

THE MORAVIAN UNION (INCORPORATED)

(A company limited by guarantee)

Company Number: 00133708

Charity Number: 251211-3

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST AUGUST 2011


KNOX CROPPER
chartered accountants

THURSDAY



A14QGXR

A23

15/03/2012

#247

COMPANIES HOUSE

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31ST AUGUST 2011

The Board presents the report and financial statements of the Moravian Union (Incorporated) for the year ended 31st August 2011. These have been prepared in the format required by the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued by the Charity Commission in March 2005.

The report and statements also comply with the Companies Act 2006, the Charities Act 1993 and regulations made thereunder. The Moravian Union (Incorporated) was incorporated on 2nd February 1914. It is a company limited by guarantee, has no share capital and is a subsidiary of a registered charity. The guarantee of each member is limited to £1.

LEGAL AND ADMINISTRATIVE INFORMATION

The Moravian Union was incorporated on 2nd February 1914, following the resolution of Synod 1913 (Book of Order Section 33) as the holding body of the Moravian Church's property.

The Provincial Elders' (who are the Charity's Trustees and the Company's Directors) for the period ended 31st August 2011 and to date comprise

Rev P J Cooper
Rev S G Groves
Rev R.J. Hopcroft
Mrs G Taylor

The principal officers at 31st August 2011 were

Rev R J. Hopcroft	Company Secretary
Mrs. L Newens	Administrator
Mr G. Salt	Accountant
Miss L Parsons	Archivist

Registered Office : Moravian Church House
5-7 Muswell Hill
London N10 3TJ

Investment Advisors:	UBS Wealth Management (UK) Ltd 1 Curzon Street, London W1J 5UB	Vestra Wealth LLP 14 Cornhill London EC3V 3NR
-----------------------------	--	---

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

Solicitors : Cripps Harries Hall
Wallside House
12 Mt Ephraim Road
Tunbridge Wells,
Kent TN1 1EG

Auditors : Knox Cropper
Chartered Accountants
8/9 Well Court
London EC4M 9DN

THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document:

The Charity is a company limited by guarantee, its governing instrument being its Memorandum and Articles

Ultimate Parent

The Charitable Company exists to support the work of the British Province of the Unitas Fratrum operating as the Moravian Church – registered charity number 251211

The Provincial Synod is the ultimate decision-making body. Synod normally meets once every two years. Its elected representatives, the Provincial Elders, act on behalf of Synod in the inter-synodal period.

The members of the Moravian Union are the members for the time being of the Provincial Elders' Committee (PEC) and other persons, not fewer than twelve in number, elected by the Provincial Synod (Book of Order Section 9.1 a)

By Resolution 20 of the Synod 1929, the standing order of Synod was amended so that persons from time to time appointed by it to be Investment Trustees were automatically also appointed as members of the Moravian Union. By Resolution 3 of the Synod of 1998 it was made part of the standing order that the members of the Finance Committee act also as Investment Trustees.

Group Structure and Relationships

The Moravian Union, a charitable company limited by guarantee is controlled by its parent, The Moravian Church. The Moravian Church comprises a number of other charitable organisations, including two schools and thirty one congregations, three societies, one fellowship and a choir house. The Trust Society for the Furtherance of the Gospel and Unitas Estates Limited, both dormant companies, were dissolved on 17th August 2010, (although Unitas Estates Limited has, subsequent to the year end, been re-instated at Companies House for the purpose of transferring title to certain properties to the Moravian Union and once this is accomplished Unitas Estates Limited will be dissolved again).

Procedures for the Recruitment and Appointment of Trustees

The Book of Order, Section 3.1 states that the PEC consists of not fewer than 3 members. At present the full complement of the PEC is four. As part of its brief the PEC acts as the Board of Trustees (and Board of Directors) of the Moravian Union. Synod is the body with the power to appoint and remove members of the Board. Provincial Elders serve for a term of four years and may be appointed to serve a further two terms. Appointment is by election at the bi-ennial Moravian Church Synod. Provincial Elders must be members of the Moravian Church.

The Chair and Officers are appointed by the membership of the PEC themselves from among their number. The Board convenes at least twelve times each year.

Synod also elects members to the various standing committees which offer advice and support to the PEC. These standing committees include at least one Provincial Elder as follows:

Finance	All Elders
Social Responsibility	Mrs G. Taylor
Renewal	Rev. S.G. Groves
Faith and Order	Rev. P. Cooper and Rev. S.G. Groves
Church Service Advisory Board	All Elders
Provincial Youth and Children	Mrs G. Taylor

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

Procedures for the Induction and Training of Trustees

On appointment, each Provincial Elder signs a code of conduct and completes a register of interests. The latter is renewed bi-annually following each Synod. They are given a Trustee Handbook that includes the Memorandum and Articles of Association, risk register, policies and procedures on issues such as delegation of authority, recruitment, equal opportunities, investments, reserves, conflicts of interest and other guidance. It contains job descriptions for Trustees, officers and staff and a copy of Charity Commission leaflet CC3.

