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THE MORAVIAN UNION (INCORPORATED)

(A company limited by guarantee)

Company Number: 133708

**REPORT OF THE
COMMITTEE OF MANAGEMENT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1996**



The Moravian Union (Incorporated)

Legal and Administrative Information

The Moravian Union (Incorporated), a company limited by guarantee (No. 133708), was established in 1914 to act as trustee of the property of and to administer the British Province of the Moravian Church within the British Isles. The British Province of the Moravian Church or Unitas Fratrum is a registered charity (No. 251211), governed by a Provincial Synod. A sister company, the Trust Society for the Furtherance of the Gospel, acts in a similar capacity in relation to the Province's missionary work overseas.

The company is governed by its Memorandum and Articles of Association. The Committee of Management, who are the directors in company law and trustees of the company's charitable activities, are appointed by Synod. The Articles of Association require the Committee to act in accordance with resolutions of Synod.

Church House and
Registered Office

5-7 Muswell Hill
London N10 3TJ

Governing Body

The British Provincial Synod
of the Moravian Church

Committee of Management

Rt. Rev. G.E. Birtill
Rev. W.J.H. McOwat
Mrs. J.K. Morten
Mr. D. Woods

Investment Advisors

Laing & Cruickshank
Investment Management Limited
Broadwalk House
5 Appold Street
London EC2A 2DA

Bankers

Barclays Bank plc
Muswell Hill
223 Muswell Hill Broadway
London N10 1DD

Solicitors

Gregory, Rowcliffe & Milners
1 Bedford Row
London WC1R 4BZ

Auditors

Kingston Smith
Chartered Accountants
Devonshire House
60 Goswell Road
London EC1M 7AD

The Moravian Union (Incorporated)

Report of the Committee of Management

Objectives

The objective of the company is to administer the British Province of the Moravian Church, which is a registered charity No. 251211. It achieves this objective by administering the property and funds of the British Province which are vested in the company.

Activities

The company receives assessments from congregations, dividends and interest from its investments, significant grants under the terms of the Bates Trust for the Moravians (registered charities No. 234212 and 234214) and income from other sources, and applies the income in paying stipends to ministers, pensions to retired ministers, providing ministerial training, assisting congregations and generally administering the affairs of the Church.

There were no changes in the objectives or activities during the year nor are any changes foreseen.

Surplus

The operating surplus for the year amounted to £115,372, and the total or recognised gains amounted to £320,608. At the end of the year total funds stood at £3,562,100.

The company's assets, on a fund by fund basis, are available and adequate to fulfil its charitable obligations.

Fixed Assets

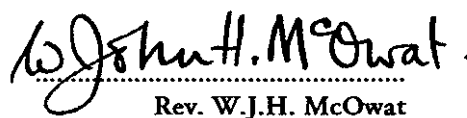
As explained in note 2 to the accounts, properties in use by congregations are not included in the balance sheet. In the opinion of the Committee of Management the market value of the freehold property is in excess of cost. During the year two manse were sold.

Investments are pooled in accordance with a scheme agreed with the Charity Commissioners and all investments held have been acquired in accordance with the powers available to the trustees. To comply with the Statement of Recommended Practice "Accounting by Charities", investments are included in this year's accounts at market value instead of historic cost as previously, as explained in note 2 to the accounts.

Directors

The members of the Committee of Management (who are directors for the purposes of the Companies Act) are set out on page 1.

On Behalf of the Committee of Management


Rev. W.J.H. McOwat

29 October 1997

The Moravian Union (Incorporated)

Committee of Management's Responsibilities and Report of the Auditors

Statement of Responsibilities of the Committee of Management

Company law requires the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus and deficit of the company for that period.

In preparing those financial statements, the Committee of Management required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors to the Members of The Moravian Union (Incorporated)

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of the Committee of Management and Auditors

As described above the company's Committee of Management, who are the directors for the purposes of company law and also act as trustees for the charitable activities of the company, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit on those statements and report our opinion to you.

