

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 1998**



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 of the Church

The British Provincial Synod
of the Moravian Church

Committee of Management

Rt. Rev. G.E. Birtill (resigned 31st August 1998)
Rev. W.J.H. McOwat
Mrs. J.K. Morten
Mr. D. Woods
Rev. D.J. Newman (appointed 17th July 1998)

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 Trusts 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.

Resources

Net incoming resources from operations for the year amounted to £234,454 (1997 - £87,731) and the total of other recognised gains amounted to £215,626 (1997 - £366,622). At the end of the year total funds stood at £4,466,533 (1997 - £4,016,453).

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.

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.

Directors

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

Year 2000

Assuring the ongoing operation of our business and computer systems into the next millennium is a key focus of the Committee of Management. A comprehensive review of all systems has been carried out to ensure that:

- 1) all business and computer systems will correctly process future dates.
- 2) our relationships with personnel, suppliers and congregations will continue to operate without disruption.

The total estimated costs of these reviews have not been quantified but are not expected to be material.

On Behalf of the Committee of Management



Rev. W.J.H. McOwat

5-7 Muswell Hill
London N10 3TJ
24th August 1999

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 or deficit of the company for that period.

In preparing those financial statements, the Committee of Management are required to follow best practice and 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 are 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 12 which have been prepared under the historical cost convention, as modified by the revaluation of investments, 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 are the 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.

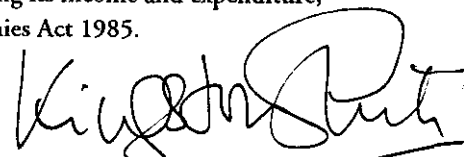
Basis of Opinion

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 1998 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
24th August 1999

The Moravian Union (Incorporated)
Statement of Financial Activities
For the year ended 31st December 1998

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 1998	Total 1997
	General	Designated	Funds	Funds		
	£	£	£	£	£	£
Incoming Resources						
Congregation assessments (note 5)	23,130	252,662	-	-	275,792	255,409
Investment income (note 6)	14,947	100,524	35,936	553	151,960	136,068
Interest receivable	30,643	903	16,628	-	48,174	38,279
Rent (note 7)	4,424	14,885	792	-	20,101	17,727
Bates Trusts	76,751	33,002	8,552	100,000	218,305	209,490
Legacies	700	-	4,813	-	5,513	-
TSFG (inc) - Share of expenses	30,442	-	-	-	30,442	42,063
Sundry	3,522	4,581	1,785	-	9,888	20,434
Unity income	-	-	55,218	-	55,218	16,479
Capital grant	-	-	-	250,000	250,000	35,000
	<u>184,559</u>	<u>406,557</u>	<u>123,724</u>	<u>350,553</u>	<u>1,065,393</u>	<u>770,949</u>
Less: Due to congregations and schools	-	-	37,568	-	37,568	38,283
Total Incoming Resources	<u>184,559</u>	<u>406,557</u>	<u>86,156</u>	<u>350,553</u>	<u>1,027,825</u>	<u>732,666</u>
Resources Expended						
Direct charitable expenditure:						
Ministry	670	279,784	-	-	280,454	256,567
Ministerial training	-	10,647	-	-	10,647	19,287
Pensions	-	121,511	-	-	121,511	117,320
Education and child allowance	9,170	-	-	-	9,170	7,660
Choir houses	-	7,984	-	-	7,984	15,525
Grants to congregations and projects	27,574	-	400	25	27,999	43,175
Unity expenses	-	-	5,095	-	5,095	10,948
Archives	-	-	14,611	-	14,611	-
Administration	156,232	-	-	-	156,232	174,453
Capital repaid	-	-	159,668	-	159,668	-
	<u>193,646</u>	<u>419,926</u>	<u>179,774</u>	<u>25</u>	<u>793,371</u>	<u>644,935</u>
Net Incoming/(Outgoing) Resources before Transfers	(9,087)	(13,369)	(93,618)	350,528	234,454	87,731
Transfers between funds	(82)	82	-	-	-	-
Net Incoming/(Outgoing) Resources	(9,169)	(13,287)	(93,618)	350,528	234,454	87,731
Gains/(Losses) on Investments and Property:						
Realised investment losses	(1,031)	-	(4,365)	(13,949)	(19,345)	(32,592)
Unrealised investment gains	12,203	-	57,729	165,039	234,971	320,291
Property sales	-	-	-	-	-	78,923
Net Movements in Funds (page 5)	<u>2,003</u>	<u>(13,287)</u>	<u>(40,254)</u>	<u>501,618</u>	<u>450,080</u>	<u>454,353</u>
Fund balances brought forward at 1st January 1998	<u>953,428</u>	<u>175,853</u>	<u>1,002,509</u>	<u>1,884,663</u>	<u>4,016,453</u>	<u>3,562,100</u>
Fund balances carried forward at 31st December 1998	<u>955,431</u>	<u>162,566</u>	<u>962,255</u>	<u>2,386,281</u>	<u>4,466,533</u>	<u>4,016,453</u>

The Moravian Union (Incorporated)
Income and Expenditure Account
For the year ended 31st December 1998

	Note	1998 £	1998 £	1997 £	1997 £
Income					
Congregation assessments	5		275,792		255,409
Investment income	6		151,960		136,068
Interest receivable			48,174		38,279
Rent	7		20,101		17,727
Bates Trusts - for revenue purposes			118,305		168,996
Unity income			55,218		16,479
Legacies			5,513		-
TSFG (inc.) share of joint expenses			30,442		42,063
Sundry			9,888		20,434
			<u>715,393</u>		<u>695,455</u>
Less: Income due to congregation and schools			<u>(37,568)</u>		<u>(38,283)</u>
			677,825		657,172
Direct Expenditure (Page 4)			<u>(633,703)</u>		<u>(644,935)</u>
Operating Surplus for the Year			44,122		12,237
Realised Gains/(Losses)					
On sale of investments		(19,345)		(32,592)	
On sale of property		<u>-</u>		<u>78,923</u>	
			<u>(19,345)</u>		<u>46,331</u>
Surplus for the Year			<u><u>24,777</u></u>		<u><u>58,568</u></u>

Statement of Total Recognised Gains and Losses

	1998 £	1997 £
Surplus for the year	24,777	58,568
New Endowment Funds received	350,000	75,494
Less: Capital repaid	<u>159,668</u>	
	190,332	-
Unrealised gain on revaluation of investments	<u>234,971</u>	<u>320,291</u>
Net movements in funds (page 4)	<u><u>450,080</u></u>	<u><u>454,353</u></u>

Historical Cost Profits and Losses

	1998 £	1997 £
Surplus for the year as above	24,777	58,568
Investment gains recognised in prior periods and realised in the current period	<u>4,170</u>	<u>15,367</u>
Historical cost surplus	<u><u>28,947</u></u>	<u><u>73,935</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 1998

	Note	1998 £	1998 £	1997 £	1997 £
Fixed Assets					
Tangible	8		36,193		36,193
Investment in subsidiary	9		14,177		14,177
Other investments	10		<u>2,918,271</u>		<u>2,714,687</u>
			2,968,641		2,765,057
Current Assets					
Debtors	11	958,978		972,394	
Bank deposits		603,597		361,551	
Cash at bank and in hand		<u>36,603</u>		<u>49,884</u>	
		1,599,178		1,383,829	
Creditors: Amounts falling due within one year	12	<u>101,286</u>		<u>132,433</u>	
Net Current Assets			<u>1,497,892</u>		<u>1,251,396</u>
			<u>4,466,533</u>		<u>4,016,453</u>
Endowment Funds	13		2,386,281		1,884,663
Restricted Funds	13		962,255		1,002,509
Unrestricted Funds:					
Designated Funds	13	162,566		175,853	
General	13	<u>955,431</u>		<u>953,428</u>	
			<u>1,117,997</u>		<u>1,129,281</u>
			<u>4,466,533</u>		<u>4,016,453</u>

Approved by the Committee of Management on 24th August 1999

John McOwat.

Rev. W.J.H. McOwat

Danish Woods

Mr D. Woods

The attached notes form part of these financial statements.

The Moravian Union (Incorporated)

Notes to the Financial Statements

For the year ended 31st December 1998

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 and equipment 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.

Proceeds of disposal of congregational property are included in gains on property in the Statement of Financial Activities and amounts passed to congregations are included in grants.

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".

Operating Leases

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

Pensions

The Union provides voluntary pensions to ministers under rules established by Synod. The pensions are funded from an Endowment Fund for the purpose. The assets are not held separately from other funds of the Union. No provision is made in these accounts for any liability to pay pensions in future periods.

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

3 Expenditure	1998	1997
(as required by Companies Act 1985)	£	£
Committee of Management remuneration:		
As directors	Nil	Nil
Other services	18,834	13,100
Auditors' remuneration	7,226	8,343
Operating lease rentals	<u>5,072</u>	<u>5,072</u>

4 Ministers and Church House Staff	1998	1998	1997	1997
(as required by Companies Act 1985)	£	No.	£	No.
Ministers'	301,430	19	237,880	16
Administration	<u>36,201</u>	<u>5</u>	<u>34,229</u>	<u>4</u>
	<u>337,631</u>	<u>24</u>	<u>272,109</u>	<u>20</u>
Salaries	324,007		243,878	
Social security costs	<u>13,624</u>		<u>28,231</u>	
	<u>337,631</u>		<u>272,109</u>	

An amount of £8,830 (1997 - £3,290) was reimbursed to two members of the Board of Management in respect of travel expenses incurred in the year.

