

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 1999



KINGSTON
SMITH

Chartered Accountants

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

Rev. W.J.H. McOwat
Mrs. J.K. Morten
Mr. D. Woods
Rev. D.J. Newman

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 £24,361 (1998 - £234,454) and the total of other recognised gains amounted to £232,998 (1998 - £215,626). At the end of the year total funds stood at £4,723,892 (1998 - £4,466,533).

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.

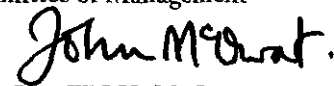
Year 2000

Assuring the ongoing operation of our business and computer systems into the new 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 were not material. No significant problems have arisen to date.

On Behalf of the Committee of Management


Rev. W.J.H. McOwat

5-7 Muswell Hill
London N10 3TJ

13th June 2000

The Moravian Union (Incorporated)

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 1999 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

14th June 2000

The Moravian Union (Incorporated)
Statement of Financial Activities
For the year ended 31st December 1999

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 1999	Total 1998
	General	Designated				
	£	£	£	£	£	£
Incoming Resources						
Congregation assessments (note 5)	18,956	291,892	-	-	310,848	275,792
Investment income (note 6)	35,315	97,490	6,740	499	140,044	151,960
Interest receivable	25,699	4,801	8,639	-	39,139	48,174
Rent (note 7)	5,100	11,329	332	-	16,761	20,101
Bates Trusts	120,662	18,676	5,917	54,912	200,167	218,305
Legacies	1,259	-	1,205	-	2,464	5,513
TSFG (inc) - Share of expenses	29,685	-	5,587	-	35,272	30,442
Sundry	3,298	3,977	3,441	-	10,716	9,888
Unity income	-	-	23,346	-	23,346	55,218
Capital grant	-	-	-	50,000	50,000	250,000
	<u>239,974</u>	<u>428,165</u>	<u>55,207</u>	<u>105,411</u>	<u>828,757</u>	<u>1,065,393</u>
Less: Due to congregations and schools	<u>(26,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,450)</u>	<u>37,568</u>
Total Incoming Resources	<u>213,524</u>	<u>428,165</u>	<u>55,207</u>	<u>105,411</u>	<u>802,307</u>	<u>1,027,825</u>
Resources Expended						
Direct charitable expenditure:						
Ministry	717	331,979	-	-	332,696	280,454
Ministerial training	-	12,870	-	-	12,870	10,647
Pensions	-	130,162	-	-	130,162	121,511
Education and child allowance	12,009	-	-	-	12,009	9,170
Choir houses	-	25,956	-	-	25,956	7,984
Grants to congregations and projects	29,342	-	350	26	29,718	27,999
Unity expenses	-	-	15,897	-	15,897	5,095
Archives	-	-	15,802	-	15,802	14,611
Youth and Children	23,295	-	-	-	23,295	-
Administration	175,026	-	1,076	3,439	179,541	156,232
Capital repaid	-	-	-	-	-	159,668
	<u>240,389</u>	<u>500,967</u>	<u>33,125</u>	<u>3,465</u>	<u>777,946</u>	<u>793,371</u>
Net Incoming/(Outgoing) Resources before Transfers	<u>(26,865)</u>	<u>(72,802)</u>	<u>22,082</u>	<u>101,946</u>	<u>24,361</u>	<u>234,454</u>
Transfers between funds	<u>39</u>	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Incoming/(Outgoing) Resources	<u>(26,826)</u>	<u>(72,841)</u>	<u>22,082</u>	<u>101,946</u>	<u>24,361</u>	<u>234,454</u>
Gains/(Losses) on Investments and Property:						
Realised investment losses	(3,798)	-	(16,076)	(51,363)	(71,237)	(19,345)
Unrealised investment gains	<u>15,781</u>	<u>-</u>	<u>75,013</u>	<u>213,441</u>	<u>304,235</u>	<u>234,971</u>
Net Movements in Funds (page 5)	<u>(14,843)</u>	<u>(72,841)</u>	<u>81,019</u>	<u>264,024</u>	<u>257,359</u>	<u>450,080</u>
Fund balances brought forward at 1st January 1999	<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>
Fund balances carried forward at 31st December 1999	<u>940,588</u>	<u>89,725</u>	<u>1,043,274</u>	<u>2,650,305</u>	<u>4,723,892</u>	<u>4,466,533</u>

The Moravian Union (Incorporated)
Income and Expenditure Account
For the year ended 31st December 1999