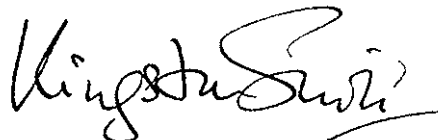
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31st December 1996 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kingston Smith
Chartered Accountants and
Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

29th October 1997

The Moravian Union (Incorporated)
Statement of Financial Activities
For the year ended 31st December 1996

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 1996	Restated Total 1995
	General	Designated	Funds	Funds		
	£	£	£	£	£	£
Incoming Resources						
Congregation assessments (note 5)	22,831	215,776	-	-	238,607	222,363
Investment income (note 6)	16,129	75,226	38,600	606	130,561	106,059
Interest receivable	18,501	7,720	7,645	-	33,866	34,799
Rent (note 7)	4,600	14,563	204	-	19,367	20,558
Bates Trusts	63,234	74,800	1,674	65,000	204,708	204,395
Legacies	4,959	-	-	-	4,959	426
TSFG (Inc.) - Share of expenses	15,142	-	-	-	15,142	17,467
Sundry	17,756	598	148	-	18,502	18,797
Unity income	-	-	28,137	-	28,137	54,828
Capital grant	-	-	-	-	-	250,000
	<u>163,152</u>	<u>388,683</u>	<u>76,408</u>	<u>65,606</u>	<u>693,849</u>	<u>929,692</u>
Less: Due to congregations and schools	-	-	38,780	-	38,780	34,002
Total Incoming Resources	<u>163,152</u>	<u>388,683</u>	<u>37,628</u>	<u>65,606</u>	<u>655,069</u>	<u>895,690</u>
Resources Expended						
Direct charitable expenditure:						
Ministry	546	235,471	-	-	236,017	210,232
Ministerial training	-	12,897	-	-	12,897	16,028
Pensions	-	112,850	-	-	112,850	92,354
Education and child allowance	4,576	-	-	-	4,576	4,969
Choir houses	-	9,942	-	-	9,942	9,255
Grants to congregations and projects	1,892	-	4,482	26	6,400	31,112
Administration	147,030	-	-	-	147,030	120,253
Unity expenses	-	-	9,985	-	9,985	54,402
	<u>154,044</u>	<u>371,160</u>	<u>14,467</u>	<u>26</u>	<u>539,697</u>	<u>538,605</u>
Net Incoming/(Outgoing) Resources before Transfers	9,108	17,523	23,161	65,580	115,372	357,085
Transfers between funds	(276)	276	-	-	-	-
Net Incoming/(Outgoing) Resources	8,832	17,799	23,161	65,580	115,372	357,085
Gains/(Losses) on Investments and Property:						
Realised investment gains	(466)	-	(2,196)	(3,450)	(6,112)	13,818
Unrealised investment gains	2,833	-	16,201	42,898	61,932	73,959
Property sales	82,639	-	66,777	-	149,416	(16,935)
Net Movements in Funds (page 5)	<u>93,838</u>	<u>17,799</u>	<u>103,943</u>	<u>105,028</u>	<u>320,608</u>	<u>427,927</u>
Fund balances brought forward at 1st January 1996:						
As previously reported	852,338	153,619	594,233	1,550,303	3,150,493	2,713,106
Prior year adjustment (note 2)	4,370	-	116,180	(29,551)	90,999	100,459
As restated	<u>856,708</u>	<u>153,619</u>	<u>710,413</u>	<u>1,520,752</u>	<u>3,241,492</u>	<u>2,813,565</u>
Fund balances carried forward at 31st December 1996	<u>950,546</u>	<u>171,418</u>	<u>814,356</u>	<u>1,625,780</u>	<u>3,562,100</u>	<u>3,241,492</u>

All funds are unrestricted other than those noted as being restricted.

