

Douai Abbey Trust
Annual Report and Accounts

31 August 2017

Charity Registration Number
236962

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Reference and administrative information

Trustees	Rt Revd W G Scott OSB Revd A Hood OSB Revd T P Bowe OSB Revd A Gurr OSB (resigned February 2017) Revd H Somerville-Knapman OSB Revd G Wilson OSB (resigned February 2017) Revd T Holt OSB (appointed February 2017) Revd P Gunter OSB (appointed February 2017)
Principal address	Douai Abbey Upper Woolhampton Reading RG7 5TQ
Telephone	0118 971 5300
Website	www.douaiabbey.org.uk
Charity registration number	236962
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest Bank plc 30 Market Place Newbury RG14 5AJ
Investment managers <i>Until September 2017</i>	SG Hambros Bank Limited 8 St James Sqaure London SW1Y 4JU
<i>From September 2017</i>	Ruffer LLP 80 Victoria Street London SW1E 5JL

Reference and administrative information

Solicitors	Charles Lucas & Marshall Eastcott House 4 High Street Swindon Wilts SN1 3EP
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Trustees' report Year to 31 August 2017

The trustees present their statutory report together with the accounts of Douai Abbey Trust ("the charity") for the year ended 31 August 2017.

The accounts have been prepared in accordance with the accounting policies set out on pages 30 to 35 of the attached accounts and comply with the charity's trust deed, applicable laws and 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

Douai Abbey, the Community of St Edmund of the English Benedictine Congregation of the Order of St Benedict (the "Community"), is situated at Upper Woolhampton, Reading, Berkshire. It comprises a community of monks engaged in educational and pastoral and other work.

The accounts accompanying this report are the accounts of the charitable trust on which the assets of the Community in England are held. The charity is governed by a trust deed dated 22 September 1934, and is registered under the Charities Act 2011, Charity Registration Number 236962.

The trustees are incorporated under the Charities Act 2011 as a body known as "The Trustees of Douai Abbey" by a certificate granted by the Charity Commissioners on 7 May 1999.

Mission

Douai Abbey Trust aims to support the religious and other charitable work carried on by the members of the Community. These ministries carried out by the monks, most of which benefit members of the general public, fall into the following main areas:

- ◆ The administration of the sacraments and maintenance of the Divine Service in the Abbey Church and in other parishes for which the Community has responsibility;
- ◆ Caring for older and frail members of the Community;
- ◆ The provision of education in the broadest sense and the education of new members of the Community training for the monastic life;
- ◆ The provision of social and pastoral work, particularly in the field of hospitality; and
- ◆ Supporting financially by the provision of donations, other organisations with objectives consistent with those of the charity.

Activities, specific objectives and relevant policies

Activities and specific objectives

As stated above under "Mission", the charitable activities of the Douai Abbey Trust are undertaken by the monastic community at Douai Abbey and can be divided into a number of principal areas. Each of these areas is discussed in further detail in the paragraphs which follow.

In setting the charity's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

♦ Formal Divine Service and other services in the Abbey Church

The monks gather in the Abbey Church five times a day for formal services and visitors are always welcomed and invited to participate. The masses on Sunday and on feast days are well attended by parishioners and by others from further afield. At other times the Church is open and visitors may come and pray by themselves. The church is also used by the diocese and by other churches in the area who do not have enough space for large celebrations.



The Abbey Church is a listed building (Grade 2*) and some people come to appreciate the architecture; guide books and postcards are available. The trustees appreciate their responsibility to maintain the building to the highest standards.

In addition, regular concerts in the Abbey Church are organised by the monastic community and by outside organisations and enhance the cultural opportunities of the locality.

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives (continued)

♦ **Formal Divine Service and other services in the Abbey Church** (continued)

It is made clear to those who attend such concerts that the church is a sacred space; thus they are reminded of the aims of the charity, even if their primary reason for attending is to listen to the music. The church is also used by local primary schools for various functions, including Christmas Carol services and gatherings to celebrate the end of the school year. Many of these events are made possible without charge to the outside organisations.

♦ **Caring for older and frail members of the Community**

The trustees are very aware that they have a moral and legal obligation to care for the older and frail members of the Community. None of the monks has resources or private income of his own as all their earnings, gifts or donations, and their pensions have been covenanted to the charity. As the age profile increases, so too does the need to provide increasingly expensive care for the members. The trustees have to continue to make this one of their priorities for the future and, alongside this, to consider how it is impacting on the ministries of the individual members of the Community. They also have to be very aware of the financial implications for the charity's resources.

♦ **The provision of education**

The Community's work in the field of education is broad and includes the education of new members of the Community training for monastic life and Church Ministry, the education of young people in various ways through pastoral work, and the education of adults by courses, lectures and university teaching.

In line with their vision for the future, members of the Monastic Community have in recent years moved from secondary into tertiary education by taking up teaching in university adult education programmes, by expanding adult education on site in the pastoral programme of talks, and by offering retreats and courses for spiritual and theological renewal.

♦ **The provision of social and pastoral work**

The Community is involved in the provision of social and pastoral work by welcoming guests to the monastery, by serving parishes locally and further afield, by offering retreats and talks both in the Abbey's pastoral programme and elsewhere, by chaplaincy work, by being available for spiritual direction, by supplying priests in local parishes, or by other similar work on request.

Although there is a list of suggested charges for the use of the guest facilities, it is made quite clear to everyone that the monastery welcomes everyone and that inability to pay should never prevent people from coming. In practice, most people pay the suggested rate and thus contribute to the income of the charity but others just give what they can afford. The trustees consider that this is a major and transparent way in which the charity is able to discharge its duty of public benefit. Most of our guests are Roman Catholics but members of other churches and other religions are also welcomed.

Activities, specific objectives and relevant policies (continued)

Activities and specific objectives (continued)

♦ **The provision of social and pastoral work** (continued)

Members of the Community continue to maintain and develop pastoral work in the parishes that are the responsibility of the Abbey. There are two clusters of parishes in Lancashire and in the South Midlands, the affairs of which are administered by the separate Douai Abbey Parishes Trust. One member of the Community cares for the parish in the immediate area of the Abbey. Two members of the community are working in diocesan parishes which do not belong to the community.

♦ **Members of the Community working elsewhere**

One member of the community is currently working away from the monastery: he is in Rome acting as chaplain to a community of Benedictine nuns. Another member is parish priest of one of our parishes, but he is also Secretary of the Department of Christian Life and Worship of the Bishops of England and Wales.

♦ **Donations to other organisations**

When planning their budget at the beginning of the year, the trustees agree to set aside a certain amount for organisations whose work is consistent with the objects of the charity.