	Note	1999 £	1999 £	1998 £	1998 £
Income					
Congregation assessments	5		310,848		275,792
Investment income	6		140,044		151,960
Interest receivable			39,139		48,174
Rent	7		16,761		20,101
Bates Trusts - for revenue purposes			200,167		118,305
Unity income			23,346		55,218
Legacies			2,464		5,513
TSFG (inc.) share of joint expenses			35,272		30,442
Sundry			10,716		9,888
			<u>778,757</u>		<u>715,393</u>
Less: Income due to congregation and schools			<u>(26,450)</u>		<u>(37,568)</u>
			752,307		677,825
Direct Expenditure (Page 4)			<u>(777,946)</u>		<u>(633,703)</u>
Operating (Deficit)/Surplus for the Year			(25,639)		44,122
Realised Gains/(Losses)					
On sale of investments		(71,237)		(19,345)	
On sale of property		-		-	
			<u>(71,237)</u>		<u>(19,345)</u>
(Deficit)/Surplus for the Year			<u>(96,876)</u>		<u>24,777</u>

Statement of Total Recognised Gains and Losses

	1999 £	1998 £
Surplus for the year	(96,876)	24,777
New Endowment Funds received	50,000	350,000
Less: Capital repaid	-	159,668
	<u>50,000</u>	<u>190,332</u>
Unrealised gain on revaluation of investments	304,235	234,971
	<u>304,235</u>	<u>234,971</u>
Net movements in funds (page 4)	<u>257,359</u>	<u>450,080</u>

Historical Cost Profits and Losses

	1999 £	1998 £
(Deficit)/Surplus for the year as above	(96,876)	24,777
Investment gains recognised in prior periods and realised in the current period	<u>158,482</u>	<u>4,170</u>
Historical cost surplus	<u>61,606</u>	<u>28,947</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 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible	8		36,193		36,193
Investment in subsidiary	9		14,177		14,177
Other investments	10		<u>3,251,890</u>		<u>2,918,271</u>
			3,302,260		2,968,641
Current Assets					
Debtors	11	769,684		958,978	
Bank deposits		731,918		603,597	
Cash at bank and in hand		<u>9,791</u>		<u>36,603</u>	
		1,511,393		1,599,178	
Creditors: Amounts falling due within one year	12	<u>89,761</u>		<u>101,286</u>	
Net Current Assets			<u>1,421,632</u>		<u>1,497,892</u>
			<u>4,723,892</u>		<u>4,466,533</u>
Endowment Funds	13		2,650,305		2,386,281
Restricted Funds	13		1,043,274		962,255
Unrestricted Funds:					
Designated Funds	13	89,725		162,566	
General	13	<u>940,588</u>		<u>955,431</u>	
			<u>1,030,313</u>		<u>1,117,997</u>
			<u>4,723,892</u>		<u>4,466,533</u>

Approved by the Committee of Management on 13th June 2000



Rev. W.J.H. McOwat



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 1999

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.

Consolidation

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.

Investments

Investment in Subsidiary is shown at market value in 1962 (see note 9). 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 1999 (Continued)

3 Expenditure (as required by Companies Act 1985)	1999 £	1998 £
Committee of Management remuneration:		
As directors	Nil	Nil
Other services	31,374	18,834
Auditors' remuneration	7,373	7,226
Operating lease rentals	<u>5,072</u>	<u>5,072</u>

4 Ministers and Church House Staff (as required by Companies Act 1985)	1999 £	1999 No.	1998 £	1998 No.
Ministers'	285,697	17	284,900	17
Administration	<u>72,720</u>	<u>8</u>	<u>52,731</u>	<u>7</u>
	<u>358,417</u>	<u>25</u>	<u>337,631</u>	<u>24</u>
Salaries	325,567		306,983	
Social security costs	<u>32,850</u>		<u>30,648</u>	
	<u>358,417</u>		<u>337,631</u>	

An amount of £6,549 (1998 - £8,830) was reimbursed to four (1998 - two) members of the Board of Management in respect of travel expenses incurred in the year.