The Moravian Union (Incorporated)
Income and Expenditure Account
For the year ended 31st December 1996

	Note	1996 £	1996 £	1995 £	Restated 1995 £
Income					
Congregation assessments	5		238,607		222,363
Investment income	6		130,561		106,059
Interest receivable			33,866		34,799
Rent	7		19,367		20,558
Bates Trusts			204,708		204,395
Legacies			4,959		426
TSFG (inc.) share of joint expenses			15,142		17,467
Sundry			18,502		18,797
Unity income			<u>28,137</u>		<u>54,828</u>
			693,849		679,692
Less: Income due to congregation and schools			<u>(38,780)</u>		<u>(34,002)</u>
			655,069		645,690
Direct Expenditure					
Ministry		236,017		210,232	
Ministerial training		12,897		16,028	
Pensions		112,850		92,354	
Education and child allowance		4,576		4,969	
Choir houses		9,942		9,255	
Grants to congregations and projects		6,400		31,112	
Administration		147,030		120,253	
Unity expenses		<u>9,985</u>		<u>54,402</u>	
			<u>539,697</u>		<u>538,605</u>
Operating Surplus for the Year			<u><u>115,372</u></u>		<u><u>107,085</u></u>

Statement of Total Recognised Gains and Losses

	1996 £	1996 £	1995 £	Restated 1995 £
Operating surplus for the year		115,372		107,085
Capital grants from related organisations		2,800		250,000
Purchase of manse (Dukinfield)	-		(77,627)	
Sale of old manse	-		53,003	
Revenue grant	-		<u>7,689</u>	
Repayment of capital to congregation		-		(16,935)
Sale of manses - Cliftonville		63,977		-
- Malmesbury		82,639		-
Net gains on investments - realised	(6,112)		13,818	
- unrealised	<u>61,932</u>		<u>73,959</u>	
		<u>55,820</u>		<u>87,777</u>
Net Movements in Funds (page 4)		<u><u>320,608</u></u>		<u><u>427,927</u></u>

None of the company's activities were acquired or discontinued during the above two financial years.

The attached notes form part of these financial statements.

The Moravian Union (Incorporated)

Balance Sheet at 31st December 1996

	Note	1996 £	1996 £	1995 £	Restated 1995 £
Fixed Assets					
Tangible	8		85,226		85,226
Investment in subsidiary	8		14,177		14,177
Other investments	8		<u>2,114,328</u>		<u>1,454,177</u>
			2,213,731		1,553,580
Current Assets					
Debtors	9	720,751		954,578	
Bank deposits		704,743		782,900	
Cash at bank and in hand		<u>6,254</u>		<u>14,195</u>	
		1,431,748		1,751,673	
Creditors: Amounts falling due within one year	10	<u>83,379</u>		<u>63,761</u>	
Net Current Assets			<u>1,348,369</u>		<u>1,687,912</u>
			<u>3,562,100</u>		<u>3,241,492</u>
Endowment Funds	11		1,687,922		1,582,650
Restricted Funds	11		752,214		648,515
Unrestricted Funds:					
Designated Funds	11	171,418		153,619	
General	11	<u>950,546</u>		<u>856,708</u>	
			<u>1,121,964</u>		<u>1,010,327</u>
			<u>3,562,100</u>		<u>3,241,492</u>

The balance sheet should be read in conjunction with the analysis of net assets between the fund balances shown in note 11.

Approved by the Committee of Management on ^{29th} October 1997

Rt. Rev. G.E. Birtill *G.E. Birtill*

Rev. W.J.H. McOwat *W.J.H. McOwat*

The attached notes form part of these financial statements.

The Movarian Union (Incorporated)

Notes to the Financial Statements

For the year ended 31st December 1996

1 Status

The Union was incorporated under the Companies Acts 1908 and 1913 as a company limited by guarantee and not having a share capital. In the event of the union being wound up, the liability of each member shall not exceed £1.

2 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except investments which are shown at market value as described below, and in accordance with relevant accounting standards.

