

# **THE MORAVIAN UNION (INCORPORATED)**

**(A company limited by guarantee)**

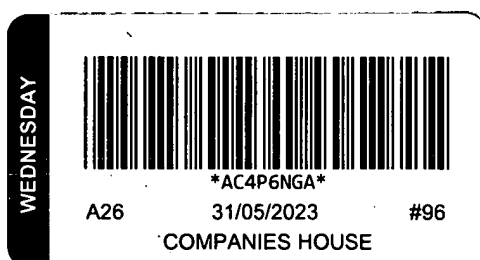
**Company Number: 00133708**

**Charity Number: 251211-3**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2022**



**THE MORAVIAN UNION (INCORPORATED)**  
**REPORT OF THE TRUSTEES (Incorporating the Directors' Report)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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 2022. 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). The report and statements also comply with the Companies Act 2006, the Charities Act 2011 and regulations made thereunder.

**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. 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.

The Provincial Elders' (who are the Charity's Trustees and the Company's Directors) for the period ended 31 August 2022 and to date comprise:

Rev Prof P. Gubi (resigned 25 September 2022)  
 \* Miss R. M. A. Hoey  
 Rev. P. M. Holdsworth (resigned 25 January 2023)  
 \*Rev. D. R. Howarth  
 Rev M. Newman  
 Rev. Dr. L. Thompson  
 Rev. E. Quildan (appointed 25 September 2022)

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

The principal officers:

|                   |                   |
|-------------------|-------------------|
| Rev D. R. Howarth | 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

|                             |                                                                       |                                                     |
|-----------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|
| <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 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 2022**

**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 (reduced to 28 after the balance sheet date), two societies, a house of multiple occupancy and one other charitable company, being a school.

**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. 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, providing the vacancy occurs more than six months before the next 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 and Property 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 2022**

**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 renewal and growth. Plans are afoot to observe a decade of evangelism, as a way to revive our commitment to outreach and mission.
- **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.
- **Lack of Diversity and Inclusion:** The PEC has initiated diversity and inclusion training for staff, as part of a whole organisation strategy to promote and model diversity and inclusion and a fundamental value of the charity.

**THE MORAVIAN UNION (INCORPORATED)**  
**REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**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.
- **Debt resulting from failed operation in the fellow subsidiary company:** The PEC stepped up its oversight of the charity's fellow subsidiary company, Fulneck School, with a view to ensuring that it remains a going concerns, which is at risk without significant external investment.

**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. Nevertheless, the move recognised the historic pension obligation of The Moravian Union up to 31 December 2015. The most recent actuarial valuation of the pension liability was completed on 6 April 2023 and calculated the liability to be £3,564,559,559 as at 31 August 2022 and £4,742,688 as at 31 August 2021. This compared to a liability of £3,773,502 as originally disclosed in the prior year statutory accounts and a prior year adjustment has been made to reflect this in these financial statements as disclosed in note 23 to the financial statements.

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.

**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 2022**

**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, titles of which vest in the Moravian Union.

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 portfolio 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 been registered with the Land Registry.

**Principal Objectives for the Year Ended 31 August 2022**

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) Continue to simplify the group's reporting and record keeping requirements by undertaking a comprehensive review of the charity's trust funds.
- (iii) Secure continuing level of financial contributions from the congregations.
- (iv) implementing opportunities for renewal and growth.
- (v) Financial stabilisation of Fulneck School.

**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 good, notwithstanding the constraints of the Charity's strong ethical investment stance, its income generation requirement and the impact of the current economic climate and restructuring exercise.

**(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)**  
**REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

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 fair value.

The charity is currently in the middle of a financial restructuring exercise involving its current and former subsidiaries, investment properties and investment portfolio. The trustees are of the opinion that despite the impact of this exercise on the results for the current and preceding year, 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 £1,782,134 (2021: £1,395,946). In both the current and preceding years, the net expenditure relates to the impact of the two Schools on the activities of the charity. In the preceding year, the charity assumed responsibility for the repayment of the outstanding Ockbrook School bank loans which amounted to £1,093,422 when it went into administration as well as legal and professional fees of £255,684 in respect of the restructuring exercise for both Fulneck School and Ockbrook School. In the current year, the charity provided in full against the outstanding loan made to Fulneck School. This amounted to £1,690,653. The Trustees consider that this loan is unlikely to be recovered in the foreseeable future. As part of the restructuring exercise, the charity is proceeding with a planned realisation of some of its investment and functional properties.

In the current year the Trustees also commissioned an actuarial valuation of its pension liability. Because of the volatility of the economy in recent years this has resulted in a restatement of the liability as at 31 August 2021, which increased by £969,186 but then, due to further volatility, the increase was reversed in the current year resulting in an actuarial gain of £983,841. As a result of the year's activities, net funds have increased by £1,902,014. Revaluation gains on the investment properties are credited to the designated revaluation reserve as they are not considered to be free reserves. Although, as a result of the one-off adjustments in the current and preceding years, the general reserve is currently disclosing a net deficit of £1,291,948, this does not take into account the designated investment properties revaluation reserve of £24,664,613. It is expected that on completion of the restructuring exercise the general reserve should return the reserve to a positive position. The Balance Sheet indicates that the charity has net current liabilities this year, the principal measure of short to medium term solvency, of £1,964,913. Although this suggests that there may be solvency issues, it relates to short term borrowing as a result of the restructuring exercise and is expected to be reversed in the forthcoming financial year by the realisation of fixed asset investments.

**THE MORAVIAN UNION (INCORPORATED)**  
**REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**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 loss of £199,229. Given the Charity's ethical investment stance, its income requirements and the current economic climate, 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 £26,817,467 and net rental income is £58,054 (2021: £122,619). 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.
- (iii) Implement a new strategic plan following a review of the current operations to ensure sustainability and create an environment for future growth.
- (iv) Mitigate any negative impact that changes in the status of Fulneck School might have on the Moravian Church group accounts.

**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. In making this decision they have considered the impact of recent economic events on both its income and expenditure for at least a period of twelve months from the date of approval of these financial statements. At the current year end unrestricted reserves (excluding those earmarked for designated purposes) disclosed an overdrawn position of £1,291,948. This ignores the investment properties revaluation reserve balance of £24,664,613 which will be partly realised during the restructuring exercise. Once complete, the trustees will reassess the reserves policy.

**THE MORAVIAN UNION (INCORPORATED)**  
**REPORT OF THE TRUSTEES (Incorporating the Directors' Report - Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**TANGIBLE FIXED ASSETS**

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

**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 15 May 2023***



***Miss R. M. A. Hoey***

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS  
OF THE MORAVIAN UNION (INCORPORATED)  
FOR THE YEAR ENDED 31 August 2022**

**Opinion**

We have audited the financial statements of The Moravian Union (the 'charitable company') for the year ended 31 August 2022 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 2022 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**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.

**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 Trustees' Report.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS**  
**OF THE MORAVIAN UNION (INCORPORATED)**  
**FOR THE YEAR ENDED 31 August 2022**

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charitable Company is required to comply with both company law and charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charitable company complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charitable company's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.

Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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

Date: ~~25~~ May 2023  
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**THE MORAVIAN UNION (INCORPORATED)**

**STATEMENT OF FINANCIAL ACTIVITIES**

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

**FOR THE YEAR ENDED 31 August 2022**

|                                                             | Notes    | Unrestricted Funds<br>General<br>£ | Designated<br>£    | Restricted<br>Funds<br>£ | Year Ended<br>31 August<br>2022<br>£ | Year Ended<br>31 August<br>2021<br>Restated<br>£ |
|-------------------------------------------------------------|----------|------------------------------------|--------------------|--------------------------|--------------------------------------|--------------------------------------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>                           |          |                                    |                    |                          |                                      |                                                  |
| Donations and Legacies                                      | 2        | 398,256                            | -                  | 169,444                  | 567,700                              | 454,277                                          |
| Investments                                                 | 3        | 864,440                            | 4,919              | 78,219                   | 947,578                              | 1,031,557                                        |
|                                                             |          | 1,262,696                          | 4,919              | 247,663                  | 1,515,278                            | 1,485,834                                        |
| Charitable Activities                                       | 4        | 142,634                            | 7,010              | 11,191                   | 160,835                              | 116,229                                          |
| Other – gain on disposal of property                        |          | 652,410                            | -                  | -                        | 652,410                              | 71,184                                           |
| <b>Total Income</b>                                         |          | <b>2,057,740</b>                   | <b>11,929</b>      | <b>258,854</b>           | <b>2,328,523</b>                     | <b>1,673,247</b>                                 |
| <b>EXPENDITURE ON</b>                                       |          |                                    |                    |                          |                                      |                                                  |
| Raising Funds                                               |          |                                    |                    |                          |                                      |                                                  |
| Investment Management Costs                                 |          | (729,579)                          | (2,310)            | (18,934)                 | (750,823)                            | (716,355)                                        |
| Charitable activities                                       |          | (2,957,080)                        | (73,739)           | (329,015)                | (3,359,834)                          | (2,352,838)                                      |
| <b>Total Expenditure</b>                                    | 5        | <b>(3,686,659)</b>                 | <b>(76,049)</b>    | <b>(347,949)</b>         | <b>(4,110,657)</b>                   | <b>(3,069,193)</b>                               |
| Net Gains/(Losses) on Investments                           | 9 & 10   | (73,613)                           | 2,505,080          | (113,213)                | 2,318,254                            | 6,226,184                                        |
| <b>Net income/(expenditure) for the year</b>                | 7        | <b>(1,702,532)</b>                 | <b>2,440,960</b>   | <b>(202,308)</b>         | <b>536,120</b>                       | <b>4,830,238</b>                                 |
| <b>Other recognised Gains/(Losses)</b>                      |          |                                    |                    |                          |                                      |                                                  |
| Actuarial Gains/(Losses) on Defined Benefit Pension Schemes | 18       | -                                  | 983,841            | -                        | 983,841                              | (969,186)                                        |
| <b>Transfers between Funds</b>                              | 15 & 16  | <b>(1,077,880)</b>                 | <b>954,245</b>     | <b>123,635</b>           | <b>-</b>                             | <b>-</b>                                         |
| <b>NET MOVEMENT IN FUNDS</b>                                |          | <b>(2,780,412)</b>                 | <b>4,379,046</b>   | <b>(78,673)</b>          | <b>1,519,961</b>                     | <b>3,861,052</b>                                 |
| <b>RECONCILIATION OF FUNDS:</b>                             |          |                                    |                    |                          |                                      |                                                  |
| <b>Total Funds Brought Forward</b>                          |          |                                    |                    |                          |                                      |                                                  |
| As originally stated                                        |          | 1,488,464                          | 21,392,958         | 3,756,441                | 26,637,863                           | 21,807,625                                       |
| Prior year adjustment                                       | 24       | -                                  | (969,186)          | -                        | (969,186)                            | -                                                |
| As restated                                                 | 15,16    | 1,488,464                          | 20,423,772         | 3,756,441                | 25,668,677                           | 21,807,625                                       |
| <b>Total Funds Carried Forward</b>                          | 15,16,17 | <b>£(1,291,948)</b>                | <b>£24,802,818</b> | <b>£3,677,768</b>        | <b>£27,188,638</b>                   | <b>£25,668,677</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 2022**

|                                                         | Notes | 2022<br>£                 | 2021<br>Restated<br>£     |
|---------------------------------------------------------|-------|---------------------------|---------------------------|
| <b>FIXED ASSETS</b>                                     |       |                           |                           |
| Tangible Assets                                         | 8     | 1,619,449                 | 2,110,542                 |
| Investment Properties                                   | 9     | 26,817,467                | 24,299,983                |
| Investments                                             | 10    | 4,935,915                 | 5,337,859                 |
| Total fixed assets                                      |       | <u>33,372,831</u>         | <u>31,748,384</u>         |
| <b>CURRENT ASSETS</b>                                   |       |                           |                           |
| Stock                                                   |       | 16,706                    | 16,706                    |
| Debtors                                                 | 11    | 433,188                   | 1,988,932                 |
| Investments                                             | 12    | 8,188                     | 180,495                   |
| Cash and Bank                                           | 12    | 27,346                    | 11,151                    |
| Total current assets                                    |       | <u>485,428</u>            | <u>2,197,284</u>          |
| <b>LIABILITIES</b>                                      |       |                           |                           |
| Creditors: Amounts falling due within one year          | 13    | (2,450,338)               | (2,772,679)               |
| <b>NET CURRENT LIABILITIES</b>                          |       | <u>(1,964,910)</u>        | <u>(575,395)</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>            |       | 31,407,921                | 31,172,989                |
| Creditors: Amounts falling due after more than one year | 13    | (654,724)                 | (761,624)                 |
| <b>NET ASSETS BEFORE PENSION LIABILITY</b>              |       | <u>30,753,197</u>         | <u>30,411,365</u>         |
| Defined Benefit Pension Scheme Asset/(Liability)        | 18    | (3,564,559)               | (4,742,688)               |
| <b>NET ASSETS</b>                                       |       | <u><u>£27,188,638</u></u> | <u><u>£25,668,677</u></u> |
| The funds of the charity:                               |       |                           |                           |
| <b>Restricted Funds</b>                                 | 15    | 3,677,768                 | 3,756,441                 |
| <b>Unrestricted Funds</b>                               |       |                           |                           |
| General                                                 | 17    | (1,291,948)               | 1,488,464                 |
| Designated – Defined Benefit Pension Scheme             | 16    | (3,564,559)               | (4,742,688)               |
| Designated – Investment Property Revaluation Reserve    | 16    | 24,664,613                | 21,577,529                |
| Designated – Other Reserves                             | 16    | 3,702,764                 | 3,588,931                 |
| <b>TOTAL CHARITY FUNDS</b>                              |       | <u><u>£27,188,638</u></u> | <u><u>£25,668,677</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 15 May 2023  
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 2022**

|                                                               | Notes | 2022<br>£             | 2021<br>£              |
|---------------------------------------------------------------|-------|-----------------------|------------------------|
| <b>Net Cash provided by Operating Activities</b>              | 19    | (1,740,503)           | (1,920,454)            |
| <b>Cash flows from Investing Activities:</b>                  |       |                       |                        |
| Investment income                                             |       | 947,578               | 1,031,557              |
| Purchase of Property, Plant and Equipment                     |       | (9,986)               | (655)                  |
| Proceeds from the sale of investment properties               |       | -                     | -                      |
| Proceeds from sale of tangible fixed assets                   |       | 1,119,592             | 260,467                |
| Purchase of investments                                       |       | (968,839)             | (1,554,103)            |
| Proceeds from sale of investments                             |       | <u>1,171,554</u>      | <u>1,666,908</u>       |
| <b>Net Cash provided by/(used in) investing activities</b>    |       | 2,259,899             | 1,404,174              |
| <b>Cash flows from Financing Activities:</b>                  |       |                       |                        |
| Interest Paid                                                 |       | (126,586)             | (39,486)               |
| Cash (outflows)/inflows from borrowing                        |       | <u>(548,922)</u>      | <u>453,510</u>         |
| <b>Net Cash (used in)/provided by financing activities</b>    |       | (675,508)             | 414,024                |
| <b>Net Change in Cash and Cash Equivalents</b>                |       | <u>(156,112)</u>      | <u>(102,254)</u>       |
| <b>Cash and Cash Equivalents at the Beginning of the Year</b> |       | 191,646               | 293,900                |
| <b>Cash and Cash Equivalents at the End of the Year</b>       |       | <u><u>£35,534</u></u> | <u><u>£191,646</u></u> |

