

# **THE MORAVIAN UNION (INCORPORATED)**

**(A company limited by guarantee)**

**Company Number: 00133708**

**Charity Number: 251211-3**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2017**



**THE MORAVIAN UNION (INCORPORATED)**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Board presents the report and financial statements of the Moravian Union (Incorporated) for the year ended 31 August 2017. These have been prepared in the format required by the Statement of Recommended Practice, 'Accounting and Reporting by Charities' applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The report and statements also comply with the Companies Act 2006, the Charities Act 2011 and regulations made thereunder. The Moravian Union (Incorporated) was incorporated on 2 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 2 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 31 August 2017 and to date comprise:

|                      |                              |
|----------------------|------------------------------|
| Rev. D. R. Howarth   | (Resigned 30 September 2016) |
| Rev. R.J. Hopcroft   |                              |
| * Mrs G. Taylor      |                              |
| Mrs Z. M. Taylor     |                              |
| * Miss R. M. A. Hoey | (Appointed 6 February 2017)  |

\* Responsible for the day to day management of the Charity's affairs.

The principal officers:

|                    |                                                                            |
|--------------------|----------------------------------------------------------------------------|
| Rev. D. R. Howarth | Company Secretary (Resigned 30 September 2016)                             |
| Mrs Z. M. Taylor   | Company Secretary (Appointed 30 September 2016,<br>Resigned 14 March 2017) |
| Miss R. M. A. Hoey | Company Secretary (Appointed 14 March 2017)                                |
| Mrs. L. Newens     | Administrator                                                              |
| Mr G. Salt         | Accountant                                                                 |
| Miss L. Parsons    | Archivist                                                                  |

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

|                             |                                                                       |                                                     |
|-----------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|
| <b>Investment Advisors:</b> | UBS Wealth Management (UK) Ltd.<br>1 Curzon Street,<br>London W1J 5UB | Vestra Wealth LLP<br>14 Cornhill<br>London EC3V 3NR |
|-----------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|

**Bankers :** CAF Bank Limited  
25 Kings Hill Avenue  
West Malling  
Kent ME19 4JQ

**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 31 AUGUST 2017**

**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. The Provincial Elder's act on behalf of the Synod in the inter – synodal period.

The members of the Moravian Union are the members for the time being of the Provincial Elders' Conference (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 congregations, two societies, one fellowship and a choir house.

**Procedures for the Recruitment and Appointment of Trustees**

The Book of Order, Section 3.1 states that the PEC consists of four members of the Moravian Church in the British Province, two serving full time and two serving part time. 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 biennial Moravian Church Synod.

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 deputed by the PEC.

The standing committee currently consists of:

- Finance Committee
- Mission and Society Committee
- Faith and Order and Ecumenical Relations Committee
- Church Service Committee
- Youth and Children's Committee
- World Mission Committee
- Church Book Committee

**THE MORAVIAN UNION (INCORPORATED)**

**REPORT OF THE TRUSTEES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 biennially 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, 'The essential trustee, what you need to know, what you need to do'. All Trustees are provided with training opportunities through external training courses to keep abreast of changes and of their responsibilities.

**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 the two full time members of the PEC.

**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.

Risks are defined as those that, without appropriate mitigation, are likely to negatively impact on the Moravian Church serving its purpose of proclaiming the Gospel of Jesus Christ. The trustees recognise that it is not possible to eliminate risk entirely. We recognise that risk taking is inherent in proclaiming the Gospel. Our task is to minimise negative impacts and allow the Church to serve its purpose.

We have identified the following significant risks:

- Failure to encourage people into ordained ministry, results in further decline, resulting in the Moravian Church ceasing to exist.
- Declining congregations and failure to grow resulting in congregation closures and ultimately the Moravian Church ceasing to exist.
- Reputational damage which results in litigation and impacts on engagements with communities.
- Dependency on limited income sources.
- Shortfall for reserve
- Unforeseen shortfall on the pension funds.
- Loss of key personnel.

**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.

**THE MORAVIAN UNION (INCORPORATED)**

**REPORT OF THE TRUSTEES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Pensions**

Following changes to legislation, the previous discretionary pension arrangements for ministers in service prior to 31 August 2010 have been replaced by a defined contribution pension scheme. This came into effect from 1 January 2016. All Ministers have been informed of their entitlement.

Other Ministers and employees employed after 31 August 2010 hold defined contribution personal pension plans and contribute at rates chosen by themselves.

In addition, as disclosed in notes 17 and 19, the 2016 British Provincial Synod resolved that with effect from 11 July 2016 the previously discretionary pension arrangements for ministers in service prior to 31 August 2010 were no longer discretionary and were to be recognised as an obligation of The Moravian Union up to 31 December 2015. At the date of approval of The Moravian Union's financial statements for the year ended 31 August 2016 no actuarial valuation had been completed and it was not possible to reliably estimate the amount of the liability. The valuation was completed on 3 October 2017 and the liability of £5,071,495 as at 31 August 2016 has been recognised as a prior year adjustment in these financial statements.

**OBJECTS AND ACTIVITIES**

**Principal Objectives**

The Moravian Union's general objective 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 1 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 UNION (INCORPORATED)**

**REPORT OF THE TRUSTEES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**OBJECTS AND ACTIVITIES (Continued)**

The Moravian Church's estates are significant and the majority of these titles are long established. Title deeds to land and properties are frequently, by virtue of age, long and complex. Title to each property in Great Britain has now been registered with the Land Registry.

**Principal Objectives for the Year Ended 31 August 2017**

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) To continue to simplify the group's reporting and record keeping requirements by undertaking a comprehensive review of the charity's trust funds.

**ACHIEVEMENTS AND PERFORMANCE**

**(a) Operational Performance**

The Charity has 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.

**(b) Fundraising Performance**

The charitable company's major sources of income consist of:

- Voluntary income which includes income from the Mrs E M Bates Trust and the London Association in Aid of Moravian Missions (charities 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 and for mission funds when there is a specific cause.

**(c) Grant - Making**

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

The Moravian Union pays grants towards 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 particular have considered how planned activities will contribute to the furtherance of the Charity's objects. The Moravian Union furthers its objects through its grant-making activities.

**THE MORAVIAN UNION (INCORPORATED)**

**REPORT OF THE TRUSTEES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**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. The Moravian Union manages its investments with the assistance of two professional fund managers and the estate manager. The property portfolio is analysed between functional properties (eg Churches, Church Halls, Manses and Church House) and investment properties, known as the estates properties, which are maintained to generate rental income. The investment properties are carried at market value.

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 11 indicates that net income for the current year, before net gains on investments and other gains and losses, amounted to £647,132 (2016: £264,913). The movement year on year arises as a result of total income increasing from £2,024,874 to £2,357,286, primarily as a result of net gains on the disposal of functional properties increasing. In both years, three properties were disposed of but the net proceeds were higher in the current year. This has been partly offset by decreased donations and legacies income this year.

This year gains on investments (realised and unrealised in aggregate) of £581,470 have arisen in comparison to gains of £1,006,799 last year. The gains in both years reflect gains on both the investment portfolios and the investment property portfolio. Revaluation gains on the investment properties are credited to the designated revaluation reserve as they are not considered to be free reserves.