Organisational Management:

The British Province of the Moravian Church is the registered charity for the activities of the Moravian Church operated by the British Province in the UK and beyond. The Moravian Union is the asset-holding body of the Church.

The PEC act on behalf of Synod in the inter-synod period and is the ultimate decision-making body during that period. The PEC acts as the Moravian Union's board of Trustees (and board of directors for the purpose of company law) and meets at least on a monthly basis. Responsibility for the day to day management of the charitable company's affairs is delegated to two members of the PEC, Rev R J Hopcroft and Mrs G Taylor.

Risk Management

The PEC has reviewed during the year, an assessment of the risks to which the charity is exposed, particularly business, operational and financial risks, and the process of introducing procedures and a reporting regime to manage and reduce identified risks is ongoing. The PEC has agreed clear lines of delegation and authority to staff and have involved staff in recognition of risk in all their activities. During the current year the PEC has given further consideration to the risks arising from maintenance of the estates.

Volunteers

The Moravian Church has many committees covering its policy, education, congregational work etc. Without the many volunteers that serve on these committees, The Church would not be able to carry out the wide variety of work that our congregations have come to rely on. No value can be placed on the many hours worked by volunteers.

Pensions

Provided sufficient funds are available, Moravian Union provides discretionary pensions to ministers under rules established by Synod. The assets used to fund these pensions are not held separately from other funds of Moravian Union. No provision is made in these accounts for any liability to pay pensions in future periods.

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

OBJECTS AND ACTIVITIES

Principal Objects

The Moravian Union's general object is to assist in the administration of the affairs of the Moravian Church in its work for the Kingdom of God, in accordance with the will of Synod

Activities

The Moravian Union holds the assets of the Moravian Church which consist principally of land, buildings and investments. The Moravian Union aims to maximize the return available from these assets for the benefit of the Moravian Church within the constraints imposed by the Church's Charitable work.

The Moravian Union is also responsible for administering the relationships between the Mrs E M Bates Trust and the London Association in Aid of Moravian Missions both of which are major benefactors of the Moravian Church.

Following the decision of Synod in 2002, the company has been involved in restructuring the Province and in compiling a register of all land and buildings owned by the Moravian Union.

The Moravian Union holds a number of restricted funds many of which are of some antiquity. The Moravian Union is involved in an ongoing programme to review its reporting and record keeping requirements in relation to a number of these funds and, where possible, obtaining Charity Commission consent to the merger of these funds with the charitable company.

Strategies

The Moravian Union is charged with administering the assets of the Moravian Church, title to which vests in the Moravian Union. Up until the 1st September 2007 title to some of these properties vested in the Moravian Union's 100% owned subsidiary company Unitas Estates Limited. However, from that date, Unitas Estates Limited ceased trading and its assets and liabilities were transferred to the parent, The Moravian Union, at book values.

To ensure the efficient administration of these assets, trading in listed investments is conducted through professional fund managers whilst the renting and maintenance of the Charity's land and buildings is conducted through the services of a Chartered Surveyor who controls the collection of rental income and overseas property maintenance. The performance of the investment portfolio is regularly monitored by the trustees.

The Moravian Church's estates are significant and title to much of these is long established. Title deeds to land and properties are frequently, by virtue of age, long and complex. Following the Synod decision, the provincial archivist was given the task of documenting and categorising the Church's properties. This exercise is now complete and the archivist has completed registration of title to each property in Great Britain with the Land Registry.

Principal Objectives for the Year Ended 31st August 2011

The trustees set the following objectives for the year under review.

- (i) Administer the charity's assets efficiently to maximise returns for the benefit of the Moravian Church subject to constraints imposed by the Church's charitable work.
- (ii) Progress the work of registering title to all the Charity's properties with a view to completing the exercise in the current year.
- (iii) To continue to simplify the group's reporting and record keeping requirements by undertaking a comprehensive review of the charity's trust funds.

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

ACHIEVEMENTS AND PERFORMANCE

(a) Operational Performance

During the year work to identify and register all of the Charitable Company's interests in land and buildings in England, Scotland and Wales was virtually completed. Voluntary registration in Northern Ireland is not advised.

The Charity has also continued with the ongoing work of simplifying its record keeping and reporting requirements.

The trustees regard the performance of the investment portfolio as satisfactory given the constraints of the Charity's ethical investment stance and its income generation requirement. During the course of the year the Trustees have diversified the investment portfolio following the employment of the services of more than one investment adviser.

(b) Fundraising Performance

The parent charity's major sources of income consist of

- Voluntary income which includes income from the Mrs E M Bates Trust (a charity whose objects are to support the work of the Moravian Church)
- Income from Charitable activities which includes Congregation Assessments, and
- Investment Income

Other than collections from local congregations, fundraising activities in the recent past have been confined to collections to finance Summer Camps for young Church members. The summer camp appeal succeeded in raising £12,308 this year.