**Net debt reconciliation:**

|                                          | At beginning<br>of period<br>£ | Cashflow<br>£   | At end of<br>period<br>£ |
|------------------------------------------|--------------------------------|-----------------|--------------------------|
| Cash at bank and in hand                 | 11,151                         | 16,195          | 27,346                   |
| Cash equivalent                          | 180,495                        | (172,307)       | 8,188                    |
| UBS facility drawn down                  | (1,975,200)                    | -               | (1,975,200)              |
| Loans repayable within one year          | (540,500)                      | 442,022         | (98,478)                 |
| Loans repayable after more than one year | (761,624)                      | 106,900         | (654,724)                |
|                                          | <u>£(3,085,678)</u>            | <u>£392,810</u> | <u>£(2,692,868)</u>      |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 August 2022**

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

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 trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The charity is currently undergoing a financial restructuring exercise (see notes 11, 13 and 22) as a result of its fellow subsidiary, Ockbrook School, entering administration during the preceding year, and its loan to Fulneck School to support its financial stability. In forming this opinion, they have considered the impact of the ongoing financial restructuring exercise on both its income and expenditure for at least a period of twelve months from the date of approval of these financial statements. The Charity's reserves, including the investment properties revaluation reserve, and plans in place are sufficient to ensure that it remains a going concern for the foreseeable future.

### **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 2022**

**1. ACCOUNTING POLICIES (Continued)**

**Investment Properties**

Investment properties are valued at market value at the balance sheet date. All investment properties were 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 and usage of those properties as advised by John Forrester Ltd using the Halifax Regional House Price Indices and other supporting information when available.

**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 (VAT) 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.

**Pensions**

As explained in note 18 to these financial statements, The Moravian Union has recognised discretionary pensions payable to retired ministers as an obligation. This liability is valued by The Moravian Union's actuaries (BWCI). The Trustees review the reasonability of assumptions underlying the most recent valuation annually and consider whether a new valuation is require.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**1. ACCOUNTING POLICIES (Continued)**

If a new valuation is not considered necessary, adjustment should be made to unwind the discount applied to the most recent valuation by one year. The Trustees consider that the assumptions underlying the previous valuation, as at 31 August 2017, have now changed significantly and an actuarial valuation was commissioned and completed on 6 April 2023 providing valuations as at 31 August 2021 and 31 August 2022. The actuarial valuation commissioned as at 31 August 2022 indicated that the assumptions as at 31 August 2021 had changed significantly and a prior year adjustment has been made (Note 24). Movements during the year are disclosed in note 18 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 and any potential impairments are reviewed by management at each reporting date and, if necessary, the depreciation charge and carrying value 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. Investment properties are reviewed annually for impairment.

**(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 the liability at the year end should be adjusted by unwinding the discount by one year. If they consider that changes in the principal actuarial assumptions will have a material impact on the value of the liability then an actuarial valuation will be commissioned. It is intended that an actuarial valuation will be carried out at least every five years to realign the liability. As detailed above under Pensions the actuarial valuation carried out indicated that the 2021 assumptions had changed significantly and a prior year adjustment has been made (note 24).

**(v) Doubtful debt provision**

The recoverability of outstanding debtor balances is reviewed by senior management on an annual basis. When recoverability is considered doubtful, a provision is made against the balance.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**1. ACCOUNTING POLICIES (Continued)**

**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.

**2. DONATIONS AND LEGACIES**

|                                                | <b>Unrestricted Funds</b> |                   | <b>Restricted Funds</b> | <b>Total 2022</b> | <b>Total 2021</b> |
|------------------------------------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                                                | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                                                | £                         | £                 | £                       | £                 | £                 |
| Mrs E M Bates Trust                            | 333,957                   | -                 | -                       | 333,957           | 315,062           |
| Donations and Legacies                         | 3,799                     | -                 | 169,444                 | 173,243           | 76,215            |
| London Association in Aid of Moravian Missions | 60,500                    | -                 | -                       | 60,500            | 63,000            |
| Total 2022                                     | <u>£398,256</u>           | <u>£-</u>         | <u>£169,444</u>         | <u>£567,700</u>   | <u>£454,277</u>   |
| Total 2021                                     | <u>£385,588</u>           | <u>£-</u>         | <u>£68,689</u>          | <u>£454,277</u>   |                   |

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 2022</b> | <b>Total 2021</b> |
|----------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                      | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                      | £                         | £                 | £                       | £                 | £                 |
| Interest receivable  | 24,609                    | -                 | -                       | 24,609            | 34,799            |
| Dividends receivable | 86,064                    | 4,919             | 78,219                  | 169,202           | 196,539           |
| Rents receivable     | 753,767                   | -                 | -                       | 753,767           | 800,219           |
| Total 2022           | <u>£864,440</u>           | <u>£4,919</u>     | <u>£78,219</u>          | <u>£947,578</u>   | <u>£1,031,557</u> |
| Total 2021           | <u>£945,179</u>           | <u>£5,442</u>     | <u>£80,936</u>          | <u>£1,013,557</u> |                   |

**4. INCOME FROM CHARITABLE ACTIVITIES**

|                                              | <b>Unrestricted Funds</b> |                   | <b>Restricted Funds</b> | <b>Total 2022</b> | <b>Total 2021</b> |
|----------------------------------------------|---------------------------|-------------------|-------------------------|-------------------|-------------------|
|                                              | <b>General</b>            | <b>Designated</b> |                         |                   |                   |
|                                              | £                         | £                 | £                       | £                 | £                 |
| <b>Unity &amp; Congregational Activities</b> |                           |                   |                         |                   |                   |
| Congregation assessments                     | 96,195                    | -                 | -                       | 96,195            | 61,567            |
| Unity Income                                 | -                         | -                 | 11,000                  | 11,000            | 14,771            |
|                                              | <u>96,195</u>             | <u>-</u>          | <u>11,000</u>           | <u>107,195</u>    | <u>76,338</u>     |
| Book Sales                                   | 19,174                    | -                 | 191                     | 19,365            | 21,059            |
| Sundry Income                                | 26,365                    | 7,010             | -                       | 33,375            | 18,632            |
| Youth and Children (Summer Camp) Income      | 900                       | -                 | -                       | 900               | 200               |
| Total 2022                                   | <u>£142,634</u>           | <u>£7,010</u>     | <u>£11,191</u>          | <u>£160,835</u>   | <u>£116,229</u>   |
| Total 2021                                   | <u>£91,718</u>            | <u>£5,900</u>     | <u>£18,611</u>          | <u>£116,229</u>   |                   |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

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**5. TOTAL EXPENDITURE**

|                                                       | Raising Funds<br>(Inv. Mgt) | Charitable Activities<br>Ministry & Congregations |                 | Support Costs | Total 2022        | Total 2021        |
|-------------------------------------------------------|-----------------------------|---------------------------------------------------|-----------------|---------------|-------------------|-------------------|
|                                                       | £                           | Domestic<br>£                                     | Overseas<br>£   | £             | £                 | £                 |
| Investment Management Costs                           | 36,023                      | -                                                 | -               | -             | 36,023            | 36,146            |
| Grants to Congregations and Projects                  | -                           | 282,347                                           | 159,750         | -             | 442,097           | 1,512,679         |
| Estate Management Costs                               | 695,713                     | -                                                 | -               | -             | 695,713           | 677,601           |
| Burial Ground Costs                                   | -                           | 2,911                                             | -               | -             | 2,911             | 2,718             |
| Staff Costs                                           | -                           | 223,204                                           | 30,360          | 15,357        | 268,921           | 175,951           |
| Archive Staff Costs                                   | -                           | 53,606                                            | -               | -             | 53,606            | 51,616            |
| Synod Expenses                                        | -                           | 30,371                                            | -               | -             | 30,371            | 27,241            |
| Honoraria                                             | -                           | -                                                 | -               | -             | -                 | 6,000             |
| Ministry                                              | -                           | 74,943                                            | -               | -             | 74,943            | 87,732            |
| Bad debts provision (note 23)                         | -                           | 1,745,880                                         | -               | -             | 1,745,880         | -                 |
| Youth and Children                                    | -                           | 3,420                                             | -               | -             | 3,420             | (150)             |
| Audit                                                 | -                           | -                                                 | -               | 24,240        | 24,240            | 25,800            |
| Bank Charges                                          | -                           | 1,169                                             | -               | -             | 1,169             | 975               |
| Depreciation                                          | -                           | -                                                 | -               | 33,897        | 33,897            | 42,275            |
| Books and Publications                                | -                           | 14,350                                            | -               | -             | 14,350            | 14,753            |
| Subscriptions & Licences                              | -                           | 19,061                                            | -               | -             | 19,061            | 15,461            |
| Messenger                                             | -                           | 24,041                                            | -               | -             | 24,041            | 22,580            |
| Stationery and Postage                                | -                           | -                                                 | -               | 9,233         | 9,233             | 8,298             |
| Premises (Cleaning, repairs, security, utilities etc) | 19,087                      | -                                                 | -               | 171,787       | 190,874           | 26,077            |
| Legal & Professional                                  | -                           | 264,789                                           | -               | 8,510         | 273,299           | 261,108           |
| Computer Software Maintenance & Licences              | -                           | -                                                 | -               | 19,469        | 19,469            | 17,935            |
| Communications                                        | -                           | -                                                 | -               | 4,258         | 4,258             | 5,138             |
| Insurance                                             | -                           | -                                                 | -               | 11,769        | 11,769            | 10,451            |
| Other Office Costs                                    | -                           | 2,258                                             | -               | 2,268         | 4,526             | 1,322             |
| Interest                                              | -                           | -                                                 | -               | 126,586       | 126,586           | 39,486            |
|                                                       | 750,823                     | 2,742,350                                         | 190,110         | 427,374       | 4,110,657         | 3,069,193         |
| Apportioned Support Costs (Based on staff time)       | -                           | 371,815                                           | 55,559          | (427,374)     | -                 | -                 |
| <b>Total 2022</b>                                     | <b>£750,823</b>             | <b>£3,114,165</b>                                 | <b>£245,669</b> | <b>£-</b>     | <b>£4,110,657</b> | <b>-</b>          |
| <b>Total 2021</b>                                     | <b>£716,355</b>             | <b>£2,154,462</b>                                 | <b>£198,376</b> | <b>£-</b>     |                   | <b>£3,069,193</b> |

All grants are made to charitable institutions and are to help fund the ministry and congregations. One grant in excess of £50k was made during the year for £225,000 and was paid to The Moravian Church to cover losses incurred in the year. Legal & Professional fees of £264,789, charged to Domestic Charitable activities, relate to fees incurred as part of the review and restructuring exercise of Fulneck and Ockbrook Schools.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**6. STAFF COSTS**

|                                        | <b>2022</b>     | <b>2021</b>     |
|----------------------------------------|-----------------|-----------------|
|                                        | £               | £               |
| Salaries – Archives                    | 41,176          | 40,369          |
| Salaries – Administrative              | 230,906         | 152,270         |
| Social Security Costs – Archives       | 4,676           | 4,411           |
| Social Security Costs – Administrative | 22,320          | 14,713          |
| Pension Costs – Archives               | 3,321           | 2,989           |
| Pension Costs - Administrative         | 15,695          | 8,968           |
| Staff Costs                            | 318,094         | 223,720         |
| Other Costs                            | 4,433           | 3,847           |
|                                        | <u>£322,527</u> | <u>£227,567</u> |

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

|                     |                 |                 |
|---------------------|-----------------|-----------------|
| Staff Costs         | 268,921         | 175,951         |
| Archive Staff Costs | 53,606          | 51,616          |
|                     | <u>£322,527</u> | <u>£227,567</u> |

No employee earned £60,000 or more during the period. The average number of staff was 6 (2021: 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 £9,805 (2021: £6,289) was reimbursed to 6 (2021: 6) members of the Committee of Management in respect of travel expenses incurred during the period.

**7. NET INCOME FOR THE YEAR**

|                                                   | <b>2022</b>   | <b>2021</b>   |
|---------------------------------------------------|---------------|---------------|
|                                                   | £             | £             |
| Net income for the year is stated after charging: |               |               |
| Auditors' remuneration                            |               |               |
| For audit                                         | 25,920        | 25,800        |
| For other services                                | -             | -             |
| Depreciation                                      | <u>33,897</u> | <u>43,657</u> |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**8. TANGIBLE FIXED ASSETS**

|                             | Freehold<br>Property<br>£ | Fixtures,<br>Fittings &<br>Equipment<br>£ | Total<br>£        |
|-----------------------------|---------------------------|-------------------------------------------|-------------------|
| <b>Cost</b>                 |                           |                                           |                   |
| At 1 September 2021         | 2,693,625                 | 21,486                                    | 2,715,111         |
| Additions                   | -                         | 9,986                                     | 9,986             |
| Disposals                   | <u>(632,412)</u>          | <u>(1,920)</u>                            | <u>(634,332)</u>  |
| At 31 August 2022           | <u>2,061,213</u>          | <u>29,552</u>                             | <u>2,090,765</u>  |
| <b>Depreciation</b>         |                           |                                           |                   |
| At 1 September 2021         | 588,637                   | 15,932                                    | 604,569           |
| Depreciation for the Period | 28,863                    | 5,034                                     | 33,897            |
| Eliminated on Disposal      | <u>(165,230)</u>          | <u>(1,920)</u>                            | <u>(167,150)</u>  |
| At 31 August 2022           | <u>452,270</u>            | <u>19,046</u>                             | <u>471,316</u>    |
| <b>Net Book Value</b>       |                           |                                           |                   |
| At 31 August 2022           | <u>£1,608,943</u>         | <u>£10,506</u>                            | <u>£1,619,449</u> |
| At 31 August 2021           | <u>£2,104,988</u>         | <u>£5,554</u>                             | <u>£2,110,542</u> |