Protection of Children and Vulnerable Adults

Like all other organisations who serve in the community, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charity serves in any way. This means that members engaged in any ministry in Great Britain must obtain clearance from the Disclosure and Barring Service (DBS). The trustees are fully committed to implementing all policies and procedures of the Catholic Safeguarding Advisory Service (CSAS). One member of the community is the named person responsible and he and the Abbot are joined by an outside professional to form the community's Child Protection Committee under the safeguarding authorities of the Roman Catholic Diocese of Portsmouth.

The ongoing Independent Inquiry into Child Sexual Abuse ("the Inquiry") is investigating historical cases of child sexual abuse in various public bodies and institutions including the Roman Catholic Church and members of the English Benedictine Congregation. The Inquiry is focused on two other Benedictine abbeys but the trustees have been co-operating fully with the Inquiry. They have been involved in preparing a great quantity of material for the Inquiry which has resulted in significant expenditure on legal fees (see note 9 to the accounts).

Investment policy

The charity has a portfolio of listed investments which together with cash awaiting investment had a market value as at 31 August 2017 of £3,923,781.

Activities, specific objectives and relevant policies (continued)

Investment policy (continued)

During the year the charity's trustees decided to review and, subsequently, to change the investment managers. As a consequence, in September 2017 Ruffer LLP took over responsibility for managing the charity's listed investments from SG Hambros Bank Limited.

There are no restrictions on the charity's power to invest. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term; the trustees have agreed a detailed investment policy that includes ethical guidelines with the investment managers which they take into account in their choice of securities. According to the ethical policy, which was revised at the time of the handover from SG Hambros Bank Limited to Ruffer LLP, the trustees will not invest in companies which engage in activities which are at odds with the moral and social teaching of the Roman Catholic church, in so far as this can be practically established. The overall investment policy is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the trustees. The investment mandate has been reviewed during the year specifically with regard to the allocation of different types of investments across the portfolio.

The performance of the portfolio and the charity's investment strategy are reviewed by the trustees whose representatives meet with the investment managers regularly.

In addition to the listed investments, the charity has £75,000 invested in National Savings Bonds.

The charity also has several properties which are used to generate rental income and which are classified in the accounts as investment properties.

Achievements and performance

Review of activities

♦ Formal Divine Service and other services in the Abbey Church

The Divine Office is one of the unchanging elements of the monastic life and there have been no significant developments or changes during the year.

Performances of sacred music continue to be held in the church for the benefit of the loyal audience and for local choirs and groups who appreciate the chance to sing in the wonderful acoustic of the church. We were delighted to welcome The Sixteen in May as part of the Newbury Spring Festival.

During the year the church has continued to be used by local schools and neighbouring parishes for their own services and special events.

Various donations during the year have enabled us to purchase new vestments for use in services in the Abbey Church.



In December 2016 two members of the community celebrated the silver jubilee of their priestly ordination with a mass celebrated by the bishop who had ordained them; also present were many priests and other friends.

In May 2017 two other members celebrated the golden jubilee of their ordination.

Members of the community have also taken part in services elsewhere, for example in May 2017 a group, joined by monks from other monasteries, sang Vespers at Magdalene College, Cambridge.

Achievements and performance (continued)

Review of activities (continued)

♦ **Formal Divine Service and other services in the Abbey Church** (continued)



Monks from Douai and other monasteries at Magdalene College, Cambridge

♦ **Caring for older and frail members of the Community**

There are no members of the community currently resident in the infirmary. One member is still unwell and needs care from one of the monks who is the infirmarian and from visiting medical staff. The trustees continue to ensure that the highest priority is given to ensure that the sick and elderly are cared for.

♦ **Buildings**

There has been no major expenditure on the buildings during the year, only routine maintenance, including the five yearly testing of the electrical installation of the monastery buildings and of our investment properties. Two tenants in our invested properties changed during the year; this provided an opportunity to make some minor improvements.

The former school Sports Pavilion and Sports Field is leased on favourable terms to a local sports charity (Douai Park Recreation Association - Registered Charity No: 1136464). During the year the Association completed the building of a new pavilion. The Douai Society (the organisation of former pupils of our former school) was actively involved in fundraising and in making provision for a room to house memorabilia of the school. The original pavilion was built as a War Memorial to those former pupils who died in World War 1 and the new pavilion was re-dedicated as a War Memorial at a gathering in July 2017 which was very well attended by former pupils and their families. The charity has no direct financial involvement in or responsibility for this project but is very happy to support it. We are also pleased that a large number of local people continue to enjoy the use of the playing fields.

Achievements and performance (continued)

Review of activities (continued)

♦ **Buildings** (continued)



Members of the Douai Society at the opening of the new pavilion - July 2017

♦ **The provision of education**

At 31 August 2017 there were no novices or junior monks studying in the monastery but we are delighted that one individual joined us in January 2018. A new scheme has been launched to give individuals a monastic experience for a period of a month or two and some interest has already shown itself. The Abbot has now retired from his teaching post at a seminary in Surrey but continues to teach in one of the academic terms in Oxford. One member of the community completed his MPhil at Bristol University during the year.

Some members of the community act as part-time chaplains for the Roman Catholic pupils at Winchester College. Pupils from other schools regularly visit the Abbey and are given some insight into the monastic life by one or more members of the community. Students from a local school for people with autism and learning difficulties attend the monastery regularly for work experience in the gardens and in the housekeeping department.



A visitor working in the Library Reading Room

Achievements and performance (continued)

Review of activities (continued)

♦ **The provision of education** (continued)

The monastic library has now been open for seven years, and external scholars have continued to take advantage of the greatly improved access to consult the archives and special collections as well as the main library. The trustees consider that this is an important aspect of our provision of public benefit. The Archive has continued to accept deposits of papers and collections from other religious orders in cases where their archives are at risk. At the beginning of the year the cataloguer who had been working in the archives on a three year contract left for other employment. The work of cataloguing the library and archives will be continued by members of the community and by volunteers.

The Archive includes pictures as well as documents. Part of the Library Fund is being used to conserve some of the more valuable and important items. During the year a 15th century Florentine Madonna was repaired and conserved.