(c) Grant - Making

The Moravian Union also holds a number of small funds for the benefit of specific congregations and schools. The income from these funds is paid over to the beneficiaries to fund new initiatives which they wish to undertake.

Since April 2003, the funds of the Trust Society for the Furtherance of the Gospel (TSFG) (now dissolved) have been held by the Moravian Union and applied in accordance with TSFG's objects, notably for the work of the Moravian Church in Jamaica, South Asia and Tanzania.

(d) Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commissions' general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting grant making policy for the year.

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

REVIEW OF FINANCIAL POSITION

The Moravian Union's role is to hold the assets of The British Province of the Moravian Church, the parent organisation, which is an unincorporated registered Charity and to manage these assets for the benefit of the Church

The assets consist of real property and investments. The real property portfolio is managed with the assistance of a chartered surveyor. Investments are managed by the Moravian Union with the assistance of two professional fund managers.

The trustees are of the opinion that the financial performance for the year and financial position at the year end are satisfactory.

The Statement of Financial Activities on page 10 indicates that Net Income for the current year amounted to £387,522 as compared to £437,333 for the preceding year.

The decrease in the current year arises because the increase in total resources expended from £1,481,415 to £1,748,077 exceeds the increase in total incoming resources which is up from £1,898,037 to £2,123,681.

The increase in total incoming resources arises mainly from increased other incoming resources. In the current year this relates to the transfer of congregation used properties (£678,947), formerly reflected in the books of the congregations, to the Moravian Union who holds title to those properties. In the preceding year this consisted of profits on sale of properties amounting to £452,207.

The increase in total resources expended primarily reflects a grant of £410,000 made to the Moravian Church during the year net of decreased investment management costs in respect of the company's property portfolio, mainly the result of decreased costs of repairs and maintenance of the estates.

This year gains on investments (realised and unrealised in aggregate) of £2,486 have arisen in comparison to gains of £149,286 last year.

These factors combined give rise to an increase in the charitable company's total funds this year of £378,090 in comparison to £565,908 in the preceding year. In order to realistically reflect the level of the company's free reserves a designated fund representing the net book value of its properties has been set up and this is reflected as a transfer from general to designated funds.

As a result of the year's operations, the general fund has decreased by £1,358,372, designated funds have increased by £2,750,076 and restricted funds have decreased by £1,013,614.

The Balance Sheet indicates that the company's net current assets, the principal measure of short to medium term solvency, amounted to £1,772,554 and this continues to imply a very satisfactory margin of solvency.

THE MORAVIAN UNION (INCORPORATED)

REPORT OF THE TRUSTEES (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

REVIEW OF FINANCIAL POSITION (Continued)

Tangible fixed assets at net book value have increased by £613,623 as a result of the transfer of congregation properties from the Moravian Church to the Moravian Union

Investment Policy and Objectives

Investment policy is determined in consultation with the Finance Committee, which make its recommendations to the PEC. The present investment objective is to achieve a balanced return in the wider range and income in the narrower range of the investment portfolio. The investment portfolio is managed by professional fund managers and consists entirely of listed securities

The movement in market value of investments this year, both realised and unrealised, amounts to a gain of £2,486. Over the same period the FTSE 100 Index fell by 2.3% whilst the FTSE all share index fell by 1.9%. Given the Charity's ethical investment stance and its income requirements, the Trustees consider the portfolio's performance to be satisfactory

FUTURE PLANS

During the forthcoming year the Trustees aim to continue to

- (i) Administer the charity's assets efficiently to maximise returns for the benefit of the Moravian Church subject to constraints imposed by the Church's charitable work
- (ii) Simplify the group's reporting and record keeping requirements by conducting a comprehensive review of the charity's trust funds

RESERVES POLICY

The trustees recognise that the Charity requires reserves to allow it to continue its work in the event of unforeseen interruptions to its income streams. The trustees consider the Charitable company's reserve requirements at least annually and to be prudent are of the opinion that unrestricted reserves equivalent to at least one year's total expenditure should be held. At the current year end unrestricted reserves (excluding those earmarked for designated purposes) amounted to some £1.18m and this represented approximately 8 months total expenditure

THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are set out in Note 10

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) Company law and the law applicable to charities in England and Wales requires the Charity's Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:-

- Select suitable accounting policies and apply them consistently,
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company will continue to operate

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the 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 confirm that, in the case of each of the persons who are Trustees at the date of this report, the following applies

- so far as each Trustee is aware there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- each Trustee has taken all the steps necessary to make herself/himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Provincial Elders' Conference on 23rd February 2012.



Rev. R.J. Hopcroft
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**THE MORAVIAN UNION (INCORPORATED)****FOR THE YEAR ENDED 31ST AUGUST 2011**

We have audited the financial statements of The Moravian Union (Incorporated) for the year ended 31st August 2011 which comprise the Statement of Financial Activities, (including Income and Expenditure Account), Note of Historical Cost Surpluses and Deficits, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out in the Report of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements

- Give a true and fair view of the state of the charitable company's affairs as at 31st August 2011 and of its incoming resources and application of resources, including 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 Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year to which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of trustees' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit.