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

**9. INVESTMENT PROPERTIES**

|                           | 2022<br>£          | 2021<br>£          |
|---------------------------|--------------------|--------------------|
| <b>Market Value</b>       |                    |                    |
| At 1 September 2021       | 24,299,983         | 18,842,160         |
| Impairment                | (131,250)          | -                  |
| Disposal proceeds         | -                  | -                  |
| Realised gains/(losses)   | -                  | -                  |
| Unrealised gains/(losses) | <u>2,648,734</u>   | <u>5,457,823</u>   |
| At 31 August 2022         | <u>£26,817,467</u> | <u>£24,299,983</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 2022 are based on that valuation adjusted by the Halifax Seasonally Adjusted Regional House Price Quarterly Indices published by the Lloyds Banking Group. In addition, the Estate properties have been reviewed by the senior management team and John Forrester Ltd for potential impairment based on their condition, occupancy and comparative values of similar properties sold on the Settlements or in the local area. Two properties were identified where impairment was considered likely and their values have been adjusted accordingly. The Trustees recognise that a number of the charity's investment properties are in need of an updated valuation and have engaged Lambert Smith Hampton to carry out an options report for the whole of Fairfield settlement, as well as valuations of plots of land at Wellhouse and properties at the Kingswood and Salem sites prior to sale. Future plans are to obtain options reports on the remaining settlements.

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**10. OTHER INVESTMENTS**

**Listed Investments at Market Value**

|                           | <b>2022</b>       | <b>2021</b>       |
|---------------------------|-------------------|-------------------|
|                           | £                 | £                 |
| At 1 September 2021       | 5,337,859         | 4,682,305         |
| Additions                 | 968,839           | 1,554,102         |
| Disposal Proceeds         | (1,171,554)       | (1,666,908)       |
| Realised Gains/(Losses)   | 14,873            | 142,163           |
| Unrealised Gains/(Losses) | (214,102)         | 626,197           |
| At 31 August 2022         | <u>£4,935,915</u> | <u>£5,337,859</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 2022.

|                             | <b>2022</b>     | <b>2021</b>     |
|-----------------------------|-----------------|-----------------|
|                             | £               | £               |
| The Charities Property Fund | <u>£503,697</u> | <u>£425,150</u> |

**11. DEBTORS**

|                                                 | <b>2022</b>     | <b>2021</b>       |
|-------------------------------------------------|-----------------|-------------------|
|                                                 | £               | £                 |
| Due from congregations, schools and other loans | 108,077         | 1,604,311         |
| Due from parent organisation                    | 83,641          | 82,585            |
| Other Debtors                                   | 97,855          | 108,656           |
| Prepayments and accrued income                  | 47,616          | 115,851           |
| Agents Balances                                 | 34,816          | 40,092            |
| Rent Due                                        | 61,183          | 37,437            |
|                                                 | <u>£433,188</u> | <u>£1,988,932</u> |

Included above are debtors amounting to £93,376 (2021: £91,078) receivable after more than one year representing loans to three congregations. The 2021 comparative also included loans receivable after more than one year from Fulneck School of £1,389,207. This is now considered to be a doubtful debt and has been provided against in full, together with additional loan funding extended during the current year (see note 22).

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 2022**

**12. BANK AND CASH**

|                                        | <b>2022</b>           | <b>2021</b>            |
|----------------------------------------|-----------------------|------------------------|
|                                        | £                     | £                      |
| <b><i>Deposits</i></b>                 |                       |                        |
| UBS                                    | 6,843                 | 156,417                |
| VESTRA                                 | <u>1,345</u>          | <u>24,078</u>          |
|                                        | <u><u>£8,188</u></u>  | <u><u>£180,495</u></u> |
| <b><i>Cash at bank and in hand</i></b> |                       |                        |
| Current Account                        | 26,846                | 10,651                 |
| Cash in hand                           | <u>500</u>            | <u>500</u>             |
|                                        | <u><u>£27,346</u></u> | <u><u>£11,151</u></u>  |

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

|                                                  | <b>2022</b>              | <b>2021</b>              |
|--------------------------------------------------|--------------------------|--------------------------|
|                                                  | £                        | £                        |
| Congregations, schools and related organisations | 102,127                  | 102,899                  |
| Due to parent organisation                       | -                        | -                        |
| Social Security and other taxes                  | 10,782                   | 9,853                    |
| Other Creditors                                  | 2,061,702                | 2,008,267                |
| Accruals and Deferred Income                     | 154,874                  | 92,944                   |
| Rent received in advance                         | 22,375                   | 18,216                   |
| Bank Loan (see 13. (b) below)                    | 47,542                   | 491,069                  |
| Bates Trust Loan (see 13. (b) below)             | <u>50,936</u>            | <u>49,431</u>            |
|                                                  | <u><u>£2,450,338</u></u> | <u><u>£2,772,679</u></u> |

Other creditors include an advance of £1,975,200 (2021: £1,975,200) from UBS secured against the investment portfolio to aid the Moravian Union's cashflow position. The drawdown is subject to interest at 1.75% above the UBS cost of funding the Call Loan for the relevant interest period and for the relevant currency and is repayable on demand. The advance has been fully repaid on 6 March 2023 from the proceeds of sale of investment properties as part of a planned restructuring exercise. The market value of the investment portfolio managed by UBS at the year-end amounted to £3,745,814.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

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

|                  | 1 to 2 years    | Creditors due in<br>2 to 5 years | > 5 years       | 2022 Total      | 2021 Total<br>Restated |
|------------------|-----------------|----------------------------------|-----------------|-----------------|------------------------|
|                  | £               | £                                | £               | £               | £                      |
| Bank Loans       | 49,444          | 160,516                          | 236,875         | 446,835         | 502,353                |
| Bates Trust Loan | <u>52,016</u>   | <u>155,873</u>                   | <u>-</u>        | <u>207,889</u>  | <u>259,271</u>         |
|                  | <u>£101,460</u> | <u>£316,389</u>                  | <u>£236,875</u> | <u>£654,724</u> | <u>£761,624</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 valued at in excess of £1.3m. Interest is charged at 2% above base rate. The loan is considered a concessionary loan.

When Ockbrook School went into administration in 2021, The Moravian Union as guarantor assumed responsibility for the liability in respect of Ockbrook School's outstanding bank loan balances which amount to £494,377 at the balance sheet date (2021: £993,422). The outstanding loans are secured against Moravian Union property.

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

|                       | General             | Designated         | Restricted        | Total as<br>at 31 August<br>2022 |
|-----------------------|---------------------|--------------------|-------------------|----------------------------------|
|                       | £                   | £                  | £                 | £                                |
| Fixed Assets          | 10,506              | 1,608,943          | -                 | 1,619,449                        |
| Cash and Investments* | (329,406)           | 27,446,426         | 2,696,696         | 29,813,716                       |
| Other Net Assets*     | <u>(973,048)</u>    | <u>(4,252,551)</u> | <u>981,072</u>    | <u>(4,244,527)</u>               |
|                       | <u>£(1,291,948)</u> | <u>£24,802,818</u> | <u>£3,677,768</u> | <u>£27,188,638</u>               |

\*General fund analysis reflects the UBS cash drawdown (note 13(a)) netted against Cash and Investments but disclosed within Other Net Assets on the Balance Sheet.

The trustees consider that the overdrawn general fund results from the impact of the financial restructuring exercise currently taking place and that the fund will return to a positive balance in the forthcoming year.

**Analysis of net assets between fund balances as at 31 August 2021 (Restated):**

|                      | General           | Designated         | Restricted        | Total as<br>at 31 August<br>2021<br>Restated |
|----------------------|-------------------|--------------------|-------------------|----------------------------------------------|
|                      | £                 | £                  | £                 | £                                            |
| Fixed Assets         | 5,554             | 2,104,988          | -                 | 2,110,542                                    |
| Cash and Investments | 1,320,582         | 23,134,182         | 3,016,232         | 27,470,996                                   |
| Other Net Assets     | <u>162,328</u>    | <u>(4,815,398)</u> | <u>740,209</u>    | <u>(3,912,861)</u>                           |
|                      | <u>£1,488,464</u> | <u>£20,423,772</u> | <u>£3,756,441</u> | <u>£25,668,677</u>                           |

**THE MORAVIAN UNION (INCORPORATED)**  
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**FOR THE YEAR ENDED 31 August 2022**

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15. **RESTRICTED FUNDS**

|                      | Opening<br>Balances | Incoming<br>Resources | Resources<br>Expended | Realised<br>Inv.<br>Gains/<br>(Losses) | Unrealised<br>Inv.<br>Gains/<br>(Losses) | Unrealised<br>Reval.<br>Gains/<br>(Losses) | Transfers<br>Between<br>Reserves | Closing<br>Balances |
|----------------------|---------------------|-----------------------|-----------------------|----------------------------------------|------------------------------------------|--------------------------------------------|----------------------------------|---------------------|
|                      | £                   | £                     | £                     | £                                      | £                                        | £                                          | £                                | £                   |
| Evangelical          | 173,457             | 5,079                 | (28,929)              | 472                                    | (6,799)                                  | -                                          | 23,850                           | 167,130             |
| Ministers Emoluments | 684,747             | (2,132)               | (12,868)              | 1,225                                  | (26,137)                                 | -                                          | -                                | 644,835             |
| Education            | 115,069             | 11,108                | (61,502)              | 189                                    | (2,723)                                  | -                                          | 52,331                           | 114,472             |
| Overseas             | 376,961             | 2,372                 | (2,372)               | 979                                    | (14,096)                                 | -                                          | -                                | 363,844             |
| Property             | 1,903,655           | 47,879                | (50,716)              | 4,229                                  | (60,870)                                 | -                                          | -                                | 1,844,177           |
| Relief of Poverty    | 3,435               | 67                    | (67)                  | 9                                      | (125)                                    | -                                          | -                                | 3,319               |
| Other                | 499,117             | 194,481               | (191,495)             | 714                                    | (10,280)                                 | -                                          | 47,454                           | 539,99              |
|                      | <u>£3,756,441</u>   | <u>£258,854</u>       | <u>£(347,949)</u>     | <u>£7,817</u>                          | <u>£(121,030)</u>                        | <u>£-</u>                                  | <u>£123,635</u>                  | <u>£3,677,76</u>    |

**Restricted Funds for the year ended 31 August 2021:**

|                      | Opening<br>Balances | Incoming<br>Resources | Resources<br>Expended | Realised<br>Inv.<br>Gains/<br>(Losses) | Unrealised<br>Inv.<br>Gains/<br>(Losses) | Unrealised<br>Reval.<br>Gains/<br>(Losses) | Transfers<br>Between<br>Reserves | Closing<br>Balances |
|----------------------|---------------------|-----------------------|-----------------------|----------------------------------------|------------------------------------------|--------------------------------------------|----------------------------------|---------------------|
|                      | £                   | £                     | £                     | £                                      | £                                        | £                                          | £                                | £                   |
| Evangelical          | 157,493             | 8,135                 | (29,375)              | 2,676                                  | 11,789                                   | -                                          | 22,740                           | 173,458             |
| Ministers Emoluments | 593,529             | 30,880                | (15,880)              | 14,102                                 | 62,116                                   | -                                          | -                                | 684,747             |
| Education            | 97,865              | 11,876                | (53,032)              | 1,804                                  | 7,944                                    | -                                          | 48,611                           | 115,068             |
| Overseas             | 326,502             | 2,374                 | (2,374)               | 9,336                                  | 41,122                                   | -                                          | -                                | 376,960             |
| Property             | 1,688,509           | 48,722                | (51,474)              | 40,316                                 | 177,581                                  | -                                          | -                                | 1,903,654           |
| Relief of Poverty    | 2,986               | 68                    | (68)                  | 83                                     | 366                                      | -                                          | -                                | 3,435               |
| Other                | 449,207             | 66,181                | (183,003)             | 6,808                                  | 29,989                                   | -                                          | 129,937                          | 499,119             |
|                      | <u>£3,316,091</u>   | <u>£168,236</u>       | <u>£(335,206)</u>     | <u>£75,125</u>                         | <u>£330,907</u>                          | <u>£-</u>                                  | <u>£201,288</u>                  | <u>£3,756,441</u>   |

Each broad category consists of numerous individual funds which address a wide variety of issues as below. They are represented by a proportion of the Charity's fixed assets, cash, and investments. On closure of a congregation its outstanding reserves, which are treated as restricted funds in these financial statements, can be used for the general purposes of the Moravian Church and will be transferred to unrestricted funds. Transfers to restricted funds from general funds are to fund overspends.

Evangelical – to further the religious objectives of the Moravian Church;  
Ministers emoluments – to support the payment of ministers' stipends and related costs;  
Education – towards educational purposes;  
Overseas – to fund overseas provinces missionary work;  
Property – congregations funds from sale of functional property restricted for future property use by the congregation;  
Relief of Poverty – to fund grants and support for the relief of poverty; and  
Other – this is made up of numerous small restricted donations to fund specific activities at congregations.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

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**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                      |                         |                            |                            |                                                            |                                                                          |                                                 |                                       |                          |
| Pension Scheme                       | (4,742,688)             | -                          | (73,739)                   | -                                                          | 983,841                                                                  | -                                               | 268,027                               | (3,564,559)              |
| Ministers Emoluments                 | (104,548)               | 9,006                      | (282)                      | (1,556)                                                    | -                                                                        | -                                               | 142,130                               | 44,750                   |
| Property                             | 1,972,051               | 2,910                      | (2,015)                    | (10,774)                                                   | -                                                                        | -                                               | 563                                   | 1,962,735                |
| Investment Property –<br>Cost        | 1,629,034               | -                          | -                          | -                                                          | -                                                                        | -                                               | (26,075)                              | 1,602,959                |
| Investment Property –<br>Revaluation | 21,577,529              | -                          | -                          | -                                                          | -                                                                        | 2,517,484                                       | 569,600                               | 24,664,613               |
| Other                                | 2,201                   | 13                         | (13)                       | (74)                                                       | -                                                                        | -                                               | -                                     | 2,127                    |
| Mission Renewal                      | 90,193                  | -                          | -                          | -                                                          | -                                                                        | -                                               | -                                     | 90,193                   |
|                                      | <u>£20,423,772</u>      | <u>£11,929</u>             | <u>£(76,049)</u>           | <u>£(12,404)</u>                                           | <u>£983,841</u>                                                          | <u>£2,517,484</u>                               | <u>£954,245</u>                       | <u>£24,802,818</u>       |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

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**Designated Funds for the year ended 31 August 2021 (Restated):**

|                                   | 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 Pension Scheme    | (4,040,934)             | -                          | -                          | -                                                          | (969,186)                                                                | -                                               | 267,432                               | (4,742,688)              |
| Ministers' Emoluments             | (119,166)               | 8,915                      | (282)                      | 5,985                                                      | -                                                                        | -                                               | -                                     | (104,548)                |
| Property                          | 1,920,927               | 2,414                      | (2,610)                    | 51,320                                                     | -                                                                        | -                                               | -                                     | 1,972,051                |
| Investment Property – Cost        | 1,629,034               | -                          | -                          | -                                                          | -                                                                        | -                                               | -                                     | 1,629,034                |
| Investment Property – Revaluation | 17,213,127              | -                          | -                          | -                                                          | -                                                                        | 5,457,824                                       | (1,093,422)                           | 21,577,529               |
| Other                             | 1,916                   | 13                         | (13)                       | 285                                                        | -                                                                        | -                                               | -                                     | 2,201                    |
| Mission Renewal                   | 90,193                  | -                          | -                          | -                                                          | -                                                                        | -                                               | -                                     | 90,193                   |
|                                   | <u>£16,695,097</u>      | <u>£11,342</u>             | <u>£(2,905)</u>            | <u>£57,590</u>                                             | <u>£(969,186)</u>                                                        | <u>£5,457,824</u>                               | <u>£(825,990)</u>                     | <u>£20,423,772</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 as below.

Defined Benefit Pension Scheme Fund - represents the value of the unfunded deficit on the scheme (Note 18(i)). The transfer to this fund reflects pensions paid during the year;

Ministers' emoluments – to support the payment of ministers' stipends and related costs;

Property – represents the net book value of functional properties and other funds designated for property projects at congregations. The transfer in the current year is to fund an overspend;

Investment property cost and investment property revaluation reserves – represent in aggregate the carrying value of investment properties adjusted by a transfer to general funds representing outstanding loans secured on those properties;

Other - this is made up of numerous small designated reserves to fund specific activities at congregations; and

Mission renewal - to fund overseas mission work.

**THE MORAVIAN UNION (INCORPORATED)**  
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**FOR THE YEAR ENDED 31 August 2022**

**17. GENERAL FUND**

The General Fund currently discloses an overdrawn balance of £1,291,948 at the year end as a result of the restructuring exercise currently being undertaken. This overdrawn position is mitigated by the balance on the designated investment properties revaluation reserve. It is intended that the fund will return to surplus on completion of this exercise.

**18. 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 initially obtained an actuarial valuation of the liability at the 31 August 2017. A revised valuation was obtained as at 31 August 2022.

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

The amounts recognised in the Balance Sheet are as follows:

|                                      | <b>31/08/2022</b>   | <b>31/08/2021</b>   |
|--------------------------------------|---------------------|---------------------|
|                                      | £                   | Restated<br>£       |
| Fair value of Liability Assets       | -                   | -                   |
| Present value of funded obligations  | <u>(3,564,559)</u>  | <u>(4,742,688)</u>  |
| Net (under)/overfunding of Liability | <u>£(3,564,559)</u> | <u>£(4,742,688)</u> |
| Unrecognised assets                  | -                   | -                   |
| Net Defined Benefit Liability        | <u>£(3,564,559)</u> | <u>£(4,742,688)</u> |

The amounts recognised in the Statement of Financial Activities are as follows:

|                                               | <b>31/08/2022</b> |
|-----------------------------------------------|-------------------|
|                                               | £                 |
| Service cost                                  | -                 |
| Cost of benefit changes                       | -                 |
| Curtailment costs / (gains)                   | -                 |
| Settlement costs / (gains)                    | -                 |
| Net Interest on Net Defined Benefit Liability | <u>73,735</u>     |
| Expense recognised in Profit or Loss          | <u>£73,735</u>    |

The Moravian Union contributed £268,027 to fund the payment of benefits over the year from 1 September 2021 to 31 August 2022. 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 2022 to 31 August 2023. 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 2022**

**18. PENSION COSTS (Continued)**

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

|                                              | <b>31/08/2022</b> | <b>31/08/2021</b>     |
|----------------------------------------------|-------------------|-----------------------|
|                                              | <b>£</b>          | <b>Restated<br/>£</b> |
| Opening Defined Benefit Obligation           | 4,742,688         | 4,040,934             |
| Service cost                                 | -                 | -                     |
| Contributions by members                     | -                 | -                     |
| Cost of benefit changes                      | -                 | -                     |
| Curtailment costs / (gains)                  | -                 | -                     |
| Liabilities extinguished on settlements      | -                 | -                     |
| Benefits paid                                | (268,027)         | (267,432)             |
| Interest on obligation                       | 73,739            | -                     |
| Experience losses / (gains)                  | 135,005           | -                     |
| Losses / (gains) from changes in assumptions | (1,118,846)       | 969,186               |
| Closing Defined Benefit Obligation           | <u>£3,564,559</u> | <u>£4,742,688</u>     |

The weighted average duration of the liabilities of the Liability was 10 years as at 31 August 2022.

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

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

|                                             | <b>31/08/2022</b> | <b>31/08/2021</b>     |
|---------------------------------------------|-------------------|-----------------------|
|                                             | <b>£</b>          | <b>Restated<br/>£</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             | 268,027           | 267,432               |
| Contributions by members                    | -                 | -                     |
| Benefits paid                               | (268,027)         | (267,432)             |
| Administration expenses                     | -                 | -                     |
| Closing fair value of Liability assets      | <u>£-</u>         | <u>£-</u>             |

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

|                                                  | <b>31/08/2022</b> | <b>31/08/2021</b> |
|--------------------------------------------------|-------------------|-------------------|
|                                                  | <b>% pa</b>       | <b>% pa</b>       |
| Discount rate at end of year                     | 4.10              | 1.60              |
| Discount rate at start of year                   | 1.60              | 0.00              |
| Rate of increase in deferred pensions (LPI 3%)   | 2.70              | 2.60              |
| Rate of increase in deferred pensions (LPI 4%)   | 3.30              | 3.10              |
| Rate of increase in pensions in payment (LPI 3%) | 2.70              | 2.60              |
| Rate of increase in pensions in payment (LPI 4%) | 3.30              | 3.10              |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**18. 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, capped at either 3% or 4%, 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 £19,015 (2021: £11,957).