These factors, combined with the favourable movement in the actuarial pension liability gave rise to an increase in the charitable company's total funds this year of £1,309,800. As a result of the year's operations, and after fund transfers, the general fund has increased by £115,679, designated funds have increased by £712,787 and restricted funds have increased by £481,334. The Balance Sheet indicates that the company's net current assets, the principal measure of short to medium term solvency, amounted to £1,450,749 at the year end and this continues to imply a reasonably healthy margin of solvency.

**Investment Policy and Objectives**

Investment policy is determined in consultation with the Finance Committee, which makes its recommendations to the PEC. The present investment objective is to achieve a balanced return in the investment portfolio. The investment portfolio is managed by professional fund managers and consists entirely of listed securities. Investment decisions are based on an ethical stance with the investment brokers being instructed to avoid tobacco, armaments etc.

The movement in market value of investments this year, both realised and unrealised, amounts to a gain of £212,141 or 4.7% of the brought forward value of the portfolio. Given the Charity's ethical investment stance and its income requirements, the Trustees consider the portfolio's performance to be satisfactory.

The investment properties represent the managed estates and are held to generate rental income for the Charity. The current market value of investment property is currently in the region of £17,297,007 and net rental income is £36,806. Net rental income will fluctuate year on year depending on the level of maintenance work required on the estate properties.

**THE MORAVIAN UNION (INCORPORATED)**

**REPORT OF THE TRUSTEES (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**REVIEW OF FINANCIAL POSITION (Continued)**

**Fundraising Policy**

The Charity does not use fundraising services, consultants or external professional fundraisers to undertake its fundraising activities and no data is shared with or sold to any external agencies.

The Charity does not undertake Direct Mail and does not approach or pressure vulnerable people to support its work. A complaints procedure is in place and the Charity adheres to the Fundraising Code of practice issued by the Fundraising Regulator.

**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) Further simplify the group's reporting and record keeping requirements by progressing 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 £1.02m and this represents approximately 7 month's total expenditure. The trustees are working towards increasing general reserves to the required level.

**TANGIBLE FIXED ASSETS**

Movements in tangible fixed assets are set out in Note 8.

**THE MORAVIAN UNION (INCORPORATED)****REPORT OF THE TRUSTEES (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also the Directors of the Moravian Union for the purposes of company law) are responsible for preparing the Report of the Trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company will continue to operate.

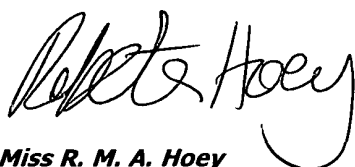
The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charitable Company 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 Charitable 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 Charitable Company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

***On behalf of the Provincial Elders' Conference on 14 March 2018***



**Miss R. M. A. Hoey**  
**Company Secretary**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**  
**OF THE MORAVIAN UNION (INCORPORATED)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Opinion**

We have audited the financial statements of The Moravian Union (the 'charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the Report of the Trustees', other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the Report of the Trustees, has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS  
OF THE MORAVIAN UNION (INCORPORATED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Matters on which we are Required to Report by Exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees'.

We have nothing to report in respect of the following matters in relation to which 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Governors' Report.

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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 an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.



Richard Billinghamurst ACA (Senior Statutory Auditor)  
For and on behalf of Knox Cropper (Statutory Auditor)  
8/9 Well Court  
London  
EC4M 9DN

14 March 2018

**THE MORAVIAN UNION (INCORPORATED)**

**STATEMENT OF FINANCIAL ACTIVITIES**

**(Including an Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

|                                                             | Notes    | Unrestricted Funds<br>General<br>£ | Designated<br>£    | Restricted<br>Funds<br>£ | Year Ended<br>31 August<br>2017<br>£ | Year Ended<br>31 August<br>2016<br>£ |
|-------------------------------------------------------------|----------|------------------------------------|--------------------|--------------------------|--------------------------------------|--------------------------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>                           |          |                                    |                    |                          |                                      |                                      |
| Donations and Legacies                                      | 2        | 419,220                            | -                  | 162,814                  | 582,034                              | 631,119                              |
| Investments                                                 | 3        | 703,972                            | 63,047             | 81,691                   | 848,710                              | 819,774                              |
|                                                             |          | 1,123,192                          | 63,047             | 244,505                  | 1,430,744                            | 1,450,893                            |
| Charitable Activities                                       | 4        | 124,725                            | 5,310              | 4,225                    | 134,260                              | 148,710                              |
| Other                                                       | 8        | -                                  | 279,740            | 512,542                  | 792,282                              | 425,271                              |
| <b>Total Income</b>                                         |          | <b>1,247,917</b>                   | <b>348,097</b>     | <b>761,272</b>           | <b>2,357,286</b>                     | <b>2,024,874</b>                     |
| <b>EXPENDITURE ON</b>                                       |          |                                    |                    |                          |                                      |                                      |
| Raising Funds                                               |          |                                    |                    |                          |                                      |                                      |
| Investment Management Costs                                 |          | (645,124)                          | (1,666)            | (27,991)                 | (674,781)                            | (626,143)                            |
| Charitable activities                                       |          | (571,599)                          | (96,361)           | (367,413)                | (1,035,373)                          | (1,133,818)                          |
| <b>Total Expenditure</b>                                    | 5        | <b>(1,216,723)</b>                 | <b>(98,027)</b>    | <b>(395,404)</b>         | <b>(1,710,154)</b>                   | <b>(1,759,961)</b>                   |
| Net Gains/(Losses) on Investments                           | 9 & 10   | 4,340                              | 381,519            | 195,611                  | 581,470                              | 1,006,799                            |
| <b>Net income for the year</b>                              | 7        | <b>35,534</b>                      | <b>631,589</b>     | <b>561,479</b>           | <b>1,228,602</b>                     | <b>1,271,712</b>                     |
| <b>Other recognised Gains/(Losses)</b>                      |          |                                    |                    |                          |                                      |                                      |
| Actuarial Gains/(Losses) on Defined Benefit Pension Schemes | 17       | -                                  | 81,198             | -                        | 81,198                               | -                                    |
| Recognition of Defined Benefit Pension Scheme Obligation    | 19       | -                                  | -                  | -                        | -                                    | (5,071,495)                          |
| <b>Transfers between Funds</b>                              | 15 & 16  | <b>80,145</b>                      | <b>-</b>           | <b>(80,145)</b>          | <b>-</b>                             | <b>-</b>                             |
| <b>NET MOVEMENT IN FUNDS</b>                                |          | <b>115,679</b>                     | <b>712,787</b>     | <b>481,334</b>           | <b>1,309,800</b>                     | <b>(3,799,783)</b>                   |
| <b>Total Funds Brought Forward</b>                          | 15,16,19 |                                    |                    |                          |                                      |                                      |
| - As originally stated                                      |          | 904,603                            | 18,687,375         | 4,989,427                | 24,581,405                           | 23,309,693                           |
| - Prior year adjustment                                     | 19       | -                                  | (5,071,495)        | -                        | (5,071,495)                          | -                                    |
| - As restated                                               |          | 904,603                            | 13,615,880         | 4,989,427                | 19,509,910                           | 23,309,693                           |
| <b>Total Funds Carried Forward</b>                          | 15 & 16  | <b>£1,020,282</b>                  | <b>£14,328,667</b> | <b>£5,470,761</b>        | <b>£20,819,710</b>                   | <b>£19,509,910</b>                   |

All recognised gains and losses are reflected through the Statement of Financial Activities. All activities reflected above represent continuing activities.