Duncan Jones, Senior Statutory Auditor
For and on behalf of
Knox Cropper (Statutory Auditor)
8/9 Well Court
London EC4M 9DN

Duncan Jones
Knox Cropper

23rd February 2012

THE MORAVIAN UNION (INCORPORATED)**STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)****FOR THE YEAR ENDED 31ST AUGUST 2011**

	Note	Unrestricted Funds		Restricted Funds	Year Ended 31 st August 2011	Year Ended 31 st August 2010
		General	Designated			
		£	£	£	£	£
INCOMING RESOURCES						
Incoming Resources from Generated Funds						
Voluntary Income	2	484,086	6,545	149,180	639,811	632,015
Investment Income	3	592,509	54,624	53,560	700,693	672,866
		1,076,595	61,169	202,740	1,340,504	1,304,881
Incoming Resources from Charitable Activities	4	102,710	-	1,520	104,230	140,949
Other Incoming Resources	5	-	677,487	1,460	678,947	452,207
Total Incoming Resources		1,179,305	738,656	205,720	2,123,681	1,898,037
RESOURCES EXPENDED						
Costs of Generating Funds						
Investment Management Costs		(286,675)	(716)	(4,025)	(291,416)	(422,172)
Charitable Activities		(1,120,569)	(72,450)	(213,654)	(1,406,673)	(999,799)
Governance Costs		(49,988)	-	-	(49,988)	(59,444)
Total Resources Expended	6	(1,457,232)	(73,166)	(217,679)	(1,748,077)	(1,481,415)
Net Incoming/(Outgoing) Resources before Transfers		(277,927)	665,490	(11,959)	375,604	416,622
Transfers	7	(1,078,468)	2,084,277	(1,005,809)	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and (Losses)		(1,356,395)	2,749,767	(1,017,768)	375,604	416,622
Realised Gains/(Losses) on Investment Assets	11	1,595	714	9,609	11,918	20,711
Net (Loss)/Income for the Year	9	(1,354,800)	2,750,481	(1,008,159)	387,522	437,333
Unrealised (Losses)/ Gains on Investment Assets	11	(3,572)	(405)	(5,455)	(9,432)	128,575
NET MOVEMENT IN FUNDS		(1,358,372)	2,750,076	(1,013,614)	378,090	565,908
Total Funds Brought Forward		2,539,870	287,630	4,868,541	7,696,041	7,130,133
Total Funds Carried Forward		£1,181,498	£3,037,706	£3,854,927	£8,074,131	£7,696,041

All recognised gains and losses are reflected through the Statement of Financial Activities. No separate Statement of Total Recognised Gains and Losses is presented. All activities reflected above represent continuing activities.

Note of Historical Costs Surpluses and Deficits

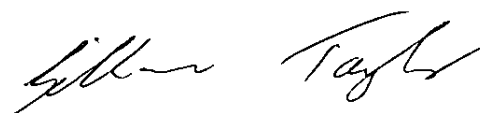
	2011 £	2010 £
Net Income for the Year	387,522	437,333
Investment gains recognised in prior periods and Realised in the current period	42,346	36,086
Surplus on the historical cost accounting basis	£429,868	£473,419

THE MORAVIAN UNION (INCORPORATED)**BALANCE SHEET AT 31ST AUGUST 2011**

		2011	2010
	Note	£	£
FIXED ASSETS			
Tangible Assets	10	2,772,803	2,159,180
Other Investments	11	3,528,774	3,135,828
		<u>6,301,577</u>	<u>5,295,008</u>
CURRENT ASSETS			
Stock		18,217	11,461
Debtors	12	1,778,981	2,359,942
Bank Deposits	13	148,520	164,786
Cash and Bank	13	71,235	24,918
		<u>2,016,953</u>	<u>2,561,107</u>
CREDITORS : Amounts falling due within one year	14	<u>(244,399)</u>	<u>(160,074)</u>
NET CURRENT ASSETS		1,772,554	2,401,033
NET ASSETS		<u>£8,074,131</u>	<u>£7,696,041</u>
Restricted Funds	16	3,854,927	4,868,541
Unrestricted Funds			
Designated Funds	17	3,037,706	287,630
General		<u>1,181,498</u>	<u>2,539,870</u>
TOTAL FUNDS		<u>£8,074,131</u>	<u>£7,696,041</u>

Approved by the Trustees on 23rd February 2012
and signed on their behalf

G. Taylor
Director and Trustee



R.J. Hopcroft
Director and Trustee



Company Number 00133708
Charity Number 251211-3

THE MORAVIAN UNION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2011

1 ACCOUNTING POLICIES

Basis of Preparation

The financial reporting framework adopted in the preparation of the accounts is applicable law and United Kingdom Accounting Standards. The financial statements have been prepared under the historical cost convention, with the exception of investments which are disclosed at market value (as described below), and in accordance with the requirements of the Companies Act 2006 and relevant accounting standards.