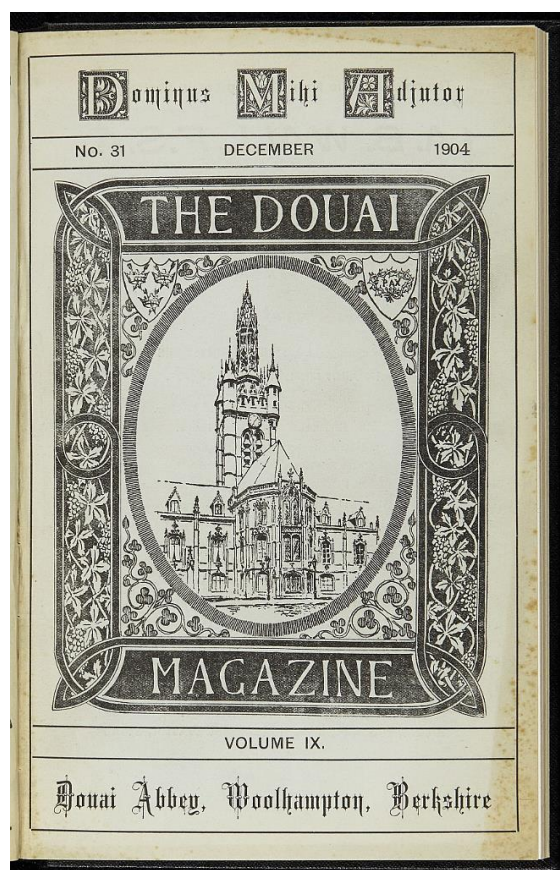
15th Century Florentine Madonna

Achievements and performance (continued)

Review of activities (continued)

♦ **The provision of education** (continued)

Ease of access has also made it easier for members of the monastic community to use the library and archives and this has resulted in talks and published articles. During the year the Douai Society (the association of our former pupils) arranged and paid for the digitisation of the copies of The Douai Magazine, which is now available through our website.



Title Page of Douai Magazine 1904

Another example of education is evident in our stewardship of our local environment, in tune with key themes of Pope Francis' encyclical 'Laudato si', including the ongoing cultivation of a wild flower meadow and bee keeping. As well as raising awareness of global ecological concerns, this expresses the broader Christian context of environmentalism

Achievements and performance (continued)

Review of activities (continued)

♦ **The provision of social and pastoral work**

During the year 3,078 (2016 - 3,356) over-night stays in the Guest House were recorded; this represents both individuals on retreat and groups attending conferences. In addition 790 over-night stays were recorded in the self-catering Cottages (2016 - not previously recorded). The income from the Guest House, including the Cottages, totalled approximately £170,000 (2016 – £183,000). All the guest rooms in the Guest House are now fully en suite; the rooms most recently converted are those reserved for visiting priests and members of religious orders.

Retreats during the year have included weekends focussed on the seasons of the Church's year (Advent, Christmas, Lent and Easter) and on such themes as Icons, Christian Poetry, The Church in the Cinema, the Mystery of Prayer, the History of the English Church and many others. Most of these retreats have centred on talks and direction given by members of the monastic community, but outside speakers have also played their part.

Members of the community have been involved in directing guests on individually guided retreats and have accompanied candidates in their preparation for ordination to the diaconate and priesthood.

Other groups have organised their own retreats or meetings, but often members of the community are asked for some input and most guests will have some individual contact with the monks during their stay. Most of our guests are Roman Catholic and we have welcomed priests from the Portsmouth and Northampton dioceses and Catholic parishes including Tunbridge Wells and the local area: Reading, Bracknell, Newbury and Basingstoke. University chaplaincy groups have also stayed, both in the Guest House and in the self-catering cottages. We have become a regular venue for a group of Catholic chaplains involved in the field of mental health.

The Anglican Diocese of Oxford has used our premises as a training centre for ministry and we have also welcomed Anglican parish groups, as well as Methodist Retreats and local Community Churches. For many years we have welcomed a Zen group who hold silent retreats here and appreciate the monastic atmosphere. Most of these groups have participated in the times of prayer of the community.

Achievements and performance (continued)

Review of activities (continued)

◆ **The provision of social and pastoral work** (continued)



Guests joining the monastic community for Midday Prayer

Positive comments have been received from guests during the year, including the following:

- ◆ 'It was a lovely spiritual time.'
- ◆ 'It was really superb! Genuine Benedictine hospitality!'
- ◆ 'Excellent! As my first retreat I was expecting something way more spartan and monk-like, so was pleasantly surprised at hotel-like facilities.'
- ◆ 'The monks were extremely friendly and hospitable and ready to chat if we wished.'
- ◆ 'Wonderful warm welcome and hospitality.'
- ◆ 'Everything was just perfect!'

Members of the Community have continued to be involved in pastoral work in the area and further afield and many people of all faiths and of none consider the monastery to be a place where they will find peace and quiet.

Investment performance

During the year to 31 August 2017, the charity's listed investments produced an income yield of 4.43% (2016 – 4.25%). The charity's listed investments rose in value during the year, giving rise to net investment gains of £238,547 (2016 – £270,305) on the portfolio. The capital yield on the portfolio during the year showed a rise in value of 6.5% (2016 – 8.2%).

Achievements and performance (continued)

Investment performance (continued)

Investment properties produced rental income of £118,182 (2016 – £147,617) during the year. This is an decrease on the prior year and is mainly due to a sum of £40,000 received in the year to 31 August 2016, which was backdated ground rent from the properties which are in the residential development on the former school site, whereas in the year to 31 August 2017 and thereafter these ground rents should provide an annual income in the region of £8,000.

Financial report for the year

Results for the year

A summary of the results for the year can be found on page 27 of the attached accounts.

Total income for the year amounted to £748,246 compared to £1,226,335 in 2016. In 2016 income included £430,661 being an amount due under a legal agreement to dispose of approximately 18 acres of land owned by the charity at Hampton, Evesham, Worcestershire. The other categories of income include donations and legacies which amounted to £254,855, a slight decrease over the 2016 figure of £283,134 due to a lower level of donation income. Income from charitable activities i.e. retreat house income and related receipts remained relatively unchanged at £178,885 (2016 – £173,594) as did income from visitors and other trading activities at £24,922 (2016 – £32,620). Income from listed and property investments, together with interest receivable, amounted to £281,012 (2016 - £287,865).

Expenditure amounted to £1,017,867 compared to £972,469 in 2016. The cost of raising funds rose by £2,279 to £75,241 (2016 - £72,962), the costs in relation to supporting members of the Community and their ministry increased to £942,626 (2016 – £899,507) due to rises in governance costs, mainly consisting of legal fees (see note 8). In the absence of these fees, costs of supporting the Community and their ministry would have decreased to £847,632.

The net expenditure for the year before investment gains was £269,621 (2016 – net income of £253,866). The net investment gains totalled £238,547 (2016 – £270,305) and were in respect to listed investments. When these net gains are accounted for, the overall impact on the charity's funds is a decrease of £31,074 for the year (2016 – increase of £524,171).