The British province of the Moravian Church is a registered charity no. 251211, so the financial statements are presented in accordance with the Statement of Recommended Practice, "Accounting by Charities". Accordingly, the presentation of income and expenditure in the financial statements has been adapted from that prescribed by the Companies Act 1985 to reflect the special nature of the company's activities.

Income Recognition

Income is recognised on an accruals basis except for investment income which is dealt with on a receipts basis.

Expenditure

Expenditure is charged on an accruals basis. All expenditure is treated as direct expenditure, since administration is an objective of the Union.

Tangible Fixed Assets

Properties in use by congregations are not included in the balance sheet, although legal title may be vested in the Union, as the congregations have the beneficial use thereof.

- (i) No depreciation is provided on freehold land and buildings.
- (ii) Office furniture etc., is written off in the year of purchase.

Investment in Subsidiary

The Committee of Management has taken advantage of the provisions of s248 Companies Act 1985 and have not prepared group financial statements.

Congregations

The assets, liabilities and Revenue Accounts of individual congregations are not incorporated in the financial statements, nor has the value of the content of the Archives been included.

Other Investments

Other investments are included at their market value at the balance sheet date in accordance with the Statement of Recommended Practice: "Accounting by Charities". Previously, they were included at cost. The effect of this change of policy has been reflected as a prior year adjustment and comparative figures have been restated accordingly.

Operating Leases

Payments for operating lease rentals are charged to the income and expenditure account over the period of the lease.

The Movarian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1996 (Continued)

3 Expenditure			1996	1995
(as required by Companies Act 1985)			£	£
Committee of Management remuneration:				
As directors			-	-
Other services			12,500	11,500
Auditors' remuneration			<u>6,844</u>	<u>6,645</u>
4 Ministers and Church House Staff				
(as required by Companies Act 1985)				
	1996	1996	1995	1995
	£	No.	£	No.
Ministers'	224,512	16	202,769	15
Administration	<u>32,229</u>	<u>4</u>	<u>27,120</u>	<u>4</u>
	<u>256,741</u>	<u>20</u>	<u>229,889</u>	<u>19</u>
Salaries	231,619		208,826	
Social security costs	<u>25,122</u>		<u>21,063</u>	
	<u>256,741</u>		<u>229,889</u>	
5 Assessments			1996	1995
			£	£
Ministers' stipends			205,198	192,006
National insurance			10,578	10,224
Administration			<u>22,831</u>	<u>20,133</u>
			<u>238,607</u>	<u>222,363</u>
6 Investment Income			1996	1995
			£	£
Quoted securities			128,863	104,231
Unquoted securities			<u>1,698</u>	<u>1,828</u>
			<u>130,561</u>	<u>106,059</u>

The Movarian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1996 (Continued)

7	Rent	1996		1995
		£		£
	Choir House	14,563		14,307
	Offices	3,819		3,682
	Manse	985		2,569
		<u>19,367</u>		<u>20,558</u>

8 Fixed Assets

Tangible Fixed Assets	£
Freehold property at cost	
At 1st January and at 31st December 1996	<u>85,226</u>

In the opinion of the Committee of Management, the market value of freehold property is in excess of cost.

The freehold property is shown at cost as it is held for direct charitable use.

A loan from Bates Trusts to Fulneck Boys School is secured by a mortgage over the property at 5-7 Muswell Hill, London N10. At 31st December 1996, £1,667 of this loan remained outstanding.

	1996		1995
Investment in Subsidiary	£		£
Shares in Unitas Estates Co. Ltd. at valuation in 1962	<u>14,177</u>		<u>14,177</u>

The investment is 5,671 shares of £10 each, representing 99% of the issued share capital. The company is incorporated in England for the purpose of Estate Management.

The aggregate capital and reserves of the company at 30th April 1996 was £307,347. The profit for the financial year ended 30th April 1996 was £47,413. Under the equity method of valuation the investment in the subsidiary would be £304,274.