The Moravian Union (Incorporated) is a registered charity No. 251211-3, so the financial statements are presented in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005. Accordingly, the presentation of income and expenditure in the financial statements has been adapted from that prescribed by the Companies Act 2006 to reflect the special nature of the company's activities.

The following accounting policies, which are unchanged from the previous year, have been applied in preparing the financial statements.

Income Recognition

Income from grants and donations is generally recognised on receipt. However, income from the Mrs E M Bates Trust is accrued at the balance sheet date if the trustees are satisfied that the criteria of entitlement, certainty and measurement have been met on the basis of declarations and/or payments by the donating organisation after the year end. Investment income is recognised when received by the investment managers. Other income is recognised on an accruals basis. Income from congregation assessments is the amount due for the year.

Expenditure

Expenditure is charged on an accruals basis. Liabilities are recognised when a legal or constructive obligation to make a payment arises as a result of a past event. Grants are recognised when approved by the Board and notified to the congregation.

Charitable activities represent the direct costs of carrying out the charity's aims, together with allocated support costs which arose principally at Church House and are apportioned to the different expenditure heads on the basis of staff time.

Governance costs include the costs of administering the charity as a legal entity and include costs of trustees meetings, audit fees, other statutory costs together with support costs allocated to this head.

Tangible Fixed Assets

Freehold property is shown at cost less depreciation. Office furniture and equipment is capitalised only above the de-minimus limit of £250 per item or group of items and depreciated at rates of between 25% and 33% per annum. Certain properties used by congregations are not reflected on the balance sheet, although legal title may be vested in the Union, as they were acquired a number of years ago and no record of their cost is available.

Depreciation is not provided on freehold land. The cost of buildings less their estimated residual value is depreciated at 2% per annum on a straight line basis.

Stock

Stock which represents goods for resale is valued at the lower of cost or net realisable value.

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

1. ACCOUNTING POLICIES (Continued)

Investments

Investments are included at their market value at the balance sheet date. Gains and losses on disposals are calculated by reference to the market value at the beginning of the year or cost if acquired later.

Operating Leases

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

Taxation

As a charity, the company enjoys the exemptions from corporation tax under the Taxes Act 2010. The company is not registered for Value Added Tax and expenditure includes irrecoverable VAT where incurred.

Funds

General unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees to further the generality of the Charity's objects.

Designated funds include sums already expended on properties and which are therefore not available for use pending sale of properties. In addition they include sums set aside by the Trustees to fund identified future projects.

Restricted funds represent unexpended balances of donations and legacies which can only be applied in accordance with restrictions imposed by the donor or legator.

Pensions

The Moravian Union pays discretionary pensions to retired ministers who were in service prior to 31st August 2010, under rules established by Synod, provided funds permit. These costs are charged when payments to ministers fall due.

The Moravian Union contributes at the rate of 5.5% of pensionable salaries to the private pension plans of a number of employees. As the charitable company's liability under these schemes is limited to paying contributions due to the schemes at the appropriate time, these costs are recognised in the accounts when the contributions fall due.

Cashflow Statement

The company has taken advantage of the exemption available for small companies under FRS1 and has not disclosed a cashflow statement.

2. VOLUNTARY INCOME

	Unrestricted Funds		Restricted Funds	Total 2011	Total 2010
	General	Designated			
	£	£	£	£	£
Mrs E M Bates Trust	425,598	-	-	425,598	383,691
Donations and Legacies	58,488	6,545	149,180	214,213	248,324
	£484,086	£6,545	£149,180	£639,811	£632,015

The charity is the principal beneficiary of the income of the Mrs E M Bates Trust, an endowed charity established for the benefit of the Moravian Church. Donations and legacies consist of income from congregations, individuals, companies and church bodies.

THE MORAVIAN UNION (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31ST AUGUST 2011****3 INVESTMENT INCOME**

	Unrestricted Funds		Restricted Funds	Total 2011	Total 2010
	General	Designated			
	£	£	£	£	£
Dividends Receivable	20,273	52,711	43,359	116,343	123,202
Interest Receivable	34,118	-	-	34,118	16,653
Rents Receivable	538,118	1,913	10,201	550,232	533,011
	<u>£592,509</u>	<u>£54,624</u>	<u>£53,560</u>	<u>£700,693</u>	<u>£672,866</u>

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted Funds	Total 2011	Total 2010
	General	Designated			
	£	£	£	£	£
Unity & Congregational Activities					
Congregation Assessments	53,127	-	-	53,127	58,907
Unity Income	-	-	-	-	21,924
	<u>53,127</u>	<u>-</u>	<u>-</u>	<u>53,127</u>	<u>80,831</u>
Book Sales	29,458	-	1,520	30,978	21,069
Synod Income	-	-	-	-	889
Sundry Income	4,313	-	-	4,313	24,075
Youth and Children (Summer Camp) Income	12,308	-	-	12,308	12,064
Manse Reimbursement	3,504	-	-	3,504	2,021
	<u>£102,710</u>	<u>£-</u>	<u>£1,520</u>	<u>£104,230</u>	<u>£140,949</u>