Financial report for the year (continued)

Reserves policy and financial position

Reserves policy

As explained above, the charity carries out a diverse range of activities, some of which comprise short term and externally funded projects whilst others comprise long term projects requiring significant ongoing financial commitment and investment. 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 consider that, given the nature of the charity's work, the level of free reserves should be equivalent to 36 months expenditure. The trustees are of the opinion that this reflects the charity's reliance on investments to generate investment income to fund recurring expenditure. The policy also provides sufficient flexibility to cover temporary shortfalls in income due to timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

Financial position

The balance sheet shows total funds £14,447,871 (2016 – £14,478,945).

These funds include an amount of £90,378 (2016 – £79,406) which is restricted. These monies have either been raised for, and their use restricted to specific purposes, or they comprise donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 18 to the accounts together with an analysis of movements in the year.

The tangible fixed assets fund equal to the net book value of the tangible fixed assets and amounting to £7,275,570 (2016 – £7,465,118) has been identified as a separate fund in recognition of the fact that such assets are required to enable the Community to carry out its charitable work and are not available to fund activities or meet future commitments.

Funds totalling £3,400,000 (2016 – £3,400,000) have been designated, or set aside, by the trustees for specific purposes as follows:

- ♦ An amount of £3,200,000 (2016 - £3,200,000) has been designated to meet the costs of the care and welfare of members of the Community as they grow old or frail. The members are wholly dependent on the charity for their maintenance and care. The amount of funds set aside has been calculated using actuarial principles and will provide only modest amounts in the future.
- ♦ £200,000 (2016 – £200,000) has been set aside towards the cost of future improvements to, and maintenance of, the charity's freehold properties.

Further details of the purposes of the designated funds and an analysis of the movements on the funds are set out in note 19 to the accounts.

General funds or 'free reserves' of the charity at 31 August 2017 total £3,681,923 (2016 – £3,534,421).

Financial report for the year (continued)

Reserves policy and financial position (continued)

Reserves policy (continued)

The trustees consider that this level of free reserves is appropriate despite it being slightly in excess of the amount set out in the charity's reserves policy above. The trustees are of this opinion given the volatility in world stock markets at the present time due to political and economic uncertainties and because of the unquantifiable expense arising from the Independent Inquiry into Child Sexual Abuse (see earlier). They also accept that in the years ahead, members of the Community may require increasing and increasingly expensive health care, and that the designated retirement fund of £3,200,000 (2016 – £3,200,000) described above may prove to be inadequate and it is the intention of the trustees to increase the fund over time. The trustees, therefore, consider free reserves to be adequate but not excessive, but they will keep this matter under review.

Future plans

The trustees have the intention of consolidating the charity's activity and income in the following ways:

- ◆ We will be adjusting our pastoral programme and hospitality options to incorporate more opportunities for young people to spend time in the Abbey.
- ◆ By the continued rationalisation of the site occupied by the monastery and its works so that the site may be used effectively and the buildings developed in ways appropriate to the work. In Summer 2014 a Quinquennial Report for the Abbey Church was produced and this highlighted various items which needed attention; there is an ongoing programme of works in the light of this report. We are investigating the possibility of installing more photo-voltaic cells on the Sacristy roof.



Existing solar panels on library roof

Future plans (continued)

- ♦ By maintaining and increasing other sources of income and activities, viz. the pastoral and educational work on site, in institutes of higher education, in parishes and elsewhere. The trustees hope that the continued use of the new library will bring more people on site and will give increased opportunity for visitors to take advantage of the resources available. The injection of further sums from the sale of the Evesham land will give the trustees the option of consolidating our activities.
- ♦ By continuing to achieve maximum rents on offsite properties held for investment purposes, so that the income of the charity is protected.
- ♦ By maintaining and increasing other investment income, in line with the advice of our advisers.

Governance, Structure and Management

Governance

Douai Abbey is an autonomous monastery of the Roman Catholic English Benedictine Congregation. The conduct and administration of the monastery is subject to the Constitutions of the English Benedictine Congregation and to the precepts of the Code of Canon Law of the Roman Catholic Church.

In terms of civil law the charity is governed by a trust deed dated 22 September 1934 and is a registered charity – Charity Registration No 236962. The trustees of the Abbey are the Abbot and the members of his Council. The members of the Abbot's Council are each year partly appointed by the Abbot himself from members of the Community and partly elected by the monks of the Abbey.

As all the trustees are members of the Community, they have a detailed knowledge of the work of the charity and its structure. Unlike many charity trustees who might live at a distance and meet briefly quarterly or so, the trustees are involved on a daily basis with the work of the charity, live within the Abbey itself or in its parishes, and meet and interact on a frequent basis. The trustees seek advice from professional advisers where necessary on legal, accounting, property and other issues. In addition, a voluntary advisory group of professionals of varied financial experience advises the trustees on investment policy and strategic development. The secretary to the trustees, who is also the bursar, attends external meetings and conferences during the year which enable him to keep up to date with developments of interest to the charity and to the sector as a whole. The Abbot is also involved in other trusts and attends meetings with other religious superiors during the year. Other trustees are encouraged to attend relevant and appropriate courses and conferences so as to enable them to continue to be aware of their responsibilities and developments in the charity sector.

The names of the trustees who served during the year are set out as part of the reference and administrative information details on page 1 of this annual report and accounts. Brief biographical details of the trustees in office at 31 August 2017 are given below:

Governance, Structure and Management (continued)

Governance (continued)

Rt Revd W G Scott OSB

Abbot of Douai since 1998, chairman of trustees, member of the community since 1966. MA (Oxford) PhD, FSA, FRHistS, Teacher of History in Douai School 1975 - 1993, Headmaster 1987 - 1993, librarian and archivist of the Abbey 1989 - present. Chair of Douai Abbey Parishes Trust, trustee of Oulton Abbey, member of Bishops' Patrimony Committee with responsibility for libraries and archives, President of the Catholic Archives Society and Vice-President of the Catholic Records Society.



Abbot Geoffrey meets Pope Francis at the Congress of Abbots - September 2016

Revd A Hood MA, PhD, PGCE, AdvDip Couns, MBACP.

Prior of Douai Abbey since February 2015. Teacher at Douai School, 1992 - 1995, served on the Douai parish of Ormskirk, 1995 - 2002, (during which time he was a trustee of the Douai Abbey Parishes Trust), Novice Master and Choirmaster at Douai since 2002. He was formerly a trustee of the charity from 1998 until 2006. He is also a trustee of another Benedictine monastery at St Michael's Abbey, Farnborough, Hants. He gives retreats at Douai and elsewhere and sees people for spiritual direction on a regular basis.

Revd T P Bowe OSB, MA, STL

Teacher of Economics and RE 1972-1982, housemaster 1972 – 1982, bursar 1996 – 2005, vice-chairman of Association of Provincial Bursars 2000 - 2005, Novice Master 1983 - 1990, founder member and bursar of Maison St Benoit, the dependent house in France 2005 – 2012; Prior of Douai September 2012 - February 2015, parish priest of Woolhampton since September 2012.

