Catholic religion. Grants are made to organisations in accordance with the policy set out in the trustees' report.

The grants payable during the year were as follows:

Recipient	Purpose of grant	2020 £	2019 £
St. Augustine Abbey	To contribute towards the renovation of St Augustine's Abbey's archive room	10,000	—
Monastero Delle Benedictine	To the Abbey of Santa Cecilia, Rome, for the support of the Benedictine community there, and of its liturgical and educational enterprises, such as the School of Gregorian Chant and Liturgical Spirituality.	139,020	—
Monastery of the Holy Cross, Chicago Priory	To provide financial assistance during the Covid-19 pandemic	40,020	—
Subiaco Solidarity Fund (Curia della Congregazione Sublacense Cassinese)	To support the charitable work of the Subiaco-Cassinese Congregation to which the Community belongs	1,733	—
Empress Eugenie Memorial Trust a charity associated with St Michael's Abbey, Farnborough	To support the major renovation works being conducted at St Michael's Abbey, Farnborough	307,654	—
St Michael's Abbey, Farnborough	For the restoration of the historic Cavallé-Coll organ at Farnborough	103,750	—
	Printing cost of the Monastic Diurnal	25,000	—
Aid to the Church in Need (ACN)	To support ACN's work throughout the world and to be used at their discretion where the need is greatest	—	55,000
Douai Abbey Trust	To contribute towards remedial work after storm damage to the Abbey Church	—	10,000
Our Lady and St. Joseph, Alcester (Douai Abbey Parishes Trust)	To contribute towards refurbishment project for the church hall	—	5,000
Stanbrook Abbey	To cover expenses of a sabbatical renewal course and towards the expenses of running a public study day	—	5,000
Umuoji Monastery (administered by Pulscarden Abbey Elgin)	To cover the main expenses of the choir mistress of this monastery in Nigeria attending the three year Cantantibus Organis course in Rome	—	30,000
		627,177	105,000

Rt Rev David Cuthbert Brogan is a trustee of St Michael's Abbey Charitable Trust, Farnborough, and its associated charity, Empress Eugenie Memorial Trust (Realty), which maintains Farnborough Abbey on behalf of St Michael's Abbey. As noted above, grants of £436,404 were payable to these charities during the year. The grant of £103,750 to the St Michael's Abbey Charitable Trust, for the restoration of the Famous Cavallé-Coll organ, was paid in 2021 and is included within creditors (note 13).

4 Expenditure on: Advancement of the Roman Catholic religion through the provision of grants (continued)

Rt Rev David Cuthbert Brogan made the other trustees aware of his trusteeship of St Michael's Abbey Charitable Trust, and its associated charity, Empress Eugenie Memorial Trust (Realty) when seeking approval of the grants payable to those charities.

Rt Rev Geoffrey Scott, a trustee of the charity until 3 June 2020, is also a trustee of Oulton Abbey Nursing Home, Douai Abbey Trust and Douai Abbey Parishes Trust. Rt Rev Geoffrey Scott took no part in the discussions relating to the grants to these establishments.

Rt Rev Anselm Atkinson, was a trustee of the charity during the year to 31 December 2019, is also a trustee of Pluscarden Abbey. Rt Rev Anselm Atkinson took no part in the discussion relating to the grant to be administered by this establishment during 2019.

Commitment

There were no grant commitments at 31 December 2020. At 31 December 2019 the charity's trustees had committed to make a donation, subject to completion of certain formalities, of £102,000 to the Abbey of Santa Cecilia, Rome, for the support of the Benedictine community there, and of its liturgical and educational enterprises, such as the School of Gregorian Chant and Liturgical Spirituality.

5 Support costs

	2020 £	2019 £
Insurance	1,168	778
Bank charges	—	24
Other expenses	—	644
Depreciation of computer equipment	597	597
Legal and professional fees	—	2,246
Governance costs		
. Auditor's remuneration	11,960	12,080
. Trustees' expenses	—	1,234
. Legal Fees	14,058	840
	27,783	18,443

Support costs have been allocated in proportion to direct costs incurred on charitable activities as follows:

	2020 £	2019 £
Advancement of the Roman Catholic religion through the provision of grants	26,658	11,167
Care of members of the Community and the support of their ministry	1,125	7,276
	27,783	18,443

6 Net (expenditure) income before net investment gains

This is stated after charging:

	2020 £	2019 £
Depreciation	3,698	3,198
Auditor's remuneration (including VAT)		
. Statutory audit services		
.. This year	11,960	11,500
.. Previous year	—	580

7 Staff costs, key management personnel and trustees' remuneration

The charity did not employ any staff during the year (2019 – none).