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

|                                                  | <b>2022</b>         | <b>2021</b>         |
|--------------------------------------------------|---------------------|---------------------|
|                                                  | <b>£</b>            | <b>£</b>            |
| Surplus for the year                             | 1,519,961           | 3,861,052           |
| Investment income                                | (947,578)           | (1,031,557)         |
| Interest paid                                    | 126,586             | 39,486              |
| Depreciation                                     | 33,897              | 42,275              |
| (Gains) on disposal of properties                | (652,410)           | (71,184)            |
| (Gains) on investment assets                     | (2,318,254)         | (6,226,183)         |
| Decrease/(Increase) in Stock                     | -                   | (1,695)             |
| (Increase)/Decrease in Trade and Other Debtors   | 1,555,744           | (847,355)           |
| Increase/(Decrease) in Trade and Other Creditors | 119,680             | 1,612,953           |
| Movement in Defined Pension Liability            | (1,178,129)         | 701,754             |
|                                                  | <u>£(1,740,503)</u> | <u>£(1,920,454)</u> |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**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>2022</b> | <b>2021</b>  |
|----------------------------------------------------------|-------------|--------------|
|                                                          | £           | £            |
| Interest on loan to Fulneck School                       | 16,352      | 32,876       |
| Interest on loans to Congregations                       | 2,681       | 1,923        |
| Assessments received from Congregations                  | 96,195      | 61,567       |
| Assessments received from Fulneck Choir House            | -           | -            |
| Mrs E M Bates Trust donation*                            | 333,957     | 315,110      |
| Grant to Moravian Church                                 | (225,000)   | (175,000)    |
| London Association in Aid of Moravian Missions donation* | 60,500      | 63,000       |
| Grants to congregations                                  | <u>-</u>    | <u>4,000</u> |

At 31 August 2022, the following balances were outstanding

|                               | <b>2022</b>      | <b>2021</b>      |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| Due from Mrs E M Bates Trust* | 53,955           | 71,110           |
| Due from/(to) Moravian Church | 83,641           | 82,585           |
| Due from Fulneck School       | -                | 1,499,772        |
| Due from Congregations        | 108,076          | 104,538          |
| Due to Congregations          | (102,695)        | (102,900)        |
| Due to Mrs E M Bates Trust*   | <u>(258,825)</u> | <u>(308,702)</u> |

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. Neither organisation is considered a member of the Moravian Church group

**21. 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 2022****22. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES (Restated)**

|                                                             | Unrestricted Funds |                    | Restricted        | Year Ended<br>31 August<br>2021<br>Restated |
|-------------------------------------------------------------|--------------------|--------------------|-------------------|---------------------------------------------|
|                                                             | General<br>£       | Designated<br>£    | Funds<br>£        | £                                           |
| <b>INCOME AND ENDOWMENTS FROM</b>                           |                    |                    |                   |                                             |
| Donations and Legacies                                      | 385,588            | -                  | 68,689            | 454,277                                     |
| Investments                                                 | 945,179            | 5,442              | 80,936            | 1,031,557                                   |
|                                                             | 1,330,767          | 5,442              | 149,625           | 1,485,834                                   |
| Charitable Activities                                       | 91,718             | 5,900              | 18,611            | 116,229                                     |
| Other – Gain on disposal of property                        | 71,184             | -                  | -                 | 71,184                                      |
| <b>Total Income</b>                                         | <b>1,493,669</b>   | <b>11,342</b>      | <b>168,236</b>    | <b>1,673,247</b>                            |
| <b>EXPENDITURE ON</b>                                       |                    |                    |                   |                                             |
| Raising Funds                                               |                    |                    |                   |                                             |
| Investment Management Costs                                 | (694,349)          | (2,905)            | (19,101)          | (716,355)                                   |
| Charitable activities                                       | (2,036,733)        | -                  | (316,105)         | (2,352,838)                                 |
| <b>Total Expenditure</b>                                    | <b>(2,731,082)</b> | <b>(2,905)</b>     | <b>(335,206)</b>  | <b>(3,069,193)</b>                          |
| Net Gains/(Losses) on Investments                           | 304,738            | 5,515,414          | 406,032           | 6,226,184                                   |
| <b>Net income/(expenditure) for the year</b>                | <b>(932,675)</b>   | <b>5,523,851</b>   | <b>239,062</b>    | <b>4,830,238</b>                            |
| Actuarial Gains/(Losses) on Defined Benefit Pension Schemes | -                  | (969,186)          | -                 | (969,186)                                   |
| <b>Transfers between Reserves</b>                           | <b>624,702</b>     | <b>(825,990)</b>   | <b>201,288</b>    | <b>-</b>                                    |
| <b>NET MOVEMENT IN FUNDS</b>                                | <b>(307,973)</b>   | <b>3,728,675</b>   | <b>440,350</b>    | <b>3,861,052</b>                            |
| <b>Total Funds Brought Forward</b>                          | <b>1,796,437</b>   | <b>16,695,097</b>  | <b>3,316,091</b>  | <b>21,807,625</b>                           |
| <b>Total Funds Carried Forward</b>                          | <b>£1,488,464</b>  | <b>£20,423,772</b> | <b>£3,756,441</b> | <b>£25,668,677</b>                          |

**THE MORAVIAN UNION (INCORPORATED)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 August 2022**

**23. BAD DEBT PROVISION**

The Trustees of the Moravian Church are in the process of ensuring the long-term financial viability of Fulneck School. This has involved providing substantial financial support to the School via the Moravian Union in the form of an unsecured loan. At the year end, the loan balance owing from Fulneck School amounted to £1,690,653 and has been provided against in full (notes 5 and 11). The Trustees are hopeful that the loan will become recoverable in the long term but, at the balance sheet date, it was considered prudent to provide against the loan in full.

In addition, existing long standing debtor balances have been reviewed and where their recovery in the short to medium term is considered unlikely, a provision has been recognised. This provision amounted to £54,731.

**24. PRIOR YEAR ADJUSTMENT**

The valuation of the defined benefit pension scheme liability as at 31 August 2021 was based on the 2017 actuarial valuation (see note 18) and did not take into account the unwinding of the discount applied to the liability or potential changes in estimated discount rates, mortality assumptions and inflationary increases in deferred pensions and pensions in payment. As explained in note 1, accounting policies, and note 18, pension costs, the Trustees have reviewed the assumptions underlying the 2017 actuarial valuation and, as a result, commissioned their actuaries, BWCI Consulting Limited, to calculate an actuarial valuation of the liability determined using the Projected Unit Method. BWCI completed their valuation on 6 April 2023, providing valuations as at 31 August 2021 £4,742,688) and 31 August 2022 (£3,564,559). This indicated that the liability as at 31 August 2021 was understated by £969,186. Following completion of the valuation, the 2021 comparative figures have been restated to reflect the liability which existed at 31 August 2021. Because an actuarial valuation as at 31 August 2020 was not available, the whole of the prior year adjustment has been accounted for in the Statement of Financial Activities for the year ended 31 August 2021.

|                                                                      | <b>As<br/>originally<br/>reported<br/>£</b> | <b>Prior year<br/>adjustment<br/>£</b> | <b>As restated<br/>£</b> |
|----------------------------------------------------------------------|---------------------------------------------|----------------------------------------|--------------------------|
| <b>Balance Sheet:</b>                                                |                                             |                                        |                          |
| As at 31 August 2021,                                                |                                             |                                        |                          |
| Reserves – Designated Funds                                          |                                             |                                        |                          |
| Defined Benefit Pension Scheme                                       | £3,773,502                                  | £969,186                               | £4,742,688               |
| <b>Net Assets</b>                                                    |                                             |                                        |                          |
| Defined Benefit Pension Scheme Liability                             | £3,773,502                                  | £969,186                               | £4,742,688               |
| <b>SOFA:</b>                                                         |                                             |                                        |                          |
| Actuarial Gains/(Losses) on Defined Benefit Pension Scheme Liability | £-                                          | £(969,186)                             | £(969,186)               |

The valuation and movements in the current year are disclosed in note 18 to these financial statements. The liability is unfunded and rests entirely with The Moravian Union.