

THE BRITISH PROVINCE OF THE UNITAS FRATRUM

**operating as
THE MORAVIAN CHURCH**

Charity Number: 251211

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

MORAVIAN CHURCH
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees of the Moravian Church present their report and the consolidated financial statements for the year ended 31 August 2021 of the charity, the Moravian Church (The British Province of the Unitas Fratrum), which consolidate the results and net assets of the Church, its Congregations, its subsidiary charitable companies (The Moravian Union (Incorporated), Fulneck School, Ockbrook School) and Fulneck Choir House. 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 Charities Act 2011 and regulations made thereunder.

LEGAL AND ADMINISTRATIVE DETAILS :

The British Province of the Unitas Fratrum, generally known as the 'Moravian Church', which was established by Act of Parliament in 1749, is a registered charity, No. 251211. The Church is governed by a Book of Order as approved by Provincial Synod which consists of a biennial gathering of the provincial board, the clergy, one representative from each congregation per one hundred and fifty members and ex-officio as per the Book of Order.

The Committee of Management, who are the trustees of the charity (and directors in company law of the subsidiary charitable companies), are elected by Synod. The Book of Order (constitution) requires the Committee to act in accordance with resolutions of Synod.

The Provincial Board (Committee of Management) for the year ended 31 August 2021 and subsequently comprised:

Rev Prof P Gubi	(Appointed 15 July 2021)
Miss R. M. A. Hoey*	
Rev. P. M. Holdsworth	
Rev. D. R. Howarth*	
Mr M Kernohan	(Resigned 20 October 2020)
Rev M Newman	(Appointed 15 July 2021)
Rev. Dr. L. Thompson	

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

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

Investment Advisors:	UBS	Vestra Wealth LLP
	1 Curzon Street,	14 Cornhill
	London W1J 5UB	London EC3V 3NR

Bankers: CAF Bank Limited
PO Box 289
Kings Hill
Kent ME19 4TA

Each subsidiary and branch have the power to appoint their own bank. Only the main banker is disclosed above.

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

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity's constitution is defined by the Book of Order which is approved by Synod and can only be amended by Synod.

Group Structure

The Moravian Church controls a number of related organisations including:

- the Moravian Union (company number 00133708), a company limited by guarantee, which holds the assets and administers the affairs of the Church.
- two independent schools, Ockbrook School (company number 05086591), until 28 July 2021 when the company was put into administration, and Fulneck School (company number 05086581), both of which are companies limited by guarantee.
- thirty congregations, two societies and one fellowship, and;
- One choir house.

Further details of The Moravian Union and Fulneck School are available in their statutory accounts on request.

These accounts consolidate the results and net assets of all these organisations.

Procedures for the Recruitment and Appointment of Trustees

The Book of Order, Section 3.1 states that the PEC consists of six members of the Moravian Church in the British Province, two serving in a full-time stipendiary capacity and four serving in a non-stipendiary capacity, part time. As part of its brief the PEC acts as the Board of Trustees (and Board of Directors) of the Moravian Union. Synod is the body with the power to appoint and remove members of the Board. Provincial Elders serve for a term of four years and may be appointed to serve a further two terms. Appointment is by election at the biennial Moravian Church Synod. Vacancies during an inter synod period shall be filled by a postal ballot election.

The Chair and Officers are appointed by the membership of the PEC from among their number. The Board convenes at least twelve times each year. Synod also elects members to the various standing and sub-committees which offer advice and support to the PEC. Each committee includes at least one Provincial Elder:

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

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 Book of Order, the Memorandum and Articles of Association of each subsidiary company, the 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.

Volunteers

The Moravian Church has many committees covering its policy, education, congregational work etc. Without the many volunteers that serve on these committees we 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.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

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. Synod is the ultimate authority within the Church and it elects the Provincial Elders Conference (PEC) which acts 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 Church's board of trustees and meets on a monthly basis. Responsibility for the day-to-day management of the charity's affairs is delegated to the two full time members of the PEC.

Responsibility for control of each school is delegated to their respective board of governors whilst responsibility for the day-to-day affairs of each congregation is delegated to the local congregational committees.