5 Assessments	1999 £	1998 £
For ministers' stipends	264,484	239,700
For national insurance	13,538	12,962
For administration	18,956	23,130
For travel	<u>13,870</u>	<u>-</u>
	<u>310,848</u>	<u>275,792</u>

6 Investment Income	1999 £	1998 £
Quoted securities	137,964	149,908
Unquoted securities	<u>2,080</u>	<u>2,052</u>
	<u>140,044</u>	<u>151,960</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

7	Rent	1999	1998
		£	£
	Choir Houses	11,329	14,885
	Offices	4,320	3,644
	Manses	1,112	1,572
		<u>16,761</u>	<u>20,101</u>

8 Tangible Fixed Assets

	£
Freehold property at cost	
At 1st January 1999 and at 31st December 1999	<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.

The Union is custodian trustee of the properties occupied by congregations, which are not included in these accounts.

9	Investment in Subsidiary	1999	1998
		£	£
	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 1999 was £474,234. The profit for the financial year ended 30th April 1999 was £63,213. Under the equity method of valuation the investment in the subsidiary would be £469,492.

10 Other Investments

	Market Value				Cost		
	1.1.99	Additions	Disposals	Unrealised Gains	31.12.99	31.12.99	31.12.98
	£	£	£	£	£	£	£
Quoted securities	2,859,148	1,026,376	(996,992)	295,975	3,184,507	2,436,253	2,248,388
Unquoted	59,123	-	-	8,260	67,383	7,640	7,640
	<u>2,918,271</u>	<u>1,026,376</u>	<u>(996,992)</u>	<u>304,235</u>	<u>3,251,890</u>	<u>2,443,893</u>	<u>2,256,028</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 1999 (Continued)

10 Other Investments (Continued)

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

	Market Value	
	1999	1998
	£	£
11.5% Treasury Stock 2001/2004	180,074	192,528
8.0% Treasury Stock 2002/2006	358,570	215,050
7.75% Treasury Stock 2006	218,436	240,634
6.75% Treasury Stock 2004	258,819	-
5.75% Treasury Stock 2009	-	185,372
Amey plc ordinary 5p shares	172,045	89,791
British Petroleum Co. plc ordinary 25p shares	-	132,830
British Petroleum Amoco plc ordinary 25p shares	184,260	-
Access plus plc ordinary 10p shares	168,320	-
Prudential plc ordinary 5p shares	193,980	114,345

11 Debtors

	1999	1998
	£	£
Amounts owed by group undertakings	-	212,956
Loans to congregations and schools and car loans	323,909	355,395
Receivable from Bates Trusts	182,165	201,129
Receivable from a related organisation	39,584	55,404
Other debtors	177,778	87,791
Prepayments	14,289	11,470
Accrued income	31,959	34,833
	<u>769,684</u>	<u>958,978</u>

Included above are debtors amounting to £236,134 (1998 - £296,727) receivable after more than one year.

12 Creditors: Amounts falling due within one year

	1999	1998
	£	£
Congregations, schools and related organisations	32,343	70,246
Social security and other taxes	21,288	11,270
Other creditors	7,841	953
Accruals and deferred income	28,289	18,817
	<u>89,761</u>	<u>101,286</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1999 (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	2,296,079	718,539	-	169,768	3,184,386
Other investments	-	67,504	-	-	67,504
Bank deposits	340,049	221,038	89,725	81,106	731,918
Other net assets	-	-	-	689,714	689,714
	<u>2,650,305</u>	<u>1,043,274</u>	<u>89,725</u>	<u>940,588</u>	<u>4,723,892</u>
Unrealised gains included above	<u>539,605</u>	<u>228,495</u>	<u>-</u>	<u>39,897</u>	<u>807,997</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 £1.9 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 1999 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.

	1999	1998
	£	£
Operating leases which expire within one year	3,494	-
Operating leases which expire within two to five years	<u>413</u>	<u>5,072</u>

The Moravian Union (Incorporated)
Notes to the Financial Statements
For the year ended 31st December 1999 (Continued)

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:

	1999	1998
	£	£
Administration costs paid by TSFG	41,480	30,442
Grant to pension fund from TSFG	50,000	250,000
Assessments received from Fulneck School	2,500	2,500
Assessments received from Ockbrook School	2,000	2,000
Interest on loan to Ockbrook School	4,167	-
Assessments received from Congregations	306,844	271,292
Interest on loan to Unitas Estates Company Limited	7,899	10,112

At 31st December 1999, the following balances were outstanding:

	1999	1998
	£	£
Due from TSFG	39,584	55,404
Due from Fulneck School	30,000	2,500
Due from Ockbrook School	229,131	247,834
Due from Congregations	101,361	46,735
Due from Unitas Estates Company Limited	-	212,956
Due to Congregations	32,343	70,245