

THE MORAVIAN UNION (INCORPORATED)

(A company limited by guarantee)

Company Number: 00133708

Charity Number: 251211-3

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

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THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Incorporating the Directors' Report)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of the Companies Act) present their combined directors' report and Report of the Trustees, as required by company law, together with the audited financial statements of the Moravian Union (Incorporated) for the year ended 31 August 2018. 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 2018 and to date comprise:

* Miss R. M. A. Hoey	
Rev. P. M. Holdsworth	(Appointed 8 July 2018)
Rev. D. R. Howarth	(Appointed 8 July 2018)
Rev. R.J. Hopcroft	(Resigned 8 July 2018)
* Mrs G. Taylor	(Resigned 31 August 2018)
Mrs Z. M. Taylor	
Rev. Dr. L. Thompson	(Appointed 8 July 2018)

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

The principal officers:

Miss R. M. A. Hoey	Company Secretary
Mrs. L. Newens	Administrator
Mr G. Salt	Accountant
Miss L. Parsons	Archivist

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

Investment Advisors:	UBS Wealth Management (UK) Ltd. 1 Curzon Street, London W1J 5UB	Vestra Wealth LLP 14 Cornhill London EC3V 3NR
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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 LLP
Chartered Accountants
65 Leadenhall Street
London EC3A 2AD

THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 Conference 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 of thirty congregations, two societies and a number of other charitable companies including two schools.

Procedures for the Recruitment and Appointment of Trustees

The Book of Order, Section 3.1 states that the PEC consists of six members of the Moravian Church in the British Province, two serving in a full time stipendiary capacity and four serving in a non stipendiary capacity, 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. Vacancies during an inter synod period shall be filled by a postal ballot election.

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 (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 significant risks and are taking steps to mitigate in the following ways:

- **Failure to encourage people into ordained ministry, results in further decline, resulting in the Moravian Church ceasing to exist:** The PEC with the support of the Church Service Committee continue to review and implement strategies to recruit people into ministry. This includes dedicated Church services and enquiry days. The Church Service Committee are currently reviewing the provision of materials for training Lay people for service and have drafted resources for publication on opportunities for services as well as an understanding of ordained ministry.
- **Declining congregations and failure to grow resulting in congregation closures and ultimately the Moravian Church ceasing to exist:** The PEC have convened the 'Future Directions and Sustainability Taskforce' to consider the current framework of the Province and consider ways to move forward into the future.
- **Reputational damage which results in litigation and impacts on engagements with communities:** The PEC actively considers reputational damage as part of their strategy and planning. This provides the opportunity for identifying potential problems that could affect public perception, take remedial action where necessary and dictates how we communicate and manage expectations.

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REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

- **Dependency on limited income sources, shortfall for reserve and unforeseen shortfall on the pension funds:** The PEC continually monitors and reviews potential areas of weakness in our financial strategy and are supported by the Finance Committee who have the ability to convene emergency meetings if necessary. A Financial and Investment Risk Register is maintained.
- **Loss of key personnel:** The PEC recognises the importance of personnel for the effective running of the organisation and is currently reviewing the framework for people management promoting a transparent and supportive environment. Losses cannot always be avoided and the PEC must respond quickly to ensure smooth transitions.
- **Significant damage to historic buildings and archives:** The PEC work with the Estates manager and the Provincial Archivist to promote best practices for care and maintenance of historic buildings and archives.
- **Loss of significant and sensitive data:** The PEC continually monitors and reviews policies to ensure that we remain compliant with current legislative practices and seek to take remedial actions if weaknesses are identified. A recent audit has been completed to ensure compliance following the introduction of the General Data Protection Regulations.

Volunteers

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

Pensions

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, 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. The most recent actuarial valuation of the pension liability was completed on 3 October 2017 and calculated the liability to be £4,836,459.

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.

THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTS AND ACTIVITIES (Continued)

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 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 2018

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

THE MORAVIAN UNION (INCORPORATED)
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FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 expenditure for the current year, before net gains on investments and other gains and losses, amounted to £247,314 (2017: net income of £647,132). The movement year on year arises as a result of total income decreasing from £2,357,286 to £1,624,844, primarily as a result of net gains on the disposal of functional properties in the previous year. In the prior year, three properties were disposed of generating net proceeds of £792,282 but no sales occurred in the current year.

This year aggregate gains on investments (both realised and unrealised) of £1,044,297 have arisen in comparison to gains of £581,470 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 gave rise to an increase in the charitable company's total funds this year of £796,983. As a result of the year's operations, and after fund transfers, the general fund has increased by £1,912,333, designated funds have increased by £1,152,316 and restricted funds have decreased by £2,267,666. The reason for the significant decrease in restricted funds relates to a transfer to the general fund. This transfer took place because funds held for ministers' pensions had previously been charged to the general fund in error. The Balance Sheet indicates that the company's net current assets, the principal measure of short to medium term solvency, amounted to £1,112,664 at the year end and this continues to imply a reasonably healthy margin of solvency.

THE MORAVIAN UNION (INCORPORATED)
REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

REVIEW OF FINANCIAL POSITION (Continued)

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 show a bias towards sustainable environmental activities and avoid tobacco, armaments and significant environmental risks.

The movement in market value of investments this year, both realised and unrealised, amounts to a gain of £173,554 or 3.6% 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 market value of investment property is currently estimated at £18,167,750 and net rental income is £59,542. Net rental income will fluctuate year on year depending on the level of maintenance work required on the estate properties.

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 £2.93m and this represents approximately 19 month's total expenditure. The trustees are working towards utilising the surplus general reserves to decrease them 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 (Incorporating the Directors' Report - Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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:

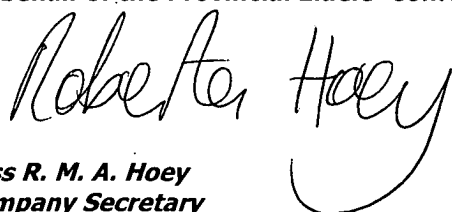
- so far as each Trustee is aware there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Charitable Company's auditors are unaware; and
- each Trustee has taken all the steps necessary to make herself/himself aware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

AUDITORS

On 31st March 2019, Knox Cropper, the Charity's auditors, transferred its business to Knox Cropper LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Trustees have consented to treating the appointment of Knox Cropper as extending to Knox Cropper LLP.

On behalf of the Provincial Elders' Conference on 17 May 2019



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 2018**

Opinion

We have audited the financial statements of The Moravian Union (the 'charitable company') for the year ended 31 August 2018 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 2018 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 2018**

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 Billingham ACA (Senior Statutory Auditor)
For and on behalf of Knox Cropper LLP (Statutory Auditor)
65 Leadenhall Street
London
EC3A 2AD

Date: 23/05/2019

THE MORAVIAN UNION (INCORPORATED)

STATEMENT OF FINANCIAL ACTIVITIES
(Including an Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	Year Ended 31 August 2018 £	Year Ended 31 August 2017 £
INCOME AND ENDOWMENTS FROM						
Donations and Legacies	2	417,008	-	134,228	551,236	570,431
Investments	3	808,386	6,157	85,548	900,091	848,710
		1,225,394	6,157	219,776	1,451,327	1,419,141
Charitable Activities	4	140,589	5,514	27,414	173,517	145,863
Other	8	-	-	-	-	792,282
Total Income		1,365,983	11,671	247,190	1,624,844	2,357,286
EXPENDITURE ON						
Raising Funds						
Investment Management Costs		(651,099)	(7,352)	(41,037)	(699,488)	(674,781)
Charitable activities		(710,323)	-	(462,347)	(1,172,670)	(1,035,373)
Total Expenditure	5	(1,361,422)	(7,352)	(503,384)	(1,872,158)	(1,710,154)
Net Gains/(Losses) on Investments	9 & 10	3,855	880,639	159,803	1,044,297	581,470
Net income/(expenditure) for the year	7	8,416	884,958	(96,391)	796,983	1,228,602
Other recognised Gains/(Losses)						
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	17	-	-	-	-	81,198
Transfers between Funds	15 & 16	1,903,917	267,358	(2,171,275)	-	-
NET MOVEMENT IN FUNDS		1,912,333	1,152,316	(2,267,666)	796,983	1,309,800
RECONCILIATION OF FUNDS:						
Total Funds Brought Forward	15,16	1,020,282	14,328,667	5,470,761	20,819,710	19,509,910
Total Funds Carried Forward	15 & 16	£2,932,615	£15,480,983	£3,203,095	£21,616,693	£20,819,710

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 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible Assets	8	2,598,139	2,557,556
Investment Property	9	18,167,750	17,297,007
Investments	10	4,712,134	4,805,761
Total fixed assets		<u>25,478,023</u>	<u>24,660,324</u>
CURRENT ASSETS			
Stock		15,540	17,581
Debtors	11	656,941	601,593
Investments	12	114,388	88,547
Cash and Bank	12	615,483	1,010,631
Total current assets		<u>1,402,352</u>	<u>1,718,352</u>
LIABILITIES			
Creditors: Amounts falling due within one year	13	(289,688)	(267,603)
NET CURRENT ASSETS		<u>1,112,664</u>	<u>1,450,749</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,590,687	26,111,073
Creditors: Amounts falling due after more than one year	13	(404,893)	(454,904)
NET ASSETS BEFORE PENSION LIABILITY		<u>26,185,794</u>	<u>25,656,169</u>
Defined Benefit Pension Scheme Asset/(Liability)	17	(4,569,101)	(4,836,459)
NET ASSETS		<u><u>£21,616,693</u></u>	<u><u>£20,819,710</u></u>
The funds of the charity:			
Restricted Funds	15	3,203,095	5,470,761
Unrestricted Funds			
General		2,932,615	1,020,282
Designated – Defined Benefit Pension Scheme	16	(4,569,101)	(4,836,459)
Designated – Investment Property Revaluation Reserve	16	16,560,423	15,689,680
Designated – Other Reserves	16	3,489,661	3,475,446
TOTAL CHARITY FUNDS		<u><u>£21,616,693</u></u>	<u><u>£20,819,710</u></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
and signed on their behalf

Rev Dr L Thompson
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 2018**

	2018 £	2017 £
Net Cash provided by Operating Activities	(1,372,546)	(991,508)
Cash flows from Investing Activities:		
Investment income	900,091	848,710
Purchase of Property, Plant and Equipment	(103,468)	(254,455)
Proceeds from the sale of Property, Plant and Equipment	-	792,287
Additions to investment properties	-	-
Purchase of investments	(3,491,505)	(1,034,309)
Proceeds from sale of investments	<u>3,758,686</u>	<u>915,651</u>
Net Cash provided by/(used in) investing activities	1,063,804	1,267,884
Cash flows from Financing Activities:		
Interest Paid	(11,665)	(12)
Cash (outflows)/inflows from borrowing	<u>(48,900)</u>	<u>500,000</u>
Net Cash (used in)/provided by financing activities	(60,565)	499,988
Net Change in Cash and Cash Equivalents	<u>(369,307)</u>	<u>776,364</u>
Cash and Cash Equivalents at the Beginning of the Year	1,099,178	322,814
Cash and Cash Equivalents at the End of the Year	<u><u>£729,871</u></u>	<u><u>£1,099,178</u></u>

RECONCILIATION OF SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Surplus for the year	796,983	1,309,800
Investment income	(900,091)	(848,710)
Interest paid	11,665	12
Depreciation	62,885	56,875
(Gains) on disposal of properties	-	(792,282)
(Gains) on investment assets	(1,044,297)	(581,470)
Decrease/(Increase) in Stock	2,041	1,422
(Increase)/Decrease in Trade and Other Debtors	(55,348)	96,087
Increase/(Decrease) in Trade and Other Creditors	20,974	1,794
Movement in Defined Pension Liability	(267,358)	(235,036)
	<u><u>£(1,372,546)</u></u>	<u><u>£(991,508)</u></u>

THE MORAVIAN UNION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 company limited by guarantee incorporated in England and Wales (registered no. 00133708) and a registered charity (no. 251211-3). Its principal place of business and registered office is Moravian Church House, 5-7 Muswell Hill, London, N10 3TJ.

Its 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

All freehold property is analysed 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 are 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 2018****1. ACCOUNTING POLICIES (Continued)****Investment Property**

Investment property 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 2018

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 as at 31 August 2017 and is adjusted triennially to reflect the estimated fair value of the liability. Movements during the year are disclosed in note 17 to these financial statements. With effect from 31 December 2015 the discretionary scheme for active members was discontinued and replaced by a defined contribution scheme. The charitable company's liability under this scheme is limited to paying contributions as they arise and these costs are recognised in the accounts when the contributions fall due.

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 trustees. If they consider that the principal actuarial assumptions have not changed significantly no adjustment will be made to the provision. The actuary will recalculate the liability triennially. The next actuarial valuation will be as at 31 August 2020.

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 2018****2. DONATIONS AND LEGACIES**

	Unrestricted Funds		Restricted Funds	Total 2018	Total 2017
	General	Designated			
	£	£	£	£	£
Mrs E M Bates Trust	401,392	-	-	401,392	414,724
Donations and Legacies	15,616	-	69,228	84,844	107,707
London Association in Aid of Moravian Missions	-	-	65,000	65,000	48,000
	£417,008	£-	£134,228	£551,236	£570,431

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

	Unrestricted Funds		Restricted Funds	Total 2018	Total 2017
	General	Designated			
	£	£	£	£	£
Interest receivable	6,074	-	12	6,086	5,687
Dividends receivable	80,645	4,362	85,536	170,543	165,213
Rents receivable	721,667	1,795	-	723,462	677,810
	£808,386	£6,157	£85,548	£900,091	£848,710

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds		Restricted Funds	Total 2018	Total 2017
	General	Designated			
	£	£	£	£	£
Unity & Congregational Activities					
Congregation assessments	97,535	-	-	97,535	83,867
Unity Income	-	-	27,291	27,291	11,603
	97,535	-	27,291	124,826	95,470
Book Sales	18,885	-	123	19,008	22,846
Sundry Income	16,553	5,514	-	22,067	17,205
Youth and Children (Summer Camp) Income	7,616	-	-	7,616	10,342
	£140,589	£5,514	£27,414	£173,517	£145,863

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2018

5. TOTAL EXPENDITURE

	Raising Funds (Inv. Mgt)	Charitable Activities Ministry & Congregations		Support Costs	Total 2018	Total 2017
	£	Domestic £	Overseas £	£	£	£
Investment Management Costs	31,343	-	-	-	31,343	29,002
Grants to Congregations and Projects	-	370,494	235,171	-	605,665	452,224
Estate Management Costs	663,920	-	-	-	663,920	641,004
Burial Ground Costs	-	12,177	-	-	12,177	1,249
Pensions to former Ministers	-	-	-	-	-	96,092
Staff Costs	-	113,770	26,446	13,657	153,873	142,798
Archive Staff Costs	-	44,238	-	-	44,238	43,535
Synod Expenses	-	24,656	-	-	24,656	-
Honoraria	-	4,000	-	-	4,000	-
Ministry	-	63,758	-	-	63,758	73,614
Provision for doubtful debts	-	-	-	-	-	-
Youth and Children	-	10,442	-	-	10,442	10,420
Audit	-	-	-	25,920	25,920	24,900
Bank Charges	-	967	-	-	967	752
Depreciation	-	-	-	62,885	62,885	56,875
Books and Publications	-	15,617	-	-	15,617	14,124
Subscriptions & Licences	-	13,135	-	-	13,135	16,845
Messenger	-	23,998	-	-	23,998	22,431
Stationery and Postage	-	-	-	6,659	6,659	7,399
Premises (Cleaning, repairs, security, light, power and utilities)	4,225	-	-	38,022	42,247	35,258
Legal & Professional	-	-	-	17,350	17,350	1,565
Lease Costs	-	-	-	6,163	6,163	6,147
Computer Software Maintenance & Licences	-	-	-	15,085	15,085	14,540
Communications	-	-	-	8,164	8,164	6,001
Insurance	-	-	-	481	481	1,567
Other Office Costs	-	7,565	-	185	7,750	11,800
Interest	-	-	-	11,665	11,665	12
	699,488	704,817	261,617	206,236	1,872,158	1,710,154
Apportioned Support Costs (Based on staff time)	-	179,425	26,811	(206,236)	-	-
Total 2018	£699,488	£884,242	£288,428	£-	£1,872,158	
Total 2017	£674,781	£746,476	£288,897	£-		£1,710,154

All grants are made to charitable institutions and are to help fund the ministry and congregations. Grants in excess of £50k were made to Moravian Church (£225,000) to cover losses incurred in the year and Bath Weston (£88,000) for Church improvements.

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

6. STAFF COSTS

	2018	2017
	£	£
Salaries – Archives	35,757	34,549
Salaries – Administrative	135,453	125,020
Social Security Costs – Archives	3,843	3,690
Social Security Costs – Administrative	10,099	9,222
Pension Costs – Archives	2,872	2,579
Pension Costs - Administrative	8,322	8,556
Staff Costs	196,346	183,616
Other Costs	1,765	2,717
	<u>£198,111</u>	<u>£186,333</u>

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

Staff Costs	153,873	142,798
Archive Staff Costs	44,238	43,535
	<u>£198,111</u>	<u>£186,333</u>

No employee earned £60,000 or more during the period. The average number of staff was 4 (2017: 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 £18,047 (2017: £13,113) was reimbursed to 7 (2017: 5) members of the Committee of Management in respect of travel expenses incurred during the period.

7. NET INCOME FOR THE YEAR

	2018	2017
	£	£
Net income for the year is stated after charging:		
Auditors remuneration		
For audit - current year	25,920	24,900
For other services - current year	-	-
Depreciation	62,885	56,875
Operating lease expenditure	<u>6,163</u>	<u>6,145</u>

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, Fittings & Equipment £	Total £
Cost			
At 1 September 2017	3,020,667	12,513	3,033,180
Additions	103,468	-	103,468
Disposals	-	-	-
At 31 August 2018	<u>3,124,135</u>	<u>12,513</u>	<u>3,136,648</u>
Depreciation			
At 1 September 2017	466,050	9,574	475,624
Depreciation for the Period	61,793	1,092	62,885
Eliminated on Disposal	-	-	-
At 31 August 2018	<u>527,843</u>	<u>10,666</u>	<u>538,509</u>
Net Book Value			
At 31 August 2018	<u>£2,596,292</u>	<u>£1,847</u>	<u>£2,598,139</u>
At 31 August 2017	<u>£2,554,617</u>	<u>£2,939</u>	<u>£2,557,556</u>

The Moravian Union is custodian trustee of other properties occupied by congregations, which are not reflected in these accounts. During the previous year three of these properties were sold generating net proceeds of £792,282. These proceeds were included within other income on the Statement of Financial Activities. None of these properties were sold during the current year.

9. INVESTMENT PROPERTIES

	2018 £	2017 £
Market Value		
At 1 September 2017	17,297,007	16,927,678
Revaluation Gains/(Losses)	870,743	369,329
At 31 August 2018	<u>£18,167,750</u>	<u>£17,297,007</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 2018 are based on that 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 2018****10. OTHER INVESTMENTS****Listed Investments at Market Value**

	2018	2017
	£	£
At 1 September 2017	4,805,761	4,474,962
Additions	3,491,505	1,034,309
Disposal Proceeds	(3,758,686)	(915,651)
Realised Gains/(Losses)	13,243	28,263
Unrealised Gains/(Losses)	160,311	183,878
At 31 August 2018	<u>£4,712,134</u>	<u>£4,805,761</u>
Listed Investments at Cost - At 31 August	<u>£3,720,476</u>	<u>£3,974,414</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 2018.

	Market Value	
	2018	2017
	£	£
The Charities Property Fund	£433,406	£645,135
UBS ETF SICAV BLB Barclays MSCI US Liquid	£321,533	£250,273
Focused SICAV High Grade Long Term Bond	<u>£-</u>	<u>£372,012</u>

11. DEBTORS

	2018	2017
	£	£
Due from congregations, schools and other loans	239,114	242,915
Due from parent organisation	36,276	-
Other Debtors	69,544	72,390
Prepayments and accrued income	247,612	232,477
Agents Balances	37,102	31,761
Rent Due	27,293	22,050
	<u>£656,941</u>	<u>£601,593</u>

Included above are debtors amounting to £207,704 (2017: £219,663) receivable after more than one year representing loans to three congregations, two individuals and Ockbrook School.

Loans to congregations and other related parties carry interest at 2% above bank base rate and were made to further the Charity's purposes.

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

12. BANK AND CASH

	2018	2017
	£	£
<i>Deposits</i>		
UBS	99,645	80,559
VESTRA	14,743	7,988
	<u>£114,388</u>	<u>£88,547</u>
<i>Cash at bank and in hand</i>		
Current Account	614,983	1,010,131
Cash in hand	500	500
	<u>£615,483</u>	<u>£1,010,631</u>

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

	2018	2017
	£	£
Congregations, schools and related organisations	101,304	114,830
Due to parent organisation	-	19,145
Social Security and other taxes	8,705	7,628
Other Creditors	25,903	9,808
Accruals and Deferred Income	84,518	51,436
Rent received in advance	23,051	19,660
Bates Trust Loan (see 13. (b) below)	46,207	45,096
	<u>£289,688</u>	<u>£267,603</u>

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

	2018	2017
	£	£
Bates Trust Loan	<u>£404,893</u>	<u>£454,904</u>

During 2017 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 2018****14. ANALYSIS OF NET ASSETS BETWEEN THE FUND BALANCES**

	General	Designated	Restricted	Total as at 31 August 2018
	£	£	£	£
Fixed Assets	1,847	2,596,292	-	2,598,139
Cash and Investments	2,776,223	18,442,941	2,390,591	23,609,755
Other Net Assets	421,903	(5,825,608)	812,504	(4,591,201)
	<u>£3,199,973</u>	<u>15,213,625</u>	<u>3,203,095</u>	<u>21,616,693</u>
Unrealised Gains/(Losses) included above	<u>£20,569</u>	<u>£16,617,330</u>	<u>£914,182</u>	<u>£17,552,081</u>

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

15. RESTRICTED FUNDS

	Opening Balances £	Incoming Resources £	Resources Expended £	Realised Inv. Gains/ (Losses) £	Unrealised Inv. Gains/ (Losses) £	Unrealised Reval. Gains/ (Losses) £	Transfers Between Reserves £	Closing Balances £
Evangelical	126,550	35,110	(28,986)	428	5,180	-	(20,344)	117,938
Ministers Emoluments	2,652,212	27,956	(27,956)	6,795	82,255	-	(2,137,494)	603,768
Education	60,778	10,135	(67,640)	162	1,957	-	(3,167)	2,225
Overseas	322,657	1,890	(1,890)	798	9,666	-	-	333,121
Property	1,854,961	41,942	(142,002)	3,421	41,416	-	(10,270)	1,789,468
Relief of Poverty	2,952	61	(61)	7	86	-	-	3,045
Other	450,651	130,096	(234,849)	583	7,049	-	-	353,530
	<u>£5,470,761</u>	<u>£247,190</u>	<u>£(503,384)</u>	<u>£12,194</u>	<u>£147,609</u>	<u>£-</u>	<u>£(2,171,275)</u>	<u>£3,203,095</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 relate to closed congregations and the ministers' pension reserve which had previously been charged to the general reserve within unrestricted funds. On closure of a congregation its outstanding reserves can be used for the general purposes of the Moravian Church. The ministers' pensions fund was established by the trustees to fund discretionary pensions to retired ministers. However, in previous years pension costs amounting to £2,137,494 were charged to general funds in error and this error has been corrected in the current year.

16. DESIGNATED FUNDS

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

	Opening Balance £	Incoming Resources £	Resources Expended £	Realised/ Unrealised Inv. Gains/ (Losses) £	Actuarial Gains/ (Losses) on Defined Benefit Pension £	Unrealised Reval. Gains/ (Losses) £	Transfers Between Reserves £	Closing Balances £
Defined Benefit Pension Scheme	(4,836,459)	-	-	-	-	-	267,358	(4,569,101)
Ministers Emoluments	(144,204)	8,313	(224)	1,242	-	-	-	(134,873)
Property	1,919,623	3,347	(7,117)	8,595	-	-	-	1,924,448
Investment Property – Cost	1,607,327	-	-	-	-	-	-	1,607,327
Investment Property – Revaluation	15,689,680	-	-	-	-	870,743	-	16,560,423
Other	1,894	11	(11)	59	-	-	-	1,953
Mission Renewal	90,806	-	-	-	-	-	-	90,806
	<u>£14,328,667</u>	<u>£11,671</u>	<u>£(7,352)</u>	<u>£9,896</u>	<u>£-</u>	<u>£870,743</u>	<u>£267,358</u>	<u>£15,480,983</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 2018

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 has obtained an actuarial valuation of the liability at the 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:

	31/08/2018	31/08/2017
	£	£
Fair value of Liability Assets	-	-
Present value of funded obligations	<u>(4,569,101)</u>	<u>(4,836,459)</u>
Net (under) / overfunding in Liability	<u>£(4,569,101)</u>	<u>£(4,836,459)</u>
Unrecognised assets	-	-
Net Defined Benefit Asset / (Liability)	<u>£(4,569,101)</u>	<u>£(4,836,459)</u>

The amounts recognised in Profit or Loss are as follows:

	31/08/2018
	£
Service cost	-
Cost of benefit changes	-
Curtailment costs / (gains)	-
Settlement costs / (gains)	-
Net Interest on Net Defined Benefit Liability	-
Expense recognised in Profit or Loss	<u>£-</u>

The Moravian Union contributed £267,358 to fund the payment of benefits over the year from 1 September 2017 to 31 August 2018. 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 2018 to 31 August 2019. 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 2018****17. PENSION COSTS (Continued)**

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

	31/08/2018	31/08/2017
	£	£
Opening Defined Benefit Obligation	4,836,459	5,071,495
Service cost	-	-
Contributions by members	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(267,358)	(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>£4,569,101</u>	<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:

	31/08/2018	31/08/2017
	£	£
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>	<u>£-</u>

Principal actuarial assumptions used for the most recent FRS 102 disclosures:

	31/08/2017
	% pa
Discount rate at end of year	2.40
Rate of increase in deferred pensions (LPI 3%)	2.60
Rate of increase in deferred pensions (LPI 4%)	3.00
Rate of increase in pensions in payment (LPI 3%)	2.60
Rate of increase in pensions in payment (LPI 4%)	3.00

THE MORAVIAN UNION (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2018****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 £11,194 (2017: £11,134).

18. FUTURE FINANCIAL COMMITMENTS**Operating Leases**

At 31 August 2018 the company was committed to making the following payments under non-cancellable operating leases in respect of office equipment:

	2018	2017
	£	£
Less than one year	1,525	6,098
One to five years	-	1,525
	<u>£1,525</u>	<u>£7,623</u>

THE MORAVIAN UNION (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2018****19. 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:

	2018	2017
	£	£
Assessments received from Fulneck School	6,500	6,500
Assessments received from Ockbrook School	6,500	6,500
Interest on loan to Ockbrook School	4,520	4,227
Interest on loans to Congregations	1,250	1,231
Assessments received from Congregations	84,535	70,367
Assessments received from Fulneck Choir House	500	500
Mrs E M Bates Trust donation	401,392	414,724
Grant to Moravian Church	(225,000)	(190,000)
London Association in Aid of Moravian Missions donation	<u>65,000</u>	<u>48,000</u>

At 31 August 2018, the following balances were outstanding

	2018	2017
	£	£
Due from Mrs E M Bates Trust	211,392	214,724
Due from/(to) Moravian Church	36,276	(19,145)
Due from Ockbrook School	181,995	185,574
Due from Congregations	53,639	51,174
Due to Congregations	(101,305)	(97,483)
Due to Mrs E M Bates Trust	<u>(451,100)</u>	<u>(500,000)</u>

20. ULTIMATE PARENT ORGANISATION

The Ultimate Parent, which operates in the United Kingdom, is The British Province of the Unitas Fratrum operating as The Moravian Church, registered charity number 251211. The accounts of the parent charity can be obtained from Moravian Church House, 5-7 Muswell Hill, London, N10 3TJ.

THE MORAVIAN UNION (INCORPORATED)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

21. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds		Restricted Funds	Year Ended 31 August 2017
		General £	Designated £	£	£
INCOME AND ENDOWMENTS FROM					
Donations and Legacies	2	419,220	-	162,814	582,034
Investments	3	703,972	63,047	81,691	848,710
		1,123,192	63,047	244,505	1,430,744
Charitable Activities	4	124,725	5,310	4,225	134,260
Other	8	-	279,740	512,542	792,282
Total Income		1,247,917	348,097	761,272	2,357,286
EXPENDITURE ON					
Raising Funds					
Investment Management Costs		(645,124)	(1,666)	(27,991)	(674,781)
Charitable activities		(571,599)	(96,361)	(367,413)	(1,035,373)
Total Expenditure	5	(1,216,723)	(98,027)	(395,404)	(1,710,154)
Net Gains/(Losses) on Investments	9 & 10	4,340	381,519	195,611	581,470
Net income/(expenditure) for the year	7	35,534	631,589	561,479	1,228,602
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes		-	81,198	-	81,198
Transfers between Reserves		80,145	-	(80,145)	-
NET MOVEMENT IN FUNDS		115,679	712,787	481,334	1,309,800
Total Funds Brought Forward		904,603	13,615,880	4,989,427	19,509,910
Total Funds Carried Forward		£1,020,282	£14,328,667	£5,470,761	£20,819,710