5 Assessments	1998	1997
	£	£
For ministers' stipends	239,700	221,747
For national insurance	12,962	11,204
For administration	<u>23,130</u>	<u>22,458</u>
	<u>275,792</u>	<u>255,409</u>

6 Investment Income	1998	1997
	£	£
Quoted securities	149,908	134,320
Unquoted securities	<u>2,052</u>	<u>1,748</u>
	<u>151,960</u>	<u>136,068</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

7	Rent	1998	1997
		£	£
	Choir Houses	14,885	12,660
	Offices	3,644	4,046
	Manses	1,572	1,021
		<u>20,101</u>	<u>17,727</u>

8	Tangible Fixed Assets	£
	Freehold property at cost	
	At 1st January 1998 and at 31st December 1998	<u>36,193</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.	

9	Investment in Subsidiary	1998	1997
		£	£
	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 1998 was £411,021. The profit for the financial year ended 30th April 1998 was £40,689. Under the equity method of valuation the investment in the subsidiary would be £406,911.

10	Other Investments	Market Value				Cost	
		Unrealised					
		1.1.98	Additions	Disposals	Gains	31.12.98	31.12.97
		£	£	£	£	£	£
	Quoted securities	2,661,604	223,328	(254,715)	228,931	2,859,148	2,248,388
	Unquoted	53,083	-	-	6,040	59,123	7,640
		<u>2,714,687</u>	<u>223,328</u>	<u>(254,715)</u>	<u>234,971</u>	<u>2,918,271</u>	<u>2,256,028</u>
							<u>2,283,245</u>

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

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

10 Other Investments (Continued)

The market value of investments representing more than 5% of the portfolio are as follows:

	Market Value	
	1998	1997
	£	£
Lloyds TSB Group plc ordinary 25p shares	162,450	149,910
Provident Financial plc ordinary 10p shares	170,787	159,400
10.5% Treasury Stock 1999	221,745	227,664
11.5% Treasury Stock 2001/2004	192,528	192,837
8.0% Treasury Stock 2002/2006	215,050	203,978
7.75% Treasury Stock 2006	240,634	217,231
5.75% Treasury Stock 2009	185,372	162,725
9.0% Conversion Loan 2011	157,131	136,232
British Petroleum Co. plc ordinary 25p shares	132,830	-

11 Debtors

	1998	1997
	£	£
Amounts owed by group undertakings	212,956	-
Loans to congregations and schools and car loans	355,395	578,362
Receivable from Bates Trusts	201,129	190,429
Receivable from a related organisation	55,404	52,948
Other debtors	87,791	95,199
Prepayments	11,470	14,515
Accrued income	34,833	40,941
	<u>958,978</u>	<u>972,394</u>

Included above are debtors amounting to £296,727 (1997 - £292,450) receivable after more than one year.

12 Creditors: Amounts falling due within one year

	1998	1997
	£	£
Congregations, schools and related organisations	70,246	103,308
Social security and other taxes	11,270	9,001
Other creditors	953	433
Accruals	18,817	19,691
	<u>101,286</u>	<u>132,433</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

13 Analysis of Net Assets between the Fund Balances

	Endowment	Restricted	Designated	General	Total
	£	£	£	£	£
Fixed assets	-	36,193	-	-	36,193
Subsidiary	14,177	-	-	-	14,177
Investment pool	2,061,451	645,114	-	152,420	2,858,985
Other investments	-	59,286	-	-	59,286
Bank deposits	210,653	213,110	147,414	32,420	603,597
Other net assets	100,000	8,552	15,152	770,591	894,295
	<u>2,386,281</u>	<u>962,255</u>	<u>162,566</u>	<u>955,431</u>	<u>4,466,533</u>
Unrealised gains included above	<u>477,506</u>	<u>149,431</u>	<u>-</u>	<u>35,306</u>	<u>662,243</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.

Sufficient resources are held in an appropriate form to allow the restricted funds to be applied to their intended purposes.

14 Other Financial Commitments

At 31st December 1998 the company was committed to making the following payments under non-cancellable operating leases in the year to 31st December 1999 in respect of office equipment.

	1998	1997
	£	£
Operating leases which expire within two to five years	<u>5,072</u>	<u>5,072</u>

15 Related Organisations

The Moravian 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): ('TSFG')
Moravian Mission Agency Limited
Fulneck School
Ockbrook School
Congregations in Great Britain and Northern Ireland
Unitas Estates Company Limited

The company received the following amounts during the year:

	1998	1997
	£	£
Administration costs paid by the TSFG	30,442	42,063
Grant to pension fund from TSFG	250,000	35,000
Assessments received from Fulneck School	2,500	2,500
Assessments received from Ockbrook School	2,000	2,000
Assessments received from Congregations	271,292	250,909
Interest on loan to Unitas Estates Company Limited	<u>10,112</u>	<u>-</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

15 Related Organisations (Continued)

At 31st December 1998, the following balances were outstanding:

	1998	1997
	£	£
Due from TSFG	55,404	52,948
Due from Fulneck School	2,500	202,500
Due from Ockbrook School	247,834	252,000
Due from Congregations	46,735	60,658
Due from Unitas Estates Company Limited	212,956	-
Due to Congregations	<u>70,245</u>	<u>103,308</u>