Risk Management

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

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

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

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

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)

- **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 subsidiary companies:** The subsidiary company, Fulneck School, is at risk without significant external investment and the PEC has stepped up its oversight of the School, with a view to ensuring that it remains a going concern.

Pensions

Following changes to legislation, the previous discretionary pension arrangements for ministers in service prior to 31 August 2010 have been replaced by a defined contribution pension scheme. This came into effect from 1 January 2016. All Ministers have been informed of their entitlement. Other Ministers and employees employed after 31 August 2010 hold defined contribution personal pension plans and contribute at rates chosen by themselves.

In addition, as disclosed in note 19, the 2016 British Provincial Synod resolved that with effect from 11 July 2016 the previously discretionary pension arrangements for ministers in service prior to 31 August 2010 was recognised as an obligation of The Moravian Union up to 31 December 2015. The most recent actuarial valuation of the pension liability was completed on 3 October 2017 and calculated the liability to be £4,836,459.

OBJECTS AND ACTIVITIES

Principal Objectives

The Church's objective is to administer the affairs of the Moravian Church in its work for the Kingdom of God, in accordance with the will of Synod.

Activities

The parent charity's main activities consist of:

- (i) Ensuring a supply of ministers to congregations.
- (ii) Providing congregations with advice on complying with best practice under child protection regulations in the conduct of their work with young people.
- (iii) Advice to congregations on financial and administrative matters.
- (iv) Bishops, who are elected by Synod, but who are nonetheless employees of the Moravian Church, provide pastoral and spiritual guidance to congregations.
- (v) Administering the assets of the Church through its subsidiary company, The Moravian Union.
- (vi) Maintaining archives which relate to congregations of the Church and the British Province.
- (vii) By working with each School's Board of Governors and with the professionals employed in the schools, maintaining and further developing the standards of academic excellence and pastoral care offered by these establishments.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTS AND ACTIVITIES (Continued)

Strategies

To promote these activities the parent charity:

- (i) Organises the training of both ordained and lay preachers.
- (ii) Has developed and made available to congregations a procedures manual to regulate their work with young people. The Church also actively works with "APCS" to protect the interests of young people.
- (iii) Provides advice to congregations on the principles of sound administration again through bulletins and publications.
- (iv) The Church's investment assets, which are held by its subsidiary company, are administered with the assistance of professional fund managers. The Church's land and buildings (which are held by its subsidiary The Moravian Union) are administered through the services of a Chartered Surveyor with a view in both instances to maximising the returns available to the Church within the constraints imposed by the Church's charitable mission.
- (v) The Church, through its subsidiary company employs a full-time archivist who spends a portion of her time advising congregations on how to maintain their archives.

Principal Objectives for the year ended 31 August 2021

The trustees determined the following principal objectives for the year ended 31 August 2021:

- To continue to offer training for ministry or lay preaching to all who wish to be trained provided the trustees are satisfied about their suitability.
- To ensure that all congregations are encouraged to adopt best practice in connection with their work with children and young people.
- To continue to administer the Church's assets in a way which is appropriate to the Church's charitable mission and to maximise returns for the benefit of the Church subject to these constraints.
- To continue to promote good practice in the archiving of the Church's and Congregations' records by promoting communication between the archivist employed at Church House and individual Congregations.
- To continue to support work in its partner Province of the Moravian Church in Western Tanzania (MCWT) and also the work in South Asia, the responsibility for the latter being given to the British Province by Unity Synod.
- To continue to support national and local ecumenical bodies and to try and develop ways of working more closely with other denominations.
- By maintaining close contact with each school's Board of Governors and senior staff to further develop the standards of academic excellence and pastoral care at both institutions.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

ACHIEVEMENTS AND PERFORMANCE

How our activities deliver public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting grant making policy for the year. The charity carries out a wide range of activities in pursuance of its charitable aims. The trustees consider that these activities, summarised below, provide benefit both to our congregations and the public in general.

Review of the year

We continue to focus on the essentials of our existence, which are to be found in the Ground of the Unity (Church Order of the Unitas Fratrum 1-11), and to try and achieve a proper balance between these essentials of being a church and the challenges of governance in a context characterised by numerical decline and financial uncertainty. We remain confident that we can serve God effectively in the Province despite the limitations of being a small church. We continue to look for more effective ways of engaging in mission.