Other Investments

	Market Value				Cost/Book Value	
	1.1.96	Additions	Disposals	Unrealised Gains	31.12.96	31.12.95
	£	£	£	£	£	£
Quoted securities	1,411,992	952,199	(353,981)	58,829	2,069,039	1,980,169
Unquoted	42,185	-	-	3,103	45,288	7,640
	<u>1,454,177</u>	<u>952,199</u>	<u>(353,981)</u>	<u>61,932</u>	<u>2,114,327</u>	<u>1,987,809</u>

Quoted securities are held on a recognised stock exchange. All investments are held in the UK.

The Movarian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1996 (Continued)

9 Debtors	1996	1995
	£	£
Receivable from Bates Trusts	186,429	188,389
Receivable from a related organisation	52,972	271,515
Loans to congregations and schools and car loans	270,881	294,774
Other debtors	160,806	167,178
Prepayments	14,320	14,415
Accrued income	<u>35,343</u>	<u>18,307</u>
	<u>720,751</u>	<u>954,578</u>

Included above are debtors amounting to £53,138 (1995 - £27,328) receivable after more than one year.

10 Creditors: Amounts falling due within one year	1996	1995
	£	£
Social security and other taxes	9,556	8,144
Congregations, schools and related organisations	61,627	39,268
Other creditors	909	8,399
Accruals	<u>11,287</u>	<u>7,950</u>
	<u>83,379</u>	<u>63,761</u>

11 Analysis of Net Assets between the Fund Balances

	Endowment	Restricted	Designated	General	Total
	£	£	£	£	£
Fixed assets	-	85,226	-	-	85,226
Subsidiary	14,177	-	-	-	14,177
Investments	-	46,244	-	-	46,244
Bank deposits	301,352	46,865	171,418	185,108	704,743
Other net assets	-	-	-	643,626	643,626
Investment pool	<u>1,372,393</u>	<u>573,879</u>	<u>-</u>	<u>121,812</u>	<u>2,068,084</u>
	<u>1,687,922</u>	<u>752,214</u>	<u>171,418</u>	<u>950,546</u>	<u>3,562,100</u>

The charity's funds are very numerous and many are of some antiquity. Broadly: endowment funds are those funds originally settled on the company, including subsequent growth, and are expendable; restricted funds are those held subject to donor imposed restrictions on use and generally are held for the benefit of particular congregations or schools, approximately £150,000 is restricted as to capital; designated funds are set aside for a particular purpose by the Committee of Management. The above total of funds includes approximately £1.4 million to provide ministers' pensions in the future.

The Movarian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1996 (Continued)

12 Other Financial Commitments

At 31st December 1996 the company was committed to making the following payments under non-cancellable operating leases in the year to 31st December 1997.

	1996 £	1995 £
Operating leases which expire:		
within one year	-	90
within two to five years	<u>5,072</u>	<u>4,800</u>

13 Related Organisations

The Movarian Union (Incorporated), as part of the British Province of the Moravian Church, is related to the following organisations:

Trust Society for the Furtherance of the Gospel (Incorporated)
 Moravian Mission Agency Limited
 Fulneck School
 Ockbrook School
 Congregations in Great Britain and Northern Ireland

The company received the following amounts during the year:

	1996 £	1995 £
Administration costs paid by the Trust Society for the Furtherance of the Gospel (Incorporated)	15,142	17,467
Assessments received from Fulneck School	2,500	3,000
Assessments received from Ockbrook School	2,000	1,500
Assessments received from Congregations	<u>234,107</u>	<u>217,862</u>

At 31st December 1996, the following balances were outstanding:

	1996 £	1995 £
Due from the Trust Society for the Furtherance of the Gospel (Incorporated)	52,972	271,515
Due from Fulneck School	177,500	238,000
Due from Ockbrook School	5,054	6,224
Due from Congregations	<u>22,551</u>	<u>20,791</u>