5 OTHER INCOMING RESOURCES

	2011	2010
	£	£
Transfer of properties from the Moravian Church	677,487	-
Proceeds of disposal of properties	1,460	452,207
	<u>£678,947</u>	<u>£452,207</u>

Some properties used by congregations have previously been recorded as assets in Moravian Church's accounts, although title to these properties rests with the Moravian Union. To regularise the position, the trustees have decided to transfer these assets to The Moravian Union. The net book value of the assets transferred are reflected as Other Incoming Resources in the SOFA. (This transfer will have no impact on The Moravian Church's Consolidated Accounts)

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

6 TOTAL RESOURCES EXPENDED	Costs of Generating Funds (Inv. Mgt) £	Charitable Activities Ministry & Congregations				Support Costs £	Total 2011 £	Total 2010 £
		Domestic £	Overseas £	Governance £				
Grants to Congregations and Projects	-	543,182	199,004	-		-	742,186	367,076
Estate Management Costs	283,418	-	-	-		-	283,418	409,296
Burial Ground Costs	586	-	-	-		-	586	4,132
Pensions and Tax	-	225,746	-	-		-	225,746	221,655
Staff Costs	-	45,986	26,374	27,454		-	99,814	101,057
Archive Costs	-	35,142	-	-		-	35,142	31,871
Brokers Fees	3,195	-	-	-		-	3,195	3,109
Honorarias	-	1,000	-	-		-	1,000	500
Ministry	-	45,120	23,110	-		-	68,230	49,297
Bad Debts	-	-	-	-		-	-	246
Youth and Children	-	19,233	-	-		-	19,233	22,511
Audit	-	-	-	12,500		-	12,500	14,963
Bank Charges	-	2,968	-	-		-	2,968	2,724
Interest	-	-	-	-		-	-	3,451
Depreciation	-	13,214	-	-		51,860	65,074	52,066
Cost of Books Sold	-	25,203	-	-		-	25,203	15,203
Subscriptions & Licences	-	11,454	-	-		-	11,454	11,427
Messenger	-	21,017	-	-		-	21,017	20,409
Stationery and Postage	-	-	-	-		6,073	6,073	11,051
Advertising	-	-	-	-		-	-	1,041
Premises (Cleaning, repairs, security, light, power and utilities)	3,487	-	-	-		31,382	34,869	51,721
Legal & Professional	-	-	-	-		58,546	58,546	39,086
Lease Costs	-	-	-	-		1,601	1,601	1,103
Computer Software Maintenance & Licences	-	-	-	-		6,146	6,146	6,288
Communications	-	-	-	-		2,898	2,898	4,130
Insurance	-	-	-	-		8,720	8,720	7,495
Synod	-	1,958	-	-		-	1,958	12,457
Other Office Costs	730	9,770	-	-		-	10,500	16,050
	291,416	1,000,993	248,488	39,954		167,226	1,748,077	1,481,415
Apportioned Support Costs (Based on staff time)	-	130,436	26,756	10,034		(167,226)	-	-
Total 2011	£291,416	£1,131,429	£275,244	£49,988		£-	£1,748,077	
Total 2010	£422,172	£693,281	£306,518	£59,444				£1,481,415

All grants are made to charitable institutions and are to help fund the ministry and congregations

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

7 TRANSFER BETWEEN RESERVES

	-----2011-----			2011 Total	2010 Total
	Unrestricted Funds General £	Designated £	Restricted Funds £	£	£
(a)	(2,083,277)	2,083,277	-	-	-
(b)	(38,673)	1,000	37,673	-	-
(c)	998,166	-	(998,166)	-	-
(d)	45,316	-	(45,316)	-	-
	<u>£(1,078,468)</u>	<u>£2,084,277</u>	<u>£(1,005,809)</u>	<u>£-</u>	<u>£-</u>

- (a) The trustees have decided that all funds already applied to the acquisition and enhancement of property should henceforth be classified as designated reserves as these funds are not available to meet future charitable commitments
- (b) These represent funds earmarked by the trustees to fund future grants to overseas territories of the Church
- (c) Represents the net assets of closed congregations which under the rules of Synod pass to the Moravian Union
- (d) Represents expenditure in previous periods charged against general funds pending trustees approval that they should be charged against specific restricted funds.

THE MORAVIAN UNION (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31ST AUGUST 2011****8. EMPLOYEE INFORMATION**

	2011	2010
	£	£
Salaries – Archives	27,551	26,742
Salaries – Administrative	87,743	86,001
Social Security Costs – Archives	2,871	2,636
Social Security Costs		
- Administrative	8,955	8,930
Pension Costs – Archives	2,048	1,311
Pension Costs - Administrative	3,116	6,126
Staff Costs	132,284	131,746
Other Costs - Archives	2,672	1,182
	<u>£134,956</u>	<u>£132,928</u>
Split as follows:-		
Staff Costs	99,814	101,057
Archive Costs	35,142	31,871
	<u>£134,956</u>	<u>£132,928</u>

No employee earned £60,000 or more during the period The average number of staff was 4 (2010: 4)

Trustees

The Trustees are not remunerated for their services

An amount of £13,459 (2010 £14,902) was reimbursed to 4 (2010 6) members of the Committee of Management in respect of travel expenses incurred during the period.