The notes form part of these financial statements.

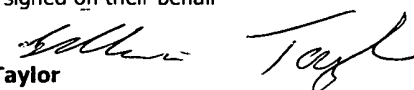
**THE MORAVIAN UNION (INCORPORATED)****BALANCE SHEET****AT 31 AUGUST 2017**

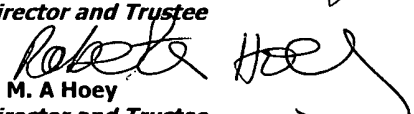
|                                                         | Notes | 2017<br>£          | 2016<br>£          |
|---------------------------------------------------------|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                                     |       |                    |                    |
| Tangible Assets                                         | 8     | 2,557,556          | 2,359,981          |
| Investment Property                                     | 9     | 17,297,007         | 16,927,678         |
| Investments                                             | 10    | 4,805,761          | 4,474,962          |
| Total fixed assets                                      |       | <u>24,660,324</u>  | <u>23,762,621</u>  |
| <b>CURRENT ASSETS</b>                                   |       |                    |                    |
| Stock                                                   |       | 17,581             | 19,003             |
| Debtors                                                 | 11    | 601,593            | 697,680            |
| Investments                                             | 12    | 88,547             | 63,207             |
| Cash and Bank                                           | 12    | 1,010,631          | 259,607            |
| Total current assets                                    |       | <u>1,718,352</u>   | <u>1,039,497</u>   |
| <b>LIABILITIES</b>                                      |       |                    |                    |
| Creditors: Amounts falling due within one year          | 13    | <u>(267,603)</u>   | <u>(220,713)</u>   |
| <b>NET CURRENT ASSETS</b>                               |       | <u>1,450,749</u>   | <u>818,784</u>     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       | <u>26,111,073</u>  | <u>24,581,405</u>  |
| Creditors: Amounts falling due after more than one year | 13    | (454,904)          | -                  |
| <b>NET ASSETS BEFORE PENSION LIABILITY</b>              |       | <u>25,656,169</u>  | <u>24,581,405</u>  |
| Defined Benefit Pension Scheme Asset/(Liability)        | 17    | (4,836,459)        | (5,071,495)        |
| <b>NET ASSETS</b>                                       |       | <u>£20,819,710</u> | <u>£19,509,910</u> |
| The funds of the charity:                               |       |                    |                    |
| <b>Restricted Funds</b>                                 | 15    | 5,470,761          | 4,989,427          |
| <b>Unrestricted Funds</b>                               |       |                    |                    |
| General                                                 |       | 1,020,282          | 904,603            |
| Designated – Defined Benefit Pension Scheme             | 16    | (4,836,459)        | (5,071,495)        |
| Designated – Investment Property Revaluation Reserve    | 16    | 15,689,680         | 15,320,351         |
| Designated – Other Reserves                             | 16    | 3,475,446          | 3,367,024          |
| <b>TOTAL CHARITY FUNDS</b>                              |       | <u>£20,819,710</u> | <u>£19,509,910</u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes form part of these financial statements.

Approved by the Trustees on 14 March 2018  
and signed on their behalf

  
**G. Taylor**  
Director and Trustee

  
**R. M. A. Hoey**  
Director and Trustee

Company Number: 00133708  
Charity Number: 251211-3

**THE MORAVIAN UNION (INCORPORATED)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2017**

|                                                               | <b>2017</b><br>£ | <b>2016</b><br>£ |
|---------------------------------------------------------------|------------------|------------------|
| <b>Net Cash provided by Operating Activities</b>              | (991,508)        | (1,320,821)      |
| <b>Cash flows from Investing Activities:</b>                  |                  |                  |
| Investment income                                             | 848,710          | 819,774          |
| Purchase of Property, Plant and Equipment                     | (254,455)        | (3,076)          |
| Proceeds from the sale of Property, Plant and Equipment       | 792,287          | 522,671          |
| Additions to investment properties                            | -                | -                |
| Purchase of investments                                       | (1,034,309)      | (1,355,154)      |
| Proceeds from sale of investments                             | 915,651          | 1,531,127        |
| <b>Net Cash provided by/(used in) investing activities</b>    | 1,267,884        | 1,515,342        |
| <b>Cash flows from Financing Activities:</b>                  |                  |                  |
| Interest Paid                                                 | (12)             | -                |
| Cash inflows from new borrowing                               | 500,000          | -                |
| <b>Net Cash (used in)/provided by financing activities</b>    | 499,988          | -                |
| <b>Net Change in Cash and Cash Equivalents</b>                | 776,364          | 194,521          |
| <b>Cash and Cash Equivalents at the Beginning of the Year</b> | 322,814          | 128,293          |
| <b>Cash and Cash Equivalents at the End of the Year</b>       | £1,099,178       | £322,814         |

**RECONCILIATION OF SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|                                                  | <b>2017</b><br>£ | <b>2016</b><br>£ |
|--------------------------------------------------|------------------|------------------|
| Surplus for the year                             | 1,309,800        | 1,271,712        |
| Investment income                                | (848,710)        | (819,774)        |
| Interest paid                                    | 12               | -                |
| Depreciation                                     | 56,875           | 56,977           |
| (Gains) on disposal of properties                | (792,282)        | (425,271)        |
| (Gains) on investment assets                     | (581,470)        | (1,006,799)      |
| Decrease/(Increase) in Stock                     | 1,422            | (2,716)          |
| (Increase)/Decrease in Trade and Other Debtors   | 96,087           | (257,913)        |
| Increase/(Decrease) in Trade and Other Creditors | 1,794            | (137,037)        |
| Movement in Defined Pension Liability            | (235,036)        | -                |
|                                                  | £(991,508)       | £(1,320,821)     |

**THE MORAVIAN UNION (INCORPORATED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 and investment properties 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 Charities SORP (FRS 102): Statement of Recommended Practice 'Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with FRS 102' and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The charitable company is a public benefit entity under FRS 102.

The presentation currency of the financial statements is Pound Sterling (£).

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

The following accounting policies have been applied in preparing the financial statements.

**Income Recognition**

Income is recognised in the Statement of Financial Activities once the Charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

Liabilities are recognised when a legal or constructive obligation to make a payment arises, it is probable that a transfer of economic benefits will be required and it can be measured reliably. Expenditure is charged on an accruals basis. Grants are recognised when approved by the Board and notified to the beneficiary.

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 are included within support costs and include the costs of administering the Charity as a legal entity, costs of trustees meetings, audit fees and other statutory costs.

**Tangible Fixed Assets**

Up until 31 August 2014, all freehold property was disclosed at cost less accumulated depreciation. Subsequently, the Trustees reviewed the Charity's portfolio of properties and analysed it between functional properties (eg Churches, Church Halls, Manses and Church House) and investment properties (the 'estates properties') which are maintained to generate rental income. The functional properties continue to be carried at cost and depreciated. The investment properties are carried at market value.

For functional properties, 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. 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.

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.

**THE MORAVIAN UNION (INCORPORATED)****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****1. ACCOUNTING POLICIES (Continued)****Investment Property**

As disclosed earlier in the tangible fixed assets accounting policy note, investment property is separately identified and is valued at market value at the balance sheet date. It was independently valued on 3 July 2015 by SHP Valuers Ltd, a firm of Chartered Surveyors registered with the Royal Institute of Chartered Surveyors (RICS), based on information on the condition of the properties supplied by the Charity's estate manager, John Forrester Ltd. The market value of the properties is reviewed annually and adjusted based on the condition of those properties as advised by John Forrester Ltd using the Halifax Regional House Price Indices.

**Investments**

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of financial activities. The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within certain sectors or sub sectors.

**Stock**

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

**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 the revaluation reserve in respect of investment properties and 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.

**THE MORAVIAN UNION (INCORPORATED)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (Continued)**

**Pensions**

As explained in note 17 to these financial statements, The Moravian Union has recognised discretionary pensions payable to retired ministers as an obligation. This liability was valued by The Moravian Union's actuaries (BWCI) as at 31 August 2016 and is adjusted annually to reflect the fair value of the liability at each year end. Movements during the year are disclosed in note 17 to these financial statements.

The Moravian Union contributes at the rate of 7% 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.

**Key Judgements and Estimates**

**(i) Financial instrument classification**

The classification of financial instruments, both assets and liabilities, as 'basic' or 'other' requires judgement as to whether all applicable conditions as basic are met. This includes the type of investment or loan and its return. The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently valued at their settlement value.

Concessionary loans received are initially recognised at the amount received with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment.

**(ii) Useful lives of functional properties**

The remaining useful lives of depreciable properties are reviewed by management at each reporting date and, if necessary, the depreciation charge adjusted accordingly.

**(iii) Recognition and valuation of investment properties**

The classification of The Moravian Union's properties between functional and investment purposes requires judgement of the use of those properties. Management annually reviews the usage of properties and their classification is amended when necessary.

The market value of properties classified as investments is annually reviewed by management and, based on the condition of those properties, the value is adjusted using a recognised market indices.

**(iv) Valuation of retired ministers' defined benefit pension liability**

The assumptions underlying the pension scheme actuarial valuation are reviewed annually by the actuary and the liability recalculated on the basis of the revised assumptions and any changes in membership.

**Short-term debtors and creditors**

Debtors are recognised when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. Creditors are recognised when the charity has a present legal or constructive obligation resulting from a past event to make payment to a third party, it is probable that settlement will be required and the amount due to settle the obligation can be measured or estimated reliably.

**THE MORAVIAN UNION (INCORPORATED)****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****2. DONATIONS AND LEGACIES**

|                                                | <b>Unrestricted Funds</b> |                   | <b>Restricted Funds</b> | <b>Total 2017</b> | <b>Total 2016</b> |
|------------------------------------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                                                | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                                                | £                         | £                 | £                       | £                 | £                 |
| Mrs E M Bates Trust                            | 414,724                   | -                 | -                       | 414,724           | 432,069           |
| Donations and Legacies                         | 4,496                     | -                 | 114,814                 | 119,310           | 147,050           |
| London Association in Aid of Moravian Missions | -                         | -                 | 48,000                  | 48,000            | 52,000            |
|                                                | <b>£419,220</b>           | <b>£-</b>         | <b>£162,814</b>         | <b>£582,034</b>   | <b>£631,119</b>   |

The charity is the principal beneficiary of the income of the Mrs E M Bates Trust and sole beneficiary of the London Association in Aid of Moravian Missions, charities established for the benefit of the Moravian Church. Donations and legacies consist of income from congregations, individuals, companies and church bodies.

**3. INVESTMENT INCOME**

|                      | <b>Unrestricted Funds</b> |                   | <b>Restricted Funds</b> | <b>Total 2017</b> | <b>Total 2016</b> |
|----------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                      | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                      | £                         | £                 | £                       | £                 | £                 |
| Interest receivable  | 5,667                     | -                 | 20                      | 5,687             | 3,437             |
| Dividends receivable | 22,845                    | 60,697            | 81,671                  | 165,213           | 167,380           |
| Rents receivable     | 675,460                   | 2,350             | -                       | 677,810           | 648,957           |
|                      | <b>£703,972</b>           | <b>£63,047</b>    | <b>£81,691</b>          | <b>£848,710</b>   | <b>£819,774</b>   |

**4. INCOME FROM CHARITABLE ACTIVITIES**

|                                              | <b>Unrestricted Funds</b> |                   | <b>Restricted Funds</b> | <b>Total 2017</b> | <b>Total 2016</b> |
|----------------------------------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                                              | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                                              | £                         | £                 | £                       | £                 | £                 |
| <b>Unity &amp; Congregational Activities</b> |                           |                   |                         |                   |                   |
| Congregation assessments                     | 83,867                    | -                 | -                       | 83,867            | 90,926            |
| Unity Income                                 | -                         | -                 | -                       | -                 | -                 |
|                                              | <b>83,867</b>             | <b>-</b>          | <b>-</b>                | <b>83,867</b>     | <b>90,926</b>     |
| Book Sales                                   | 18,621                    | -                 | 4,225                   | 22,846            | 24,588            |
| Sundry Income                                | 11,895                    | 5,310             | -                       | 17,205            | 29,241            |
| Youth and Children (Summer Camp) Income      | 10,342                    | -                 | -                       | 10,342            | 3,955             |
|                                              | <b>£124,725</b>           | <b>£5,310</b>     | <b>£4,225</b>           | <b>£134,260</b>   | <b>£148,710</b>   |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**5. TOTAL EXPENDITURE**

|                                                                    | Raising Funds<br>(Inv. Mgt) | Charitable Activities<br>Ministry &<br>Congregations |                 | Support<br>Costs | Total<br>2017     | Total<br>2016     |
|--------------------------------------------------------------------|-----------------------------|------------------------------------------------------|-----------------|------------------|-------------------|-------------------|
|                                                                    | £                           | Domestic<br>£                                        | Overseas<br>£   | £                | £                 | £                 |
| Investment Management Costs                                        | 29,002                      | -                                                    | -               | -                | 29,002            | 26,640            |
| Grants to Congregations and Projects                               | -                           | 244,102                                              | 208,122         | -                | 452,224           | 349,421           |
| Estate Management Costs                                            | 641,004                     | -                                                    | -               | -                | 641,004           | 595,550           |
| Burial Ground Costs                                                | 1,249                       | -                                                    | -               | -                | 1,249             | 825               |
| Pensions to former Ministers                                       | -                           | 96,092                                               | -               | -                | 96,092            | 253,480           |
| Staff Costs                                                        | -                           | 104,065                                              | 25,498          | 13,235           | 142,798           | 134,715           |
| Archive Staff Costs                                                | -                           | 43,535                                               | -               | -                | 43,535            | 42,224            |
| Synod Expenses                                                     | -                           | -                                                    | -               | -                | -                 | 19,432            |
| Honoraria                                                          | -                           | -                                                    | -               | -                | -                 | 1,250             |
| Ministry                                                           | -                           | 39,696                                               | 33,918          | -                | 73,614            | 73,708            |
| Provision for doubtful debts                                       | -                           | -                                                    | -               | -                | -                 | 7,237             |
| Youth and Children                                                 | -                           | 10,420                                               | -               | -                | 10,420            | 7,380             |
| Audit                                                              | -                           | -                                                    | -               | 24,900           | 24,900            | 19,680            |
| Bank Charges                                                       | -                           | 752                                                  | -               | -                | 752               | 745               |
| Depreciation                                                       | -                           | -                                                    | -               | 56,875           | 56,875            | 56,977            |
| Books and Publications                                             | -                           | 14,124                                               | -               | -                | 14,124            | 15,409            |
| Subscriptions & Licences                                           | -                           | 16,845                                               | -               | -                | 16,845            | 16,857            |
| Messenger                                                          | -                           | 22,431                                               | -               | -                | 22,431            | 21,099            |
| Stationery and Postage                                             | -                           | -                                                    | -               | 7,399            | 7,399             | 6,202             |
| Premises (Cleaning, repairs, security, light, power and utilities) | 3,526                       | -                                                    | -               | 31,732           | 35,258            | 31,277            |
| Legal & Professional                                               | -                           | -                                                    | -               | 1,565            | 1,565             | 44,242            |
| Lease Costs                                                        | -                           | -                                                    | -               | 6,147            | 6,147             | 7,038             |
| Computer Software Maintenance & Licences                           | -                           | -                                                    | -               | 14,540           | 14,540            | 16,207            |
| Communications                                                     | -                           | -                                                    | -               | 6,001            | 6,001             | 4,712             |
| Insurance                                                          | -                           | -                                                    | -               | 1,567            | 1,567             | 3,490             |
| Other Office Costs                                                 | -                           | 11,470                                               | -               | 330              | 11,800            | 4,164             |
| Interest                                                           | -                           | -                                                    | -               | 12               | 12                | -                 |
|                                                                    | 674,781                     | 603,532                                              | 267,538         | 164,303          | 1,710,154         | 1,759,961         |
| Apportioned Support Costs (Based on staff time)                    | -                           | 142,944                                              | 21,359          | (164,303)        | -                 | -                 |
| <b>Total 2017</b>                                                  | <b>£674,781</b>             | <b>£746,476</b>                                      | <b>£288,897</b> | <b>£-</b>        | <b>£1,710,154</b> |                   |
| <b>Total 2016</b>                                                  | <b>£626,143</b>             | <b>£840,012</b>                                      | <b>£293,806</b> | <b>£-</b>        |                   | <b>£1,759,961</b> |

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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 31 AUGUST 2017****6. STAFF COSTS**

|                                        | <b>2017</b>     | <b>2016</b>     |
|----------------------------------------|-----------------|-----------------|
|                                        | £               | £               |
| Salaries – Archives                    | 34,549          | 34,182          |
| Salaries – Administrative              | 125,020         | 119,983         |
| Social Security Costs – Archives       | 3,690           | 3,598           |
| Social Security Costs – Administrative | 9,222           | 8,870           |
| Pension Costs – Archives               | 2,579           | 1,913           |
| Pension Costs – Administrative         | 8,556           | 5,862           |
| Staff Costs                            | 183,616         | 174,408         |
| Other Costs                            | 2,717           | 2,531           |
|                                        | <u>£186,333</u> | <u>£176,939</u> |

For the purposes of the disclosures in note 5, these costs are analysed as follows:-

|                     |                 |                 |
|---------------------|-----------------|-----------------|
| Staff Costs         | 142,798         | 134,715         |
| Archive Staff Costs | 43,535          | 42,224          |
|                     | <u>£186,333</u> | <u>£176,939</u> |

No employee earned £60,000 or more during the period. The average number of staff was 4 (2016: 4).

The Key Management Personnel of the Charity are those persons having authority and responsibility for planning, directing and controlling the activities of the Charity, directly or indirectly, including any trustee of the Charity. Key Management Personnel of the Moravian Union are considered to be the members of the Provincial Elders' Conference, who are also the trustees.

**Trustees' Remuneration and Benefits**

The Trustees are not remunerated for their services.

An amount of £13,113 (2016: £16,684) was reimbursed to 5 (2016: 4) members of the Committee of Management in respect of travel expenses incurred during the period.

**7. NET INCOME FOR THE YEAR**

|                                                   | <b>2017</b>  | <b>2016</b>  |
|---------------------------------------------------|--------------|--------------|
|                                                   | £            | £            |
| Net income for the year is stated after charging: |              |              |
| Auditors remuneration                             |              |              |
| For audit                                         | 24,900       | 19,680       |
| For other services                                | -            | -            |
| Depreciation                                      | 56,875       | 56,977       |
| Operating lease expenditure                       | <u>6,147</u> | <u>7,038</u> |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**8. TANGIBLE FIXED ASSETS**

|                             | <b>Freehold<br/>Property<br/>£</b> | <b>Fixtures,<br/>Fittings &amp;<br/>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------------|------------------------------------|---------------------------------------------------------|--------------------|
| <b>Cost</b>                 |                                    |                                                         |                    |
| At 1 September 2016         | 2,766,341                          | 12,389                                                  | 2,778,730          |
| Additions                   | 254,326                            | 129                                                     | 254,455            |
| Disposals                   | -                                  | (5)                                                     | (5)                |
| At 31 August 2017           | <u>3,020,667</u>                   | <u>12,513</u>                                           | <u>3,033,180</u>   |
| <b>Depreciation</b>         |                                    |                                                         |                    |
| At 1 September 2016         | 410,724                            | 8,025                                                   | 418,749            |
| Depreciation for the Period | 55,326                             | 1,549                                                   | 56,875             |
| Eliminated on Disposal      | -                                  | -                                                       | -                  |
| At 31 August 2017           | <u>466,050</u>                     | <u>9,574</u>                                            | <u>475,624</u>     |
| <b>Net Book Value</b>       |                                    |                                                         |                    |
| At 31 August 2017           | <u>£2,554,617</u>                  | <u>£2,939</u>                                           | <u>£2,557,556</u>  |
| At 31 August 2016           | <u>£2,355,617</u>                  | <u>£4,364</u>                                           | <u>£2,359,981</u>  |

The Moravian Union is custodian trustee of other properties occupied by congregations, which are not reflected in these accounts. During the current year three of these properties were sold generating net proceeds of £792,282. These proceeds are included within other income on the Statement of Financial Activities.

**9. INVESTMENT PROPERTIES**

|                            | <b>2017<br/>£</b>  | <b>2016<br/>£</b>  |
|----------------------------|--------------------|--------------------|
| <b>Market Value</b>        |                    |                    |
| At 1 September 2016        | 16,927,678         | 16,252,178         |
| Revaluation Gains/(Losses) | 369,329            | 675,500            |
| At 31 August 2017          | <u>£17,297,007</u> | <u>£16,927,678</u> |

The Charity's estate properties were valued on 3 July 2015 by an independent valuer, SHP Valuers Ltd, a firm of Chartered Surveyors registered with the Royal Institute of Chartered Surveyors. The valuation was a desktop appraisal of market value based on information on the condition of the properties supplied by the Charity's estate manager, John Forrester Ltd. Investment property valuations as at 31 August 2017 are based on the valuation adjusted by the Halifax Seasonally Adjusted Regional House Price Quarterly Indices published by the Lloyds Banking Group.

**THE MORAVIAN UNION (INCORPORATED)****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****10. OTHER INVESTMENTS****Listed Investments at Market Value**

|                                           | <b>2017</b>       | <b>2016</b>       |
|-------------------------------------------|-------------------|-------------------|
|                                           | £                 | £                 |
| At 1 September 2016                       | 4,474,962         | 4,319,636         |
| Additions                                 | 1,034,309         | 1,355,154         |
| Disposal Proceeds                         | (915,651)         | (1,531,127)       |
| Realised Gains/(Losses)                   | 28,263            | (25,162)          |
| Unrealised Gains/(Losses)                 | 183,878           | 356,461           |
| At 31 August 2017                         | <u>£4,805,761</u> | <u>£4,474,962</u> |
| Listed Investments at Cost - At 31 August | <u>£3,974,414</u> | <u>£3,740,145</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 31 August 2017.

|                                         | <b>Market Value</b> |                 |
|-----------------------------------------|---------------------|-----------------|
|                                         | <b>2017</b>         | <b>2016</b>     |
|                                         | £                   | £               |
| The Charities Property Fund             | £645,135            | £634,077        |
| UBS ETF Plc                             | £250,273            | £255,914        |
| Focused SICAV High Grade Long Term Bond | <u>£372,012</u>     | <u>£351,731</u> |

**11. DEBTORS**

|                                                 | <b>2017</b>     | <b>2016</b>     |
|-------------------------------------------------|-----------------|-----------------|
|                                                 | £               | £               |
| Due from congregations, schools and other loans | 242,915         | 222,918         |
| Due from parent organisation                    | -               | 23,278          |
| Other Debtors                                   | 72,390          | 77,819          |
| Prepayments and accrued income                  | 232,477         | 313,913         |
| Agents Balances                                 | 31,761          | 37,662          |
| Rent Due                                        | <u>22,050</u>   | <u>22,090</u>   |
|                                                 | <u>£601,593</u> | <u>£697,680</u> |

Included above are debtors amounting to £219,663 (2016: £202,804) receivable after more than one year representing loans to two congregations, two individuals and Ockbrook School.

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 31 AUGUST 2017****12. BANK AND CASH**

|                                        | <b>2017</b>       | <b>2016</b>     |
|----------------------------------------|-------------------|-----------------|
|                                        | <b>£</b>          | <b>£</b>        |
| <b><i>Deposits</i></b>                 |                   |                 |
| UBS                                    | 80,559            | 28,544          |
| VESTRA                                 | 7,988             | 34,663          |
|                                        | <u>£88,547</u>    | <u>£63,207</u>  |
| <b><i>Cash at bank and in hand</i></b> |                   |                 |
| Current Account                        | 1,010,131         | 259,107         |
| Cash in hand                           | 500               | 500             |
|                                        | <u>£1,010,631</u> | <u>£259,607</u> |

**13. (a) CREDITORS : Amounts falling due within one year**

|                                                  | <b>2017</b>     | <b>2016</b>     |
|--------------------------------------------------|-----------------|-----------------|
|                                                  | <b>£</b>        | <b>£</b>        |
| Congregations, schools and related organisations | 114,830         | 132,824         |
| Due to parent organisation                       | 19,145          | -               |
| Social Security and other taxes                  | 7,628           | 7,263           |
| Other Creditors                                  | 9,808           | 7,531           |
| Accruals and Deferred Income                     | 51,436          | 53,221          |
| Rent received in advance                         | 19,660          | 19,874          |
| Bates Trust Loan (see 13. (b) below)             | 45,096          | -               |
|                                                  | <u>£267,603</u> | <u>£220,713</u> |

**(b) CREDITORS : Amounts falling due after more than one year**

|                  | <b>2017</b>     | <b>2016</b> |
|------------------|-----------------|-------------|
|                  | <b>£</b>        | <b>£</b>    |
| Bates Trust Loan | <u>£454,904</u> | <u>£-</u>   |

During the year a loan of £500,000 was extended to The Moravian Union by the Mrs EM Bates Trust. The loan was to provide investment funding to The Moravian Union to undertake a major fixed asset properties repair programme. The loan is to be repaid over a period of 10 years and is secured against 49 Creighton Avenue, a property currently valued at in excess of £1.3m. Interest is charged at 2% above base rate. The loan is considered a concessionary loan.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**14. ANALYSIS OF NET ASSETS BETWEEN THE FUND BALANCES**

|                                             | <b>General</b>    | <b>Designated</b>  | <b>Restricted</b> | <b>Total as<br/>at 31 August<br/>2017</b> |
|---------------------------------------------|-------------------|--------------------|-------------------|-------------------------------------------|
|                                             | £                 | £                  | £                 | £                                         |
| Fixed Assets                                | 2,939             | 2,554,617          | -                 | 2,557,556                                 |
| Cash and Investments                        | 1,110,761         | 17,578,213         | 4,512,972         | 23,201,946                                |
| Other Net Assets                            | (93,418)          | (5,804,163)        | 957,789           | (4,939,792)                               |
|                                             | <u>£1,020,282</u> | <u>£14,328,667</u> | <u>£5,470,761</u> | <u>£20,819,710</u>                        |
| Unrealised Gains/(Losses)<br>included above | <u>£17,008</u>    | <u>£15,737,446</u> | <u>£766,573</u>   | <u>£16,521,027</u>                        |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**15. RESTRICTED FUNDS**

|                      | Opening<br>Balances<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Realised<br>Inv.<br>Gains/<br>(Losses)<br>£ | Unrealised<br>Inv.<br>Gains/<br>(Losses)<br>£ | Unrealised<br>Reval.<br>Gains/<br>(Losses)<br>£ | Transfers<br>Between<br>Reserves<br>£ | Closing<br>Balances<br>£ |
|----------------------|--------------------------|----------------------------|----------------------------|---------------------------------------------|-----------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------|
| Evangelical          | 99,121                   | 47,073                     | (25,325)                   | 757                                         | 4,924                                         | -                                               | -                                     | 126,550                  |
| Ministers Emoluments | 2,542,525                | 26,475                     | (26,475)                   | 14,613                                      | 95,074                                        | -                                               | -                                     | 2,652,212                |
| Education            | 100,217                  | 10,530                     | (52,580)                   | 348                                         | 2,263                                         | -                                               | -                                     | 60,778                   |
| Overseas             | 309,768                  | 1,762                      | (1,762)                    | 1,717                                       | 11,172                                        | -                                               | -                                     | 322,657                  |
| Property             | 1,381,680                | 547,051                    | (48,854)                   | 7,358                                       | 47,871                                        | -                                               | (80,145)                              | 1,854,961                |
| Relief of Poverty    | 2,838                    | 59                         | (59)                       | 15                                          | 99                                            | -                                               | -                                     | 2,952                    |
| Other                | 553,278                  | 128,322                    | (240,349)                  | 1,252                                       | 8,148                                         | -                                               | -                                     | 450,651                  |
|                      | <u>£4,989,427</u>        | <u>£761,272</u>            | <u>£(395,404)</u>          | <u>£26,060</u>                              | <u>£169,551</u>                               | <u>£-</u>                                       | <u>£(80,145)</u>                      | <u>£5,470,761</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, and investments. Transfers from restricted funds represent closed congregations.

**16. DESIGNATED FUNDS**

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

|                                      | Opening<br>Balance<br>£ | Incoming<br>Resources<br>£ | Resources<br>Expended<br>£ | Realised/<br>Unrealised<br>Inv.<br>Gains/<br>(Losses)<br>£ | Actuarial<br>Gains/<br>(Losses) on<br>Defined<br>Benefit<br>Pension<br>£ | Unrealised<br>Reval.<br>Gains/<br>(Losses)<br>£ | Transfers<br>Between<br>Reserves<br>£ | Closing<br>Balances<br>£ |
|--------------------------------------|-------------------------|----------------------------|----------------------------|------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|--------------------------|
| Defined Benefit<br>Pension Scheme    | (5,071,495)             | -                          | 153,838                    | -                                                          | 81,198                                                                   | -                                               | -                                     | (4,836,459)              |
| Ministers Emoluments                 | 38,335                  | 64,496                     | (248,564)                  | 1,529                                                      | -                                                                        | -                                               | -                                     | (144,204)                |
| Overseas                             | -                       | -                          | -                          | -                                                          | -                                                                        | -                                               | -                                     | -                        |
| Property                             | 1,628,235               | 283,591                    | (2,791)                    | 10,588                                                     | -                                                                        | -                                               | -                                     | 1,919,623                |
| Investment Property –<br>Cost        | 1,607,327               | -                          | -                          | -                                                          | -                                                                        | -                                               | -                                     | 1,607,327                |
| Investment Property –<br>Revaluation | 15,320,351              | -                          | -                          | -                                                          | -                                                                        | 369,329                                         | -                                     | 15,689,680               |
| Other                                | 1,821                   | 10                         | (10)                       | 73                                                         | -                                                                        | -                                               | -                                     | 1,894                    |
| Mission Renewal                      | 91,306                  | -                          | (500)                      | -                                                          | -                                                                        | -                                               | -                                     | 90,806                   |
|                                      | <u>£13,615,880</u>      | <u>£348,097</u>            | <u>£(98,027)</u>           | <u>£12,190</u>                                             | <u>£81,198</u>                                                           | <u>£369,329</u>                                 | <u>£-</u>                             | <u>£14,328,667</u>       |

Each category consists of numerous designated funds which are represented by a proportion of the Charity's fixed assets, cash and investments and other assets 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 31 AUGUST 2017**

**17. PENSION COSTS**

The Moravian Church through the Moravian Union operates three pension schemes,

(i) Defined benefit pension scheme

Under this scheme discretionary pensions were paid to retired ministers in service prior to 31 August 2010 in accordance with the rules established by Synod, provided sufficient funds were available. The assets used to pay these pensions are not held separately from other funds of the Charitable Company. As a result of a resolution passed at the 2016 British Provincial Synod, The Moravian Union has recognised these pensions as an obligation and, as explained in note 19 below, has obtained an actuarial valuation of the liability at both the 31 August 2016 and 31 August 2017.

**Employee benefit obligations for the Moravian Church in respect of the Liability**

The amounts recognised in the Balance Sheet are as follows:

|                                         | <b>31/08/2017</b>   | <b>31/08/2016</b>   |
|-----------------------------------------|---------------------|---------------------|
|                                         | £                   | £                   |
| Fair value of Liability Assets          | -                   | -                   |
| Present value of funded obligations     | (4,836,459)         | (5,071,495)         |
| Net (under) / overfunding in Liability  | <u>£(4,836,459)</u> | <u>£(5,071,495)</u> |
| Unrecognised assets                     | -                   | -                   |
| Net Defined Benefit Asset / (Liability) | <u>£(4,836,459)</u> | <u>£(5,071,495)</u> |

The amounts recognised in Profit or Loss are as follows:

|                                               | <b>31/08/2017</b> |
|-----------------------------------------------|-------------------|
|                                               | £                 |
| Service cost                                  | -                 |
| Cost of benefit changes                       | -                 |
| Curtailment costs / (gains)                   | -                 |
| Settlement costs / (gains)                    | -                 |
| Net Interest on Net Defined Benefit Liability | 94,004            |
| Expense recognised in Profit or Loss          | <u>£94,004</u>    |

The amounts recognised as Remeasurements are as follows:

|                                          | <b>31/08/2017</b> |
|------------------------------------------|-------------------|
|                                          | £                 |
| Actuarial Gains / (Losses) on obligation | <u>£81,198</u>    |

The Moravian Union contributed £247,842 to fund the payment of benefits over the year from 1 September 2016 to 31 August 2017. No contributions were made by members over the period as the Liability is an unfunded arrangement.

No contributions are expected from the Church or from members over the next year from 1 September 2017 to 31 August 2018. The Liability is unfunded and pensions are paid directly by the Moravian Union.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**17. PENSION COSTS (Continued)**

**Changes in the present value of the Liability's Defined Benefit Obligation are as follows:**

|                                              | <b>31/08/2017</b> |
|----------------------------------------------|-------------------|
|                                              | <b>£</b>          |
| Opening Defined Benefit Obligation           | 5,071,495         |
| Service cost                                 | -                 |
| Contributions by members                     | -                 |
| Cost of benefit changes                      | -                 |
| Curtailment costs / (gains)                  | -                 |
| Liabilities extinguished on settlements      | -                 |
| Benefits paid                                | (247,842)         |
| Interest on obligation                       | 94,004            |
| Experience losses / (gains)                  | 57,317            |
| Losses / (gains) from changes in assumptions | (138,515)         |
| Closing Defined Benefit Obligation           | <u>£4,836,459</u> |

The weighted average duration of the liabilities of the Liability was 14 years as at 31 August 2017.

**Employee Benefit Obligations for The Moravian Union in Respect of the Liability**

Changes in the fair value of the assets are as follows:

|                                             | <b>31/08/2017</b> |
|---------------------------------------------|-------------------|
|                                             | <b>£</b>          |
| Opening fair value of Liability assets      | -                 |
| Interest on assets                          | -                 |
| Return on assets (not included in interest) | -                 |
| Assets distributed on settlements           | -                 |
| Contributions by Moravian Union             | 247,842           |
| Contributions by members                    | -                 |
| Benefits paid                               | (247,842)         |
| Administration expenses                     | -                 |
| Closing fair value of Liability assets      | <u>£-</u>         |

Principal actuarial assumptions used for the FRS 102 disclosures:

|                                                  | <b>31/08/2017</b> | <b>31/08/2016</b> |
|--------------------------------------------------|-------------------|-------------------|
|                                                  | <b>% pa</b>       | <b>% pa</b>       |
| Discount rate at end of year                     | 2.40              | 1.90              |
| Rate of increase in deferred pensions (LPI 3%)   | 2.60              | 2.30              |
| Rate of increase in deferred pensions (LPI 4%)   | 3.00              | 2.70              |
| Rate of increase in pensions in payment (LPI 3%) | 2.60              | 2.30              |
| Rate of increase in pensions in payment (LPI 4%) | 3.00              | 2.70              |

**THE MORAVIAN UNION (INCORPORATED)****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****17. PENSION COSTS (Continued)****Mortality Assumptions**

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 87 if they are male and until age 89 if female.

For a member currently aged 50 the assumptions are that if they attain age 65 they will live on average until age 88 if they are male and until age 91 if female.

(ii) Active ministers defined contribution scheme -

With effect from 31 December 2015 the discretionary scheme for active ministers was discontinued and replaced by a defined contribution scheme. Benefit entitlements at 31 December 2015 under the previous scheme, which were recognised as obligations by Synod during the preceding year, have been calculated and index linked to retirement as part of the actuarial valuation.

(iii) Other employees personal pension plans

Other employees hold personal pension plans and contribute at rates chosen by themselves. The Moravian Union contributes 7% of pensionable salaries to each plan. The employer's contribution in the year was £11,134 (2016: £7,775).

**18. FUTURE FINANCIAL COMMITMENTS****Operating Leases**

At 31 August 2017 the company was committed to making the following payments under non-cancellable operating leases in respect of office equipment:

|                    | <b>2017</b>   | <b>2016</b>    |
|--------------------|---------------|----------------|
|                    | <b>£</b>      | <b>£</b>       |
| Less than one year | -             | -              |
| One to five years  | 7,623         | 13,722         |
|                    | <u>£7,623</u> | <u>£13,722</u> |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**19. PRIOR YEAR ADJUSTMENT**

As explained in note 17, The Moravian Union, had previously provided discretionary pensions to retired ministers which were conditional upon sufficient funds being available and, on the basis of this uncertainty, no obligation had been recognised. A resolution was passed at the 2016 British Provincial Synod, effective from 11 July 2016, removing the discretionary status from these pensions and recognising the Church's obligation to provide defined benefit pensions to retired and existing ministers who were in service prior to 31 August 2010. The liability for current ministers ceased accrual on 31 December 2015 after which all remaining active ministers were treated as having left pensionable service with effect from that date. They subsequently joined the new defined contribution pension scheme which replaced the existing arrangement.

As explained in last year's accounts, because an actuarial valuation had not been carried out on the accrued pension liability, it was not possible to reliably estimate the amount of the obligation and no provision was made in the accounts. The trustees subsequently commissioned their actuaries, BWCI Consulting Limited (BWCI), to calculate an actuarial valuation of the liability as at the 31 August 2016. BWCI completed their work on 3 October 2017, providing valuations as at 31 August 2016 (£5,071,495) and 31 August 2017 (£4,836,459) of the actuarial liability.

Following completion of an actuarial valuation, the 2016 comparative figures have now been restated to reflect the liability which existed at 31 August 2016:

|                                    | <b>As<br/>originally<br/>reported<br/>£</b> | <b>Prior year<br/>adjustment<br/>£</b> | <b>As<br/>restated<br/>£</b> |
|------------------------------------|---------------------------------------------|----------------------------------------|------------------------------|
| <b>As at 31 August 2016</b>        |                                             |                                        |                              |
| <b>Reserves – Designated funds</b> |                                             |                                        |                              |
| Defined Benefit Pension Scheme     | -                                           | (5,071,495)                            | (5,071,495)                  |
| <b>Net Assets</b>                  | 24,581,405                                  | (5,071,495)                            | 19,509,910                   |
| <b>SOFA</b>                        | 1,271,712                                   | (5,071,495)                            | (3,799,783)                  |

The valuations and movements during the current year are disclosed in note 17 to these financial statements. The liability is unfunded and the liability to pay pensions lies entirely with The Moravian Union.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**20. 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  
 Fulneck Choir House

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:

|                                                | <b>2017</b>   | <b>2016</b>   |
|------------------------------------------------|---------------|---------------|
|                                                | £             | £             |
| Assessments received from Fulneck School       | 6,500         | 6,350         |
| Assessments received from Ockbrook School      | 6,500         | 6,350         |
| Interest on loan to Ockbrook School            | 4,227         | 2,358         |
| Interest on loans to Congregations             | 1,231         | 558           |
| Assessments received from Congregations        | 70,367        | 77,726        |
| Assessments received from Fulneck Choir House  | 500           | 500           |
| Mrs E M Bates Trust                            | 414,724       | 432,069       |
| Grant to Moravian Church                       | (190,000)     | (100,000)     |
| London Association in Aid of Moravian Missions | <u>48,000</u> | <u>52,000</u> |

At 31 August 2017, the following balances were outstanding

|                               | <b>2017</b>      | <b>2016</b> |
|-------------------------------|------------------|-------------|
|                               | £                | £           |
| Due from Mrs E M Bates Trust  | 214,724          | 242,069     |
| Due from/(to) Moravian Church | (19,145)         | 23,278      |
| Due from Ockbrook School      | 185,574          | 190,358     |
| Due from Congregations        | 51,174           | 19,744      |
| Due to Congregations          | (97,483)         | (102,631)   |
| Due from Fulneck Choir House  | -                | 4,000       |
| Due to Mrs E M Bates Trust    | <u>(500,000)</u> | <u>-</u>    |

**21. ULTIMATE PARENT ORGANISATION**

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

**THE MORAVIAN UNION (INCORPORATED)****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2017****22. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

|                                                          | Notes  | Unrestricted Funds |                 | Restricted Funds | Year Ended<br>31 August<br>2016 |
|----------------------------------------------------------|--------|--------------------|-----------------|------------------|---------------------------------|
|                                                          |        | General<br>£       | Designated<br>£ | £                | £                               |
| <b>INCOME AND ENDOWMENTS FROM</b>                        |        |                    |                 |                  |                                 |
| Donations and Legacies                                   | 2      | 448,845            | -               | 182,274          | 631,119                         |
| Investments                                              | 3      | 669,116            | 74,056          | 76,602           | 819,774                         |
|                                                          |        | 1,117,961          | 74,056          | 258,876          | 1,450,893                       |
| Charitable Activities                                    | 4      | 127,725            | 10,367          | 10,618           | 148,710                         |
|                                                          |        | 84,335             | -               | 340,936          | 425,271                         |
| <b>Total Income</b>                                      |        | 1,330,021          | 84,423          | 610,430          | 2,024,874                       |
| <b>EXPENDITURE ON</b>                                    |        |                    |                 |                  |                                 |
| Raising Funds                                            |        |                    |                 |                  |                                 |
| Investment Management Costs                              |        | (599,237)          | (3,121)         | (23,785)         | (626,143)                       |
| Charitable activities                                    |        | (513,882)          | (252,286)       | (367,650)        | (1,133,818)                     |
| <b>Total Expenditure</b>                                 | 5      | (1,113,119)        | (255,407)       | (391,435)        | (1,759,961)                     |
| Net Gains/(Losses) on Investments                        | 9 & 10 | 24,776             | 695,700         | 286,323          | 1,006,799                       |
| <b>Net income/(expenditure) for the year</b>             | 7      | 241,678            | 524,716         | 505,318          | 1,271,712                       |
| Recognition of Defined Benefit Pension Scheme Obligation |        | -                  | (5,071,495)     | -                | (5,071,495)                     |
| <b>Transfers between Reserves</b>                        |        | (286,704)          | 205,951         | 80,753           | -                               |
| <b>NET MOVEMENT IN FUNDS</b>                             |        | (45,026)           | (4,340,828)     | 586,071          | (3,799,783)                     |
| <b>Total Funds Brought Forward</b>                       |        | 949,629            | 17,956,708      | 4,403,356        | 23,309,693                      |
| <b>Total Funds Carried Forward</b>                       |        | £904,603           | £13,615,880     | £4,989,427       | £19,509,910                     |