Revd T J Holt OSB MA

Teacher of English in Douai School 1977 - 1999, housemaster 1982 - 1999, Bursar of Douai Abbey since 2005, trustee since 1997, trustee of Priors Court School 2005 – 2014, trustee of Lejeune Clinic for children with Down's Syndrome 2006 - 2016, trustee of Friends of Newbury Spring Festival 2008 - present, member of Association of Provincial Bursars. Trustee of Downside Abbey 2016 – present.

Governance, Structure and Management (continued)

Governance (continued)

Revd P Gunter OSB, BD, SL.L, SL.D

Currently Parish Priest of Alcester since 2016 and Secretary of the Department of Christian Life and Worship to the Catholic Bishop's Conference of England and Wales since 2012. Consulter to the Office of the Liturgical Celebrations of the Supreme Pontiff, Vatican City 2018-2013. Visiting Professor, Pontifical Athenaeum *Regina Apostolorum*, Rome 2008-2015, Professor at the Pontifical Institute of Liturgy, Rome 2006-2016. Further Studies, Rome 2002-2006. Parish Priest, Studley 1999-2002 and the Trustee of Douai Abbey Parishes Trust. Member, Council of Priests, Diocese of Clifton 1995-1999; assistant priest, school chaplain, hospital chaplain, Cheltenham 1992-1999.

Revd H Somerville-Knapman OSB MA (Theol), STB, BA

Having joined the monastery in early 2001, he was ordained a priest in April 2007. He studied as a monk in Oxford and Rome, and his recently completed theological research at Bristol University will be published in the autumn of 2018. Before entering the monastery, he studied at the University of Sydney and worked in education and then in a civilian role for the New South Wales Police in Sydney, Australia. Currently he acts as abbey church administrator and Sacristan, monastic webmaster, oversees IT in the monastery and undertakes various publishing projects for the community and congregation.

The Douai Abbey trustees have a number of financial advisers who attend three meetings a year on a purely voluntary basis and are also available for consultation between meetings.

Peter Bryan was bursar of another monastery, Ampleforth Abbey, for 16 years and is currently Director of Corporate Resources and Deputy Master of Marlborough College.

Margaret Chin-Wolf is a retired portfolio manager for the Pacific Region. She also serves as a Consultor to the Regional Director for Asia-Pacific, Jesuit Refugee Service, Thailand, and a Governor of the Pilgrims' School. She is also a Governor of the University of Winchester.

Denis Murtagh is a chartered accountant. Now retired, he spent most of his career with KPMG, one of the largest global accounting and advisory firms, where he was a tax adviser.

Thomas Wolf is a retired investment manager and is currently engaged in history studies. He is also an adviser to the Belgian order CICM Missionaries and to The Jesuit Conference of Asia Pacific.

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and 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 incoming resources and application of resources of the charity for that period. In preparing these accounts, the trustees are required to:

Governance, Structure and Management (continued)

Trustees' responsibilities statement (continued)

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in 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);
- ♦ make judgements 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 adequate 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 relevant 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.

The trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Key management

The trustees consider that they together with the Bursar 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 trustees and the Bursar are all members of the Community and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or as senior management.

Structure and management reporting

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet every two months to review developments with regard to the charity or its activities and make any important decisions.

As stated above, when necessary, the trustees seek advice and support from the charity's professional advisers, eg property consultants, investment managers, solicitors and accountants. For some matters the constitutions of the English Benedictine Congregation require the Abbot to seek the whole Community's consent, for other matters it is only necessary to consult the Community.

Governance, Structure and Management (continued)

Working with other organisations

The Community is responsible for the administration of several Roman Catholic parishes in England. The property and finances of these parishes are administered through a separate registered charity – the Douai Abbey Parishes Trust (Registered Charity No: 1063237). Two of the trustees of the Douai Abbey Trust are also trustees of the Douai Abbey Parishes Trust. Details of transactions between the two charities are given in the notes to the accounts.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. 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. The trustees review a risk management matrix annually, which includes such potential risks as the loss of key staff, disaster recovery and reputational risk.

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

- ◆ **Loss of key management (Abbot, Bursar etc)**
The trustees are aware that they are very dependent on certain key people and the implications of losing these people would be serious. The trustees consider that strong support from financial advisers, training of trustees, and ongoing discussion of ways of lightening the load of the Abbot will all mitigate this risk. In addition the English Benedictine Congregation, of which the Abbey is a member, has developed structures of congregational support, including the lending of personnel, to assist any communities who find themselves in difficulties.
- ◆ **Failure to recruit and retain new members**
The trustees are very much aware of the age profile of the members of the community and of the need to recruit new novices. One member of the community, who is a trustee, is responsible for directing vocations and for attracting younger people to visit the monastery.
- ◆ **Dependence of income from investments rather than operations**
The charity relies to a large extent on the returns from its investment portfolio to cover its outgoings. The performance of the investment portfolio and the investment strategy are reviewed in meetings of the trustees and in regular meetings with the investment managers, taking into account current and future political and economic uncertainties. During the year the trustees decided that a change of investment managers was appropriate and they have recently appointed as their investment managers, Ruffer LLP. As explained in "Reserves Policy" on page 16, the charity's reserves policy reflects the need to hold investments in order to generate investment income to fund recurring expenditure. In addition, the charity maintains sufficient reserves to cover temporary shortfalls in income.

Governance, Structure and Management (continued)

Risk management (continued)

- ♦ Safeguarding and other reputational issues
These are addressed under relevant policies on page 6.

Employees, volunteers and members of the Community

The trustees wish to record their recognition of the professionalism and commitment of all their staff, volunteers and individual members of the Community. Their dedication is very much appreciated.

Approved by the trustees and signed on their behalf by:

Rt Revd W G Scott OSB
Trustee

Approved by the trustees on: 26 February 2018

Independent auditor's report to the trustees of Douai Abbey Trust

Opinion

We have audited the accounts of Douai Abbey Trust (the 'charity') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, a summary of 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).

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.

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 August 2017 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or

Conclusions relating to going concern (continued)

- ◆ the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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 financial statements 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.

Responsibilities of trustees (continued)

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.

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.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

23 March 2018

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 August 2017

	Notes	Un-restricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Income:					
Donations and legacies	1	240,615	14,240	254,855	283,134
Charitable activities	2	178,885	—	178,885	173,594
Other trading activities	3	24,922	—	24,922	32,620
Investments and interest receivable	4	281,012	—	281,012	287,865
Miscellaneous income	55	8,572	—	8,572	449,122
Total income		734,006	14,240	748,246	1,226,335
Expenditure:					
Cost of raising funds	6	75,241	—	75,241	72,962
Charitable activities					
. Support of members of the Community and their ministry	7	939,358	3,268	942,626	899,507
Total expenditure		1,014,599	3,268	1,017,867	972,469
Net (expenditure) income before gains on investments	10	(280,593)	10,972	(269,621)	253,866
Other recognised gains and losses					
Gains on the revaluation and disposal of listed investments	15	238,547	—	238,547	270,305
Net expenditure (income) and net movement in funds		(42,046)	10,972	(31,074)	524,171
Reconciliation of funds:					
Fund balances brought forward at 1 September 2016		14,399,539	79,406	14,478,945	13,954,774
Fund balances carried forward at 31 August 2017		14,357,493	90,378	14,447,871	14,478,945

All of the charity's activities derived from continuing operations during the above two financial periods.

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

Balance sheet 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets:					
Tangible assets	14		7,275,570		7,465,118
Investments	15		7,243,781		7,059,229
			14,519,351		14,524,347
Current assets:					
Stocks		13,593		13,593	
Debtors	16	56,647		80,590	
Cash at bank and in hand		248,446		241,433	
		318,686		335,616	
Liabilities:					
Creditors: amounts falling due within one year	17	(390,166)		(381,018)	
Net current liabilities			(71,480)		(45,402)
Total net assets			14,447,871		14,478,945
The funds of the charity:					
Restricted funds	18		90,378		79,406
Unrestricted funds					
. General fund			3,681,923		3,534,421
. Designated funds	19		3,400,000		3,400,000
. Tangible fixed asset fund	20		7,275,570		7,465,118
Total charity funds			14,447,871		14,478,945

Approved by the trustees and signed on their behalf by:

Rt Revd W G Scott OSB
Trustee

Approved on: 26 February 2018

Statement of cash flows Year to 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(317,665)	266,113
Cash flows from investing activities:			
Investment income including rent received		281,958	284,507
Proceeds from the disposal of tangible fixed assets		2,549	—
Purchase of tangible fixed assets		(5,426)	(38,680)
Proceeds from the disposal of investments		614,554	1,364,432
Purchase of investments		(563,717)	(1,653,400)
Net cash provided by (used in) investing activities		329,918	(43,141)
Cash flows from financing activities:			
Repayments of borrowing		(8,398)	(161,597)
Net cash used in financing activities		(8,398)	(161,597)
Change in cash and cash equivalents in the year		3,855	61,375
Cash and cash equivalents at 1 September 2016	B	404,742	343,367
Cash and cash equivalents at 31 August 2017	B	408,597	404,742

Notes to the statement of cash flows for the year to 31 August 2017.

A Reconciliation of net movement in funds to net cash (used in) provided by operating activities

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	(31,074)	524,171
Adjustments for:		
Depreciation charge	193,225	192,797
Gains on investments	(238,547)	(270,305)
Investment income including rent receivable	(281,012)	(287,865)
Interest payable	8,398	11,597
Surplus on disposal of tangible fixed assets	(800)	—
Increase in stocks	—	3,987
Decrease in debtors	22,997	82,426
Increase in creditors	9,148	9,305
Net cash (used in) provided by operating activities	(317,665)	266,113

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	248,446	241,433
Cash held by investment managers	160,151	163,309
Total cash and cash equivalents	408,597	404,742

Principal accounting policies 31 August 2017

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 August 2017 with comparative information provided in respect to the year to 31 August 2016.

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 significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ assessing the probability of the receipt of legacy income and estimating the amount to be received;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ estimating the fair value of investment properties; and
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions made in determining the value of the retirement fund.

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.

Assessment of going concern (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 August 2018, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

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, legacies, investment income, income from the sale of books and artefacts, income from retreats and visitors and other income including the surplus on disposal of land.

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.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

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.

Income recognition (continued)

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 been transferred to the charity.

Investment income is recognised once the dividend or equivalent has been declared and notification has been received of the amount 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.

Income from the sale of books and artefacts and from retreats and other visitors is measured at fair value of the consideration received or receivable, excluding discounts.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees and investment property costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable donations and grants, costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Charitable grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

a. Functional freehold property

Freehold properties used for the direct charitable work of the charity are included in these accounts at an estimate of their historic cost as determined by the trustees.

Due to its historic nature, the Abbey is depreciated at a rate of 1% per annum on a straight line basis.

Other functional freehold properties are depreciated at a rate of 2% per annum on a straight line basis in order to write the buildings off over their estimated useful economic life to the charity.

b. Other tangible fixed assets

Plant and other tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Plant, furniture and equipment – 5% to 20% per annum based on cost
- ◆ Motor vehicles – 25% per annum based on cost

Other tangible fixed assets which have been fully depreciated are written out of the accounts as their net realisable value is considered to be negligible.

Fixed asset 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.

Properties held for investment purposes are included in these accounts at open market value. The valuation has been determined by the trustees, with professional assistance. Investment properties were re-valued on 31 December 2015 on an open market basis by Messrs Carter Jonas LLP, Chartered Surveyors, in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Practice Statements (VPS) contained in the RICS Valuation – Professional Standards 2014 incorporating the IVSC International Valuation Standards (the 'Red Book').

Fixed asset investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if 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. Deposits for more than three months but less than one year have been disclosed as short term deposits.

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

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

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

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Services provided by members of the Community

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

Pension contributions

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 11. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations	18,304	14,240	32,544	61,202
Legacies	29,277	—	29,277	39,877
Collections	55,360	—	55,360	64,637
Amount receivable from parishes administered by Douai Abbey	64,959	—	64,959	62,413
Pensions and other income of individual religious received under deed of covenant	72,715	—	72,715	55,005
2017 Total funds	240,615	14,240	254,855	283,134
2016 Total funds	248,124	35,010	283,134	

2 Charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Sales of religious books and artefacts	9,321	—	9,321	10,100
Retreat house and related income	150,944	—	150,944	155,305
Other	18,620	—	18,620	8,189
2017 Total funds	178,885	—	178,885	173,594
2016 Total funds	173,594	—	173,594	

3 Other trading activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Visitors	19,335	—	19,335	28,186
Other	5,587	—	5,587	4,434
2017 Total funds	24,922	—	24,922	32,620
2016 Total funds	32,620	—	32,620	

4 Investment income and interest receivable

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Income from listed investments and National Savings Bonds				
. UK equities	60,490	—	60,490	57,224
. Overseas equities	16,537	—	16,537	19,154
. Corporate bonds	59,685	—	59,685	57,615
. Government bonds	1,090	—	1,090	6,016
. Income bonds	24,763	—	24,763	—
	<u>162,565</u>	<u>—</u>	<u>162,565</u>	<u>140,009</u>
Income from investment property				
. Rental income	118,182	—	118,182	147,617
Interest receivable	265	—	265	239
2017 Total funds	<u>281,012</u>	<u>—</u>	<u>281,012</u>	<u>287,865</u>
2016 Total funds	<u>287,865</u>	<u>—</u>	<u>287,865</u>	

5 Miscellaneous income

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Surplus on disposal of tangible fixed assets	884	—	884	430,661
Exchange gains on investments	1,204	—	1,204	10,061
Other	6,4846	—	6,484	8,400
2017 Total funds	<u>8,572</u>	<u>—</u>	<u>8,572</u>	<u>449,122</u>
2016 Total funds	<u>449,122</u>	<u>—</u>	<u>449,122</u>	

6 Cost of raising funds

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Investment property expenses	23,413	—	23,413	25,002
Investment manager's fees	47,225	—	47,225	43,729
Other	4,603	—	4,603	4,231
2017 Total funds	<u>75,241</u>	<u>—</u>	<u>75,241</u>	<u>72,962</u>
2016 Total funds	<u>72,962</u>	<u>—</u>	<u>72,962</u>	

7 Support of members of the Community and their ministry

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Staff costs (exc. pastoral activities)	164,540	—	164,540	168,052
Depreciation	193,225	—	193,225	192,797
Living and personal costs	156,559	—	156,559	167,642
Premises	154,899	—	154,899	166,741
Pastoral activities (inc. staff costs)	138,302	3,268	141,570	155,574
Governance (note 8)	109,465	—	109,465	13,572
Donations (note 9)	10,144	—	10,144	1,454
Other	12,224	—	12,224	33,675
2017 Total funds	939,358	3,268	942,626	899,507
2016 Total funds	865,491	34,016	899,507	

8 Governance

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Professional fees	4,096	—	4,096	2,736
Legal fees	94,994	—	94,994	—
Auditor's remuneration	10,375	—	10,375	10,836
2017 Total funds	109,465	—	109,465	13,572
2016 Total funds	13,572	—	13,572	

Legal fees above consist of amounts paid to Kingsley Napley LLP, the legal firm chosen to represent the Roman Catholic English Benedictine Congregation as a whole together with many of the autonomous monasteries, including Douai Abbey, in the Independent Inquiry into Child Sex Abuse.

9 Donations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Aid to the Church in Need	1,000	—	1,000	—
The Cardinal Hume Centre	1,000	—	1,000	—
Voluntary Service Overseas	1,000	—	1,000	—
Alzheimer's Research UK	1,000	—	1,000	—
Douai Abbey Parishes Trust (note 22)	4,000	—	4,000	—
Individual donations less than £1,000	2,144	—	2,144	1,454
2017 Total funds	10,144	—	10,144	1,454
2016 Total funds	1,454	—	1,454	

10 Net (expenditure) income before gains on investments

This is stated after charging:

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Staff costs (note 11)	224,323	2,477	226,800	254,970
Auditor's remuneration				
. Statutory audit services	9,960	—	9,960	9,720
. Other services	415	—	415	1,116
Depreciation	193,225	—	193,225	192,797

11 Employees and staff costs

Staff costs during the year were as follows:

	2017 £	2016 £
Wages and salaries	207,133	234,338
Social security costs	14,003	15,226
Other pension costs	5,664	5,406
	226,800	254,970

No employee earned in excess of £60,000 per annum (including taxable benefits) or more during the year (2016 – none).

The average number of employees during the period was 15 (2016 – 17).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Bursar. They received no remuneration or reimbursement of expenses in connection with their duties during the year (2016 - £nil).

12 Trustees' expenses and remuneration and transactions with trustees

The charity's trustees are all members of the Community and consequently their living and personal expenses, all of which are consistent with the amounts paid in respect to other members of the Community, are borne by the charity. No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2016 - none).

As members of the Community, none of the trustees have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. During the year, the total amount donated by the trustees to the charity was £14,570 (2016 - £9,959).

13 Taxation

Douai Abbey Trust is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities or tax on capital gains, as it falls within the various exemptions available to registered charities.

14 Tangible fixed assets

	Freehold land and buildings £	Plant, furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2016	9,346,965	244,642	24,195	9,615,802
Additions	231	—	5,195	5,426
Disposals	—	—	(3,500)	(3,500)
At 31 August 2017	<u>9,347,196</u>	<u>244,642</u>	<u>25,890</u>	<u>9,617,728</u>
Depreciation				
At 1 September 2016	2,061,521	68,004	21,159	2,150,684
Charge for year	171,410	19,228	2,586	193,225
On disposals	—	—	(1,750)	(1,750)
At 31 August 2017	<u>2,232,931</u>	<u>87,232</u>	<u>21,995</u>	<u>2,342,158</u>
Net book values				
At 31 August 2017	<u>7,114,265</u>	<u>157,410</u>	<u>3,895</u>	<u>7,275,570</u>
At 31 August 2016	<u>7,285,444</u>	<u>176,638</u>	<u>3,036</u>	<u>7,465,118</u>

As permitted under FRS 102, the charity has adopted a policy of not revaluing its tangible fixed assets. Tangible fixed assets are stated at cost. Where a valuation has been used in prior periods this has been taken to be deemed cost under the transitional arrangements of FRS 102.

It is likely that there are material differences between the open market values of the charity's freehold land and buildings and their book values. These arise from the specialised nature of some of the properties and the effects of inflation. The amounts of such differences cannot be ascertained without incurring significant cost, which, in the opinion of the trustees, is not justified in terms of the benefits to the users of the accounts.

15 Fixed asset investments

At 31 August 2017 fixed asset investments comprised:

	2017 £	2016 £
Freehold investment property (see a below)	3,245,000	3,245,000
Listed investments and cash held for re-investment (see b below)	3,923,781	3,739,229
National Savings Bonds	75,000	75,000
	<u>7,243,781</u>	<u>7,059,229</u>

Movements on each category of investment are summarised below.

15 Fixed asset investments (continued)

a. Freehold investment property

	2017 £	2016 £
Market value at 1 September 2016 and 31 August 2017	3,245,000	3,245,000

The investment properties were purchased many years ago and accurate cost figures for the properties are not available without considerable research. The trustees are of the opinion that the cost and time involved in such an exercise is not commensurate with the value to be obtained from ascertaining such information.

During 2013, work was completed on developing one of the charity's investment properties and converting it into two houses for future rental. The work was financed by a loan secured by a formal charge over the charity's listed investments (see note 15b below and note 17).

The charity's freehold investment properties were re-valued on 31 December 2015. In the opinion of the trustees, the values as at that date are not materially different from the valuations that would have been determined at 31 August 2017. The valuations were determined on an open market basis on behalf of Messrs Carter Jonas LLP, Chartered Surveyors, in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Practice Statements (VPS) contained in the RICS Valuation – Professional Standards 2014 incorporating the IVSC International Valuations Standards (the "Red Book").

b. Listed investments and cash held for re-investment

	2017 £	2016 £
Listed investments		
Market value at 1 September 2016	3,575,920	3,016,647
Additions at cost	563,717	1,653,400
Disposals at book value (proceeds: £614,554, gain: £6,187)	(608,367)	(1,397,689)
Net unrealised investment gains	232,360	303,562
Market value at 31 August 2017	3,763,630	3,575,920
Cash held by investment managers for re-investment	160,151	163,309
	3,923,781	3,739,229
Cost of listed investments at 31 August 2017	3,269,202	3,189,336

All listed investments were dealt in on recognised stock exchanges.

15 Fixed asset investments (continued)

Listed investments held at 31 August 2017 comprised the following:

	2017 £	2016 £
UK equities	1,278,100	1,127,276
Overseas equities	694,881	679,784
Corporate bonds	1,331,712	1,357,652
Government bonds	—	69,630
Alternatives	458,937	341,578
	3,763,630	3,575,920

At 31 August 2017 (2016 – none) no individual investment holding had a market value deemed material in the context of the market value of the entire listed portfolio as at that date.

During the year, a proportion of the charity's listed investments was subject to a formal charge as security for a loan obtained in order to finance refurbishment work to one of the charity's investment properties. Since the year end, this charge has been cancelled. (see note 15a above and note 17).

16 Debtors

	2017 £	2016 £
Investment income and interest receivable	31,682	32,628
Other debtors	24,965	47,962
	56,647	80,590

17 Creditors: amounts falling due within one year

	2017 £	2016 £
Loan from SG Hambros Bank Limited (see below)	330,000	330,000
Expense creditors and accruals	55,168	45,928
Social security creditors	4,998	5,090
	390,166	381,018

The charity negotiated a loan facility with SG Hambros Bank Limited (the 'Bank') under which a maximum principal amount of £600,000 was made available to the charity at any one time to assist with the earlier refurbishment of Woolhampton Lodge, Reading, Berkshire. The facility was granted subject to the Bank's right to seek immediate repayment or give notice of termination at any time. In the absence of such notice, the facility was subject to annual review with interest payable quarterly in arrears on the loan at 2.25% above the Bank's base rate.

At 31 August 2017, the loan was secured by a first legal charge over the charity's listed investment portfolio held by the lender in the name of the charity. The legal charge was limited to 250% of the amount outstanding under the facility from time to time.

17 Creditors: amounts falling due within one year (continued)

As at 31 August 2017 the charity had repaid part of the original loan, and the maximum principal amount available to the charity by SG Hambros Bank Limited had been reduced to £330,000 as at that date.

Subsequent to the year end, the charity has repaid the principal amount of £330,000 together with interest due and the legal charge over the charity's investments has been cancelled.

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

	At 1 September 2016 £	Income £	Expenditure £	At 31 August 2017 £
Library Archives Fund	78,460	14,240	(3,268)	89,432
Other restricted fund	946	—	—	946
	79,406	14,240	(3,268)	90,378

The specific purposes for which the funds are to be applied are as follows:

◆ Library Archives Fund

This fund represents monies received specifically for the development of an archives database at the library, the maintenance of the archive, and the employment of a cataloguer.

◆ Other restricted fund

This fund represents monies received for one off specific purposes.

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 September 2016 £	New designations £	Utilised/ released £	At 31 August 2017 £
Retirement reserve	3,200,000	—	—	3,200,000
Property improvement and maintenance fund	200,000	—	—	200,000
	3,400,000	—	—	3,400,000

The retirement reserve represents monies designated by the trustees to provide for the members of the Community in their retirement. It has been calculated using actuarial principles and will be reviewed regularly by the trustees in the light of the resources available and likely to be required.

19 Designated funds (continued)

The property improvement and maintenance fund comprises monies set aside for future work on the charity's freehold properties.

20 Tangible fixed assets fund

	£
At 1 September 2016	7,465,118
Movement in year	(189,548)
At 31 August 2017	<u>7,275,570</u>

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets and has been set up in recognition of the fact that the assets are required for the day-to-day work of the charity and are not available to finance current expenditure or meet contingencies.

21 Analysis of net assets between funds

	General fund £	Designated funds £	Tangible fixed assets fund £	Restricted funds £	Total 2017 £
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	—	—	7,275,570	—	7,275,570
Investments	3,843,781	3,400,000	—	—	7,243,781
Net current liabilities	(161,858)	—	—	90,378	(71,480)
Total net assets	<u>3,681,923</u>	<u>3,400,000</u>	<u>7,275,570</u>	<u>90,378</u>	14,447,871

The total unrealised gains as at 31 August 2017 constitute movements on revaluation and are as follows:

	2017 £	2016 £
Unrealised gains included above:		
On investment properties	645,000	645,000
On listed investments	494,428	386,584
Total unrealised gains at 31 August 2017	<u>1,139,428</u>	<u>1,031,584</u>
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 September 2016	1,031,584	839,629
Less: in respect to disposals in the year	(124,516)	(111,607)
	907,068	728,022
Add: net gains arising on revaluation arising in the year	232,360	303,562
Total unrealised gains at 31 August 2017	<u>1,139,428</u>	<u>1,031,584</u>

22 Related party transactions

The Douai Abbey Trust is connected to the Douai Abbey Parishes Trust (Charity Registration Number: 1063237) by virtue of the fact that both charities have a number of trustees in common.

During the year rent of £8,400 (2016 – £8,400) for the use of St Mary's Church was received by Douai Abbey Trust from Douai Abbey Parishes Trust.

During the year, £4,000 was paid from Douai Abbey Trust to Douai Abbey Parishes Trust as a contribution towards a new car (see note 9) (2016 – £6,876 towards the cost of repairing the roof of St Mary's Church was received by Douai Abbey Trust from Douai Abbey Parishes Trust).

23 Post balance sheet events

On 22 September 2015, the charity entered into a legal agreement to dispose of approximately 18 acres of land at Hampton, Evesham, Worcestershire to Bellway Homes Limited (the development company). The land had been subject to an option agreement signed previously in favour of the development company subject to the development company securing planning permission in respect to the site. The agreement provides for the land to be conveyed in two development Phases for a total consideration of £1.9 million. Consideration is payable in three tranches. The first tranche of £700,000 was received by the charity in November 2015 on completion of the conveyance of the land relating to Phase 1 of the development. The final two tranches of £600,000 each are receivable on completion of the conveyance of the land relating to Phase 2 of the development. These final two tranches totalling £1.2 million were both received in January 2018.