The last remaining member of the Community, Eileen Murdoch, was a trustee of the charity until 3 June 2020 and her living and personal expenses are borne by the charity. However, in common with the other trustees, she received no remuneration in connection with her duties as a trustee (2019 – none). No trustees were reimbursed expenses during the year (2019 – £1,234 reimbursed to four trustees).

The trustees consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No trustees received any remuneration (2019 – none).

8 Taxation

St Mary's Priory Fernham Residual Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

9 Tangible fixed assets

	Freehold land £	Freehold residential building £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2020	1	—	2,587	12,405	14,993
Additions	—	168,616	—	—	168,616
Disposals	—	—	(200)	—	(200)
At 31 December 2020	1	168,616	2,387	12,405	183,409
Depreciation					
At 1 January 2020	—	—	1,029	2,601	3,630
Charge for the year	—	—	597	3,101	3,698
Disposals	—	—	(200)	—	(200)
At 31 December 2020	—	—	1,426	5,702	7,128
Net book values					
At 31 December 2020	1	168,616	961	6,703	176,281
At 31 December 2019	1	—	1,558	9,804	11,363

10 Listed investments

	2020 £	2019 £
Listed investments		
Market value at 1 January 2020	8,431,398	7,512,443
Additions at cost	1,803,785	1,223,260
Disposals at book value (see below)	(1,983,333)	(1,055,578)
Net unrealised gains	299,584	751,273
Market value 31 December 2020	8,551,434	8,431,398
Cash held by investment managers	141,377	597,520
	8,692,811	9,028,918
Cost of listed investments at 31 December 2020	6,650,902	6,338,022

Disposals at book value included above are made up of the following:

	2020 £	2019 £
Proceeds	1,706,439	1,166,603
Net realised losses (gains)	276,894	(111,025)
Disposals at book value	1,983,333	1,055,578

Listed investments held at 31 December 2020 comprised the following:

	2020 £	2019 £
UK fixed interest	405,370	559,997
UK equities	3,241,552	633,044
Overseas fixed interest	512,355	2,922,463
Overseas equities	3,617,869	3,384,217
Alternatives	774,288	931,677
	8,551,434	8,431,398

At 31 December 2020 listed investments included the following investment deemed material when compared to the overall portfolio valuation as at that date:

	Market value of holding £	Percentage of portfolio %
JP Morgan Asset Managers (UK) US Equity Income K income units	451,429	5.28

11 Investments – Programme related investments

	2020 £	2019 £
At 1 January 2020	50,000	50,000
Amount repaid in the year	(50,000)	—
At 31 December 2020	—	50,000

The programme related investment represented a loan granted to the English Benedictine Order of Oulton Abbey to assist in implementing the recommendations arising from the review of the operation of the Oulton Abbey Nursing Home. The loan was interest free and was repayable at six months notice. This loan was repaid on 8 September 2020.

Rt Rev Geoffrey Scott, a trustee of the charity until 3 June 2020, is a trustee of the Oulton Abbey Nursing Home..

12 Debtors

	2020 £	2019 £
Legacy receivable	—	139,019
Investment income and interest receivable	6,651	8,247
Amount held by St Michael's Abbey Charitable Trust on behalf of the charity (note 15)	49,230	—
	55,881	147,266

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Donations payable	103,750	—
Investment managers' fees	13,049	13,556
Auditor's remuneration	12,000	11,500
Accruals	—	2,246
Expense creditors	4,800	3,486
	133,599	30,788

14 Unrealised gains

The funds of the charity include unrealised gains as follows:

	2020 £	2019 £
Total unrealised gains:		
On investments	1,900,532	2,093,376
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 January 2020	2,093,376	1,449,968
In respect to disposals in year	(492,428)	(107,865)
Net gains arising on revaluation in the year	299,584	751,273
Unrealised gains at 31 December 2020	1,900,532	2,093,376

15 Transactions with trustees and related parties

The last remaining member of the Community was a trustee of the charity until 3 June 2020. Her income is donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated to the charity by the member while she was a trustee was £3,603 (2019 – £7,071).

During the period of transition from the former trustees to the current trustees, and while the charity is in the process of addressing the complexities of transferring the bank mandate, the transactions of the charity were administered through a dedicated bank account held by St Michael's Abbey, Farnborough. As noted in note 4, Rt Rev David Cuthbert Brogan, is a trustee of that charity. During the year to 31 December 2020, the bank account received £175,678 and paid out £126,448 on behalf of the charity leaving a balance of £49,230. This balance is included within debtors in note 11.

Other transactions connected to trustees are disclosed in notes 4, and 7 to the accounts.

There were no other related party transactions requiring disclosure (2019 – none).