The trustees have developed a new strategic plan, Project 32, which will look at all areas of our current activities, with new priorities to ensure sustainability and future growth over the coming decade. So as to ensure continuity, the Provincial Synod in 2020 agreed the setting up of an implementation committee, to oversee the delivery of the outcomes.

Congregations

The Province comprises 30 congregations, 2 societies and 1 fellowship. The total membership of the Province is 1,200. There are approximately 900 adults and 70 children in church each Sunday.

Congregations are encouraged to address the need to develop new ways of engaging with the lives of those around them. Initiatives include café style church services, messy church and youth activities.

Ministry

It is clear that, unless our congregations start to grow in membership, the present number of members will not be able to support paid ministry in the way that it has done in the past.

This will mean significant changes will have to be made by both congregations and for ministers. Congregations will have to take time to assess their strengths and weaknesses and seize the opportunities to grow. Efforts will have to be made to build the capacity of members to be more intentional in faith renewal and numerical growth. We will also need to review the way that ministers are trained and deployed, to ensure that we are making best uses of our ministerial resources and taking advantage of growth opportunities.

Building on the work of the 'Future Directions and Sustainability Taskforce', the Project 32 Implementation Committee will give guidance to more effective ways of ensuring future Provincial sustainability. And growth. The plan here includes the engagement of the Programme Coordinator, who will be appointed with in mid-2022.

Young people and children's work

The Youth & Children's Officer offers resources and training for anyone working with children and young people in our churches; this is essential to ensure that all leaders are aware of the legal and good practice requirements of this sensitive area of work.

Given the geographical spread of our congregations it is extremely beneficial that this work is coordinated so that our young people feel a sense of belonging.

Summer Camp continues to draw young people from most areas of the Province but we recognise the need to secure increased numbers of attendees and a more attractive per capita cost. Providing staff to bolster youth work is part of our strategic objectives.

Synod 2018 also passed a resolution for a forum to be held for young adults and young people aged 14 – 26, to enable them to learn about the working of Synod and contribute ideas and thoughts to governance of the Church. This was held in October 2019. The work in the subsequent period was impacted by the Covid -19 Pandemic and activities related to youth moved online. The return to face-to-face activities of a sustained programme of work will characterised the coming period.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

ACHIEVEMENTS AND PERFORMANCE (Continued)

Schools

The unsurmountable problems with the Ockbrook school led eventually to its closure in 2021. The administration process is still ongoing. However, the PEC is seeking to optimise the use of the site and is currently in discussion for an extended lease. In the meanwhile, the property has been brought back into the Provincial investment portfolio.

As Trustees of Fulneck School, the PEC entered into management agreement with Bellevue, which included the options to acquire the school. If Bellevue does not exercise that option, the Trustees of Fulneck School will be seeking alternative buyers, as it our intention to relinquish hold on the school. However, given the significant loans made to the school, it will be our interest to secure an arrangement whereby the loan can be repaid.

In the meanwhile, the Fulneck school continued normal operation; the deficit in its operation has been greatly reduced and has begun to see increased student registrations. At the end of the 2020-2021 financial year. Moravian Union provided the school with a letter of support, to ensure that the school would trade for 2021-2022 as a going concern.

Choir House

The Choir House at Fulneck, which is licensed as a house in multiple occupation, (HMO), sharing a common entrance hall, provides a number of comfortable, self-contained apartments.

As a set of Grade 1 listed buildings, maintenance and upgrading works are expensive and have to be overseen by listed building specialists.

The Trustees have appointed Br Ian Haggas as the administrator to succeed Br and Sr Davey, whose contribution to the choir house must be place on record.

Finances

In common with many other denominations with a reducing membership, the Moravian Church is finding it a challenge to renew and grow beyond a maintenance level of operation. The per capita financial contribution being asked of members is increasing, even with delimiting efforts. We therefore commend congregations that find ways to increase their income in this difficult situation.