9 NET (LOSS)/INCOME FOR THE YEAR

	2011	2010
	£	£
Net (loss)/income for the year is stated after charging		
Auditors remuneration		
For audit		
- current year	11,000	10,863
- prior year under provision	-	4,100
For other services	4,000	5,000
- current year		
Depreciation	65,074	52,066
Operating lease expenditure	886	550

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

10 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, Fittings & Equipment £	Total £
Cost			
At 1st September 2010	2,477,013	29,786	2,506,799
Transfer from the Moravian Church	737,037	-	737,037
	<u>3,214,050</u>	<u>29,786</u>	<u>3,243,836</u>
Additions at Cost	-	1,210	1,210
Disposals at Cost	-	(2,680)	(2,680)
At 31st August 2011	<u>3,214,050</u>	<u>28,316</u>	<u>3,242,366</u>
Depreciation			
At 1st September 2010	(323,026)	(24,593)	(347,619)
Transfer from the Moravian Church	(59,550)	-	(59,550)
	<u>(382,576)</u>	<u>(24,593)</u>	<u>(407,169)</u>
Depreciation for the Period	(62,754)	(2,320)	(65,074)
Depreciation on Disposals	-	2,680	2,680
At 31st August 2011	<u>(445,330)</u>	<u>(24,233)</u>	<u>(469,563)</u>
Net Book Value			
At 31st August 2011	<u>£2,768,720</u>	<u>£4,083</u>	<u>£2,772,803</u>
At 31st August 2010	<u>£2,153,987</u>	<u>£5,193</u>	<u>£2,159,180</u>

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

THE MORAVIAN UNION (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31ST AUGUST 2011****11. OTHER INVESTMENTS****Listed Investments at Market Value**

	2011	2010
	£	£
At 1 st September 2010	3,135,828	2,725,121
Additions	945,496	647,348
Disposal Proceeds	(555,036)	(385,927)
Realised Gains/(Losses)	11,918	20,711
Unrealised Gains/(Losses)	(9,432)	128,575
At 31 st August 2011	<u>£3,528,774</u>	<u>£3,135,828</u>
Listed Investments at Cost - At 31 st August	<u>£3,242,051</u>	<u>£2,797,327</u>

Quoted securities are listed on a recognised stock exchange in the UK

The following holdings represented more than 5% of the total portfolio at 31st August 2011

	Market Value
	£
8 75% Treasury 2017	194,999
5% Treasury Stock 2012	511,550
The Charities Property Fund	<u>511,589</u>

12 DEBTORS

	2011	2010
	£	£
Due from congregations, schools and		
Other loans	136,987	151,833
Due from parent organisation	1,058,998	1,739,445
Other Debtors	80,082	71,973
Prepayments and accrued income	319,061	274,701
Agents Balances	145,595	89,552
Rent Due	38,258	32,438
	<u>£1,778,981</u>	<u>£2,359,942</u>

Included above are debtors amounting to £115,385 (2010 £61,823) receivable after more than one year representing loans to Ockbrook School and three congregations

Loans to congregations and other related parties carry interest at 2% above bank base rate

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31ST AUGUST 2011

13. BANK AND CASH

	2011	2010
	£	£
<i>Deposits</i>		
Euro Account	37,607	34,638
UBS	30,673	130,148
VESTRA	80,240	-
	<u>£148,520</u>	<u>£164,786</u>
<i>Cash at bank and in hand</i>		
Current Account	70,815	24,088
Cash in hand	420	830
	<u>£71,235</u>	<u>£24,918</u>

14 CREDITORS : Amounts falling due within one year

	2011	2010
	£	£
Bank Loans and Overdrafts	357	210
Congregations, schools and related Organisations	48,109	62,187
Social Security and other taxes	18,348	77
Other Creditors	66,587	26,352
Accruals and Deferred Income	98,843	63,422
Rent received in advance	12,155	7,826
	<u>£244,399</u>	<u>£160,074</u>

15 ANALYSIS OF NET ASSETS BETWEEN THE FUND BALANCES

	General	Designated	Restricted	Total as at 31st August 2011
	£	£	£	£
Fixed Assets	4,083	2,768,720	-	2,772,803
Cash and Investments	624,220	169,721	2,954,588	3,748,529
Other Net Assets	553,195	99,265	900,339	1,552,799
	<u>£1,181,498</u>	<u>£3,037,706</u>	<u>£3,854,927</u>	<u>£8,074,131</u>
Unrealised Gains included above	<u>£80,341</u>	<u>£14,279</u>	<u>£192,103</u>	<u>£286,723</u>

THE MORAVIAN UNION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

16. RESTRICTED FUNDS

	Opening Balances £	Incoming Resources £	Resources Expended £	Realised Inv. Gains £	Unrealised Inv. (Losses) £	Transfers (Note 7) £	Closing Balances £
Evangelical Ministers	64,331	3,004	(2,805)	187	(106)	-	64,611
Emoluments	2,202,369	15,984	(9,243)	6,350	(3,605)	(595)	2,211,260
Education	318,311	21,024	(10,356)	719	(408)	(35,129)	294,161
Overseas	550,488	138,253	(171,715)	728	(413)	37,962	555,303
Property	1,680,216	25,490	(23,376)	1,499	(851)	(1,003,270)	679,708
Relief of Poverty	4,116	103	(90)	12	(7)	-	4,134
Other	48,710	1,862	(94)	114	(65)	(4,777)	45,750
	<u>£4,868,541</u>	<u>£205,720</u>	<u>£(217,679)</u>	<u>£9,609</u>	<u>£(5,455)</u>	<u>£(1,005,809)</u>	<u>£3,854,927</u>

Each broad category consists of numerous individual funds which address a wide variety of issues. They are represented by a proportion of the Charity's fixed assets, cash, investments and other assets

17. DESIGNATED FUNDS

Designated Funds have been set up for the following broad categories of purposes

	Opening Balance £	Incoming Resources £	Resources Expended £	Realised Inv. Gains £	Unrealised Inv. (Losses) £	Transfers (Note 7) £	Closing Balances £
Ministers Emoluments	32,301	58,284	(59,260)	90	(51)	-	31,364
Overseas	18,330	900	-	-	-	1,000	20,230
Property	-	677,487	(13,214)	-	-	2,104,447	2,768,720
- Acquired	-	1,979	(691)	620	(352)	(21,170)	215,905
- Development	235,519	6	(1)	4	(2)	-	1,487
Other	<u>1,480</u>	<u>£738,656</u>	<u>£(73,166)</u>	<u>£714</u>	<u>£(405)</u>	<u>£2,084,277</u>	<u>£3,037,706</u>
	<u>£287,630</u>						

Each category consists of numerous designated funds which are represented by a proportion of the Charity's fixed assets, cash and investments and which relate to a variety of purposes identified by the trustees

THE MORAVIAN UNION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

18 PENSION COSTS

Provided sufficient funds are available, the Moravian Union provides discretionary pensions to retired ministers in service prior to 31st August 2010 under rules established by Synod. The assets used to pay these pensions are not held separately from other funds of the Charitable Company. No provision is made in these accounts for any liability to pay pensions in future periods. Amounts payable in pensions are charged in the year of payment.

Other employees hold personal pension plans and contribute at rates chosen by themselves. The Moravian Union contributes 5.5% pensionable salaries to each plan. The employer's contribution in the year was £5,164 (2010 £7,437).

19 FUTURE FINANCIAL COMMITMENTS

Operating Leases

At 31st August 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31st August 2012 in respect of office equipment:

	2011	2010
	£	£
Operating Leases which expire within		
Less than one year	-	-
Two to five years	886	550
	<u>£886</u>	<u>£550</u>

Pensions

Provided sufficient funds are available, the Company provides discretionary pensions to retired ministers in service prior to 31st August 2010 under rules established by Synod. The assets used to pay these pensions are not held separately from other funds of the Moravian Union. No provision is made in these accounts for any liability to pay pensions in future periods.

20 CONTINGENT LIABILITIES

At the Balance Sheet date there were no contingent liabilities (2010 NIL).

THE MORAVIAN UNION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST AUGUST 2011

21 RELATED ORGANISATIONS

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

Moravian Church
Fulneck School
Ockbrook School
Congregations in Great Britain and Northern Ireland

One of the Trustees of the Moravian Union is also a trustee of the Mrs E M Bates Trust Two of the Moravian Union's Trustees are also Trustees of the London Association in Aid of Moravian Missions

The company received/(paid) the following amounts (to)/ from related parties during the period

	2011	2010
	£	£
Assessments received from Fulneck School	5,500	5,250
Assessments received from Ockbrook School	5,500	5,250
Interest on loan to Ockbrook School	2,689	3,366
Interest on loans to Congregations	1,073	1,511
Surplus funds from closed Congregation	-	6,635
Assessments received from Congregations	42,127	48,407
Mrs E M Bates Trust	425,598	383,691
Grant to Moravian Church	(410,000)	-
The London Mission in Aid of Moravian Missions	-	50,000

At 31st August 2011, the following balances were outstanding

	2011	2010
	£	£
Due from Mrs E M Bates Trust	275,598	233,691
Due from Moravian Church	1,058,998	1,739,445
Due from Ockbrook School	99,926	113,568
Due from Congregations	50,347	56,321
Due to Congregations	(66,135)	(59,204)
Due from Fulneck Choir House	20,000	20,000

22 ULTIMATE PARENT ORGANISATION

The Ultimate Parent is The British Province of the Unitas Fratrum operating as The Moravian Church, registered charity number 251211