The Trustees are, therefore, extremely sensitive to the need to ensure careful, fiduciary oversight of our investments. Our portfolios are managed by UBS (Wealth Management UK) and Vestra Wealth LLP. A small group comprising the Provincial Treasurer along with the Chairman and two members of the Finance Committee, meet with the investment managers at least once each year to monitor performance. We make clear to fund managers that as a church we want to ensure that the companies in which our monies are invest meet the ethical and moral values we espouse. The Provincial Board has therefore developed an Ethical Investment Policy which will be continuously reviewed and monitored and will help guide our investment strategy. Arising from a resolution passed at the last Synod, that policy now includes a plan to exit investment in fossil fuels. A progress on this has been tabled at this Synod

As highlighted previously, an area in which we need to take actions was in regard to the pension commitment to workers. The current arrangement, which is consistent with charity regulations, in that all current and future stipendiary staff be included in a formal, contributory pension scheme. Congregations now contribute 5.5% of stipend to the pension fund.

Previously the pension arrangement was one in which discretionary payments were made to retired church servants and their spouses. During the 2017 British Provincial Synod it was resolved that these payments to retirees should be recognised as an obligation and not discretionary. An amount was therefore set aside from Provincial operations to cover this obligation. This sum is expected to fall overtime, since the numbers of individuals to whom this is paid will not be increasing. The auditors have advised that the coming year will require a formal re-evaluation of the amount set aside.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

ACHIEVEMENTS AND PERFORMANCE (Continued)

Unity

Our partnerships with South Asia and the Moravian Church in Western Tanzania continue to offer opportunities for members in this province to offer support to brothers and sisters in these developing areas of the Unity. At Unity Synod in 2016, South Asia was formally recognised as a Mission Area and is under the supervision of the British Province. The British Mission Board are working with ministers and lay workers in South Asia to develop a framework for development in the future and are currently working towards the creation of a Mission Province by 2022.

The overall financial support given to both South Asia and Tanzania may vary from year to year. However, the beneficiaries of direct support include ten workers and one school in South Asia and the Province of Western Tanzania.

In addition, we continue to offer an administration grant, albeit it at a reduced level, to the Jamaica Province to help them purchase Textbooks from the Bookroom. This is of mutual benefit as the Jamaican order increases our print run and reduces the unit cost of the books to everyone.

Support is also given to Elim Home in South Africa and the Star Mountain Rehabilitation Centre in Ramallah, Palestine. These are viewed as important works of the Moravian Church world-wide.

Individuals and groups such as the Moravian Women's Association, the Men's Fellowship and the YPMA give money to many other projects. We are constantly touched by the generosity of such gifts.

Ecumenical

As a province, we continue to play as full a role as possible in the national and four-nation bodies, with representation on Churches Together in England and Churches Together in Britain & Ireland. The National Ecumenical Officer was appointed by the Provincial Board to represent the Moravian Church at a National level and we are grateful for the work of Br Philip Cooper who currently serves in this capacity.

Sr Sarah Groves sits on the Executive Board of the Irish Council of Churches and members of that District sit on various committees of the council. It is good to know that most congregations play their part in the local ecumenical scene, both formally and informally.

Br Livingstone Thompson was appointed a Trustee for Christian Aid Ireland, which enable him also to support the strategic work of Christian Aid UK.

Conclusion

With no formal impact assessment procedures in place to assess a church, which has been serving communities for over 250 years, it is difficult to determine performance, even though we might be able to point to specific outcomes to satisfy the requirements of the Charity Commission. However, when we consider the number of members and significant financial contributions, which we have been able to make to support our mission locally and overseas, we could say that the Church is having significant impact.

There are two ways of looking at objectives and achievements, quantitatively or qualitatively. If we take the former view, it is clear that we have lost members and if that trend were to continue it would pose some risk to the sustainability of the Province. However, if we hold to the latter position which is a broader, deeper and perhaps more theological view, we can say that, in the present secular climate, our decline in numbers is no greater or less than in other denominations; our difficulties with meeting the demands for pensions, for example, are consistent with the situation in other similar institutions. Yet, despite these problems, we have continued to develop and offer ministry and pastoral care to our members; we have been able to show practical concern for those living in developing countries and those living with various disabilities.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

A major risk we face as a church is to fail to live up to the teachings of Jesus Christ in our dealings with each other and with those with whom we come into contact. The work of the Church can be described as being twofold: to nurture its members and develop their relationship with God and, reaching out to those in the wider community, to demonstrate the Christian message through our life and teaching.

The qualitative nature of our objectives is one that the Trustees consider to be at the heart of our existence as the Moravian Church. We pay tribute to the ongoing commitment and hard work of our ministers, the staff at the headquarters building and the numerous volunteers who offer such loyal service through their own congregations and without whom there would be no Moravian Church in these islands.

We present this report as being a true reflection of our present position.

REVIEW OF FINANCIAL POSITION

The Statement of Financial Activities summarises the movements in all the Group's funds during the year.

This indicates that the Group recorded net income for the year of £4,782,864 compared to net expenditure for the preceding year of £1,598,988. This result arises primarily due to the impact of the decision to close Ockbrook School which resulted in a significant increase in the value of investment properties formerly occupied by the School at peppercorn rent but now available for rental or sale by the Moravian Union. The increase in value amounted to £3,300,000, in addition to an aggregate increase in value of the remaining investment property portfolio of £2,157,823. The Group's investment portfolios also registered total gains of £807,438.

The Group's total income has remained relatively stable at £10,117,953 (2020: £10,102,849) whereas total expenditure has decreased by £590,830 to £11,600,352.

The impact of the Coronavirus pandemic was felt particularly by the two schools and by the congregations which are treated as part of restricted funds within these group financial statements.

Total net assets of the Group amount to £27,870,459 and are represented by the Group's fixed assets. At the year end the Balance Sheet on page 15 discloses net current liabilities of £1,965,428. However, this primarily reflects the UBS drawn down cash facility of £1,975,200 at the year end, which is repayable on demand and secured against the Group's investment portfolio held with UBS of £3,793,024, and by bank loans repayable within one year of £491,069. In September 2021 £432,135 was repaid on those loans. The drawn down UBS facility has been utilised by the Church to meet short-term liquidity issues during the restructuring of the Group and its property portfolio as a result of the financial demands of the two Schools. The financial position of the Group remains strong, having an investment portfolio in stocks and shares of £5,455,107 as well as a property portfolio held for investment purposes of £24,299,983.

The Trustees review the group and individual entities reserves policies on an annual basis taking account of the total net assets of each entity and the group as a whole, proposed activities for the forthcoming year and their funding requirements.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

REVIEW OF FINANCIAL POSITION (Continued)

Investment Policy and Objectives

Our investment policy is developed in consultation with the Finance Committee, which makes recommendations to the PEC. The present investment objective is to achieve a balanced return in the investment portfolio. The investment portfolio is managed by professional fund managers and consists entirely of listed securities. Investment decisions are based on an ethical stance with the investment brokers being instructed to avoid specific commodities and prioritise those with reasonable environmental sensitivity.

The movement in market value of investments this year, both realised and unrealised, amounts to a gain of £807,438 or 16.9% of the brought forward value of the portfolio. Given the current economic climate as a result of COVID-19, the Charity's ethical investment stance and its income requirements, the Trustees consider the portfolio's performance to be reasonable.

The investment properties represent the managed estates and are held to generate rental income for the Moravian Union. The current market value of investment property has been estimated at £24,299,983, an increase in value of £5,457,823, and net rental income is £122,618 compared to the preceding financial year with net rental income of £162,301. Net rental income will fluctuate year on year depending on the level of maintenance work required on the estate's 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 discharge their current responsibilities effectively and efficiently within the constraints of resources both financial and human. The Trustees continue to review the structure of administration to ensure that we are operating as efficiently as is possible given the above constraints.

Furthermore, the Church, with a view to simplifying its record keeping and financial reporting requirements, will continue to review its trust ledgers in order to gain Charity Commission consent to the merger of a number of the smaller funds.

The trustees determined the following principal objectives for the year ending 31 August 2022:

- To continue to offer training for ministry or lay preaching to all who wish to be trained provided the trustees are satisfied about their suitability.
- To ensure that all congregations are encouraged to adopt best practice in connection with their work with children and young people.
- To continue to administer the Church's assets in a way which is appropriate to the Church's charitable mission and to maximise returns for the benefit of the Church subject to these constraints.
- To continue to promote good practice in the archiving of the Church's and Congregations' records by promoting communication between the archivist employed at Church House and individual Congregations.
- To continue to support work in its partner Province of the Moravian Church in Western Tanzania (MCWT) and the work in South Asia, the responsibility for the latter being given to the British Province by Unity Synod.
- To continue to support national and local ecumenical bodies and to try and develop ways of working more closely with other denominations.
- By maintaining close contact with the Boards of Governors and senior staff of the Fulneck school, to support their drive for sustainability and academic excellence, particularly as a result of the current economic climate caused by the COVID-19 pandemic.
- To implement the activities associated with the Project 32 Programme for renewal and growth.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

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 Charity's reserve requirements at least annually and to be prudent are of the opinion that unrestricted reserves equivalent to at least one year's total expenditure should be held. At the current year end unrestricted reserves (excluding those earmarked for designated purposes) amounted to £1,489,934 and this represented approximately 48% of annual expenditure, excluding School's expenditure.

The Coronavirus pandemic continued to have a significant impact on the activities, income generation and expenditure of the Group. The Trustees have considered this when assessing the Charity's ability to continue as a going concern and the level of reserves it will require. As explained in note 1 to these financial statements, the Trustees are of the opinion that the reserves available to the Charity are sufficient to ensure that the Charity continues for the foreseeable future.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees 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".

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the incoming resources and application of resources for that period. In preparing those financial statements, the Trustees are required to: -

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 Parent Charity and the Group and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Parent Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees



Miss R. M. A. Hoey
Chair



Rev Dr L. A. Thompson
Treasurer

Date: June 30, 2022

INDEPENDENT AUDITORS REPORT
TO THE TRUSTEES OF
THE BRITISH PROVINCE OF THE UNITAS FRATRUM OPERATING AS MORAVIAN CHURCH

OPINION

We have audited the financial statements of The British Province of the Unitas Fratrum operating as Moravian Church for the year ended 31 August 2021, which comprise the Consolidated Statement of Financial Activities, the Group and the Parent Charity's Balance Sheet, the Cashflow Statement and the related notes, 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 parent charity and the group's affairs as at 31 August 2021, and of the group's incoming resources and application of resources, for the year 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 Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

This report is made solely to the Trustees in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to the Trustees 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 charity and the charity's Trustees for our audit work, for this report, or for the opinions we have formed.

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 charity 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 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.

INDEPENDENT AUDITORS REPORT
TO THE TRUSTEES OF
THE BRITISH PROVINCE OF THE UNITAS FRATRUM OPERATING AS MORAVIAN CHURCH

RESPONSIBILITIES OF THE TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities the trustees are responsible for preparing the Report of the Trustees and the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditors under Section 144(1) of the Charities Act 2011 and report in accordance with regulations made under that Act and relevant regulations made or having effect thereunder.

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.

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 Charity is required to comply with charity law and, based on our knowledge of its activities, we identified the legal requirements to comply with this legislation including the requirement to correctly account for restricted funds.
- We gained an understanding of how the charity 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 charity'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.



Knox Cropper LLP
 Statutory Auditor
 65 Leadenhall Street
 London
 EC3A 2AD

Date: 04/07/2022

Knox Cropper LLP is eligible to act as an auditor of the Charity in terms of section 1212 of the Companies Act 2006.

MORAVIAN CHURCH
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and Legacies	2	385,588	-	1,309,488	1,695,076	1,593,261
Other Trading Activities	3	-	-	133,509	133,509	116,109
Investments	4	888,651	5,442	248,699	1,142,792	1,086,030
		1,274,239	5,442	1,691,696	2,971,377	2,795,400
Charitable activities	5	30,151	5,900	6,231,047	6,267,098	7,162,945
Other	6	71,184	-	808,294	879,478	144,504
Total Income		1,375,574	11,342	8,731,037	10,117,953	10,102,849
Expenditure on:						
Raising Funds						
Fundraising trading: cost of goods sold and other costs		-	-	(168,729)	(168,729)	(154,273)
Investment management costs	7	(694,349)	(2,905)	(32,245)	(729,499)	(663,962)
		(694,349)	(2,905)	(200,974)	(898,228)	(818,235)
Charitable Activities	7	(773,773)	(637,721)	(9,290,630)	(10,702,124)	(11,372,947)
Total Expenditure		(1,468,122)	(640,626)	(9,491,604)	(11,600,352)	(12,191,182)
Net Gains/(Losses) on investment assets	10, 11	304,738	5,515,414	445,111	6,265,263	489,345
Net income/(expenditure)		212,190	4,886,130	(315,456)	4,782,864	(1,598,988)
Other Recognised Gains/(Losses)						
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	19	-	-	-	-	-
Transfers between reserves	17	(525,375)	(182,948)	708,323	-	-
NET MOVEMENT IN FUNDS		(313,185)	4,703,182	392,867	4,782,864	(1,598,988)
Reconciliation of Funds:						
Total Funds Brought Forward	17	1,803,119	16,715,094	4,569,382	23,087,595	24,686,583
TOTAL FUNDS CARRIED FORWARD		<u>£1,489,934</u>	<u>£21,418,276</u>	<u>£4,962,249</u>	<u>£27,870,459</u>	<u>£23,087,595</u>

All gains and losses arising in the year have been included in the Statement of Financial Activities and relate to continuing operations.

As a result of its activities for the year the parent charity, The Moravian Church, disclosed a net decrease in funds of £64,464. Its total net assets at the year end stood at £1,120,010.

The notes form part of these financial statements.

MORAVIAN CHURCH
CONSOLIDATED BALANCE SHEET
AT 31 AUGUST 2021

	Notes	Group		Parent	
		2021	2020	2021	2020
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	9	4,736,233	5,087,660	370,726	378,449
Investment Property	10	24,299,983	18,842,160	-	-
Investments	11	5,455,107	4,770,474	117,248	88,169
		<u>34,491,323</u>	<u>28,700,294</u>	<u>487,974</u>	<u>466,618</u>
CURRENT ASSETS					
Stock	12	31,377	36,589	-	-
Debtors	13	425,828	535,803	117,720	114,825
Cash at Bank and in Hand		1,534,518	2,563,221	989,505	1,032,887
		<u>1,991,723</u>	<u>3,135,613</u>	<u>1,107,225</u>	<u>1,147,712</u>
LIABILITIES					
Creditors: Amounts falling due within one year	14	<u>3,957,151</u>	<u>3,381,357</u>	<u>475,189</u>	<u>429,856</u>
NET CURRENT ASSETS		<u>(1,965,428)</u>	<u>(245,744)</u>	<u>632,036</u>	<u>717,856</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,525,895	28,454,550	1,120,010	1,184,474
CREDITORS: Amounts falling due after more than one year					
	15	(881,934)	(1,326,021)	-	-
Defined Benefit Pension Liability	19	(3,773,502)	(4,040,934)	-	-
TOTAL NET ASSETS		<u>£27,870,459</u>	<u>£23,087,595</u>	<u>£1,120,010</u>	<u>£1,184,474</u>
The Funds of the Charity:					
Restricted Funds	17	4,962,249	4,569,382	1,093,222	1,157,795
Unrestricted Funds					
General	17	1,489,934	1,803,119	1,470	6,682
Designated Fund – Defined Benefit Pension Liability		(3,773,502)	(4,040,934)	-	-
Designated	17	25,191,778	20,756,028	25,318	19,997
		<u>22,908,210</u>	<u>18,518,213</u>	<u>26,788</u>	<u>26,679</u>
TOTAL FUNDS		<u>£27,870,459</u>	<u>£23,087,595</u>	<u>£1,120,010</u>	<u>£1,184,474</u>

Approved by the Trustees onJune 30, 2022..... and signed on their behalf by



Rev Dr L. Thompson



Miss R. M. A. Hoey

MORAVIAN CHURCH
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	£
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		(3,741,688)	(2,031,259)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income		1,142,792	1,086,030
Payments to acquire tangible fixed assets	9	(26,498)	(329,085)
Proceeds on disposal of tangible fixed assets		260,467	-
Proceeds on disposal of investment property assets	10	-	300,488
Purchase of fixed asset investments	11	(1,554,101)	(2,450,586)
Proceeds of sale of fixed asset investments	11	1,676,908	2,452,897
		1,499,568	1,059,744
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(65,184)	(23,142)
Movement on Loans		1,278,601	1,037,240
		1,213,417	1,014,098
CHANGE IN CASH AND CASH EQUIVALENTS		(1,028,703)	42,583
Cash and Cash Equivalents at the beginning of the reporting period		2,563,221	2,520,638
Cash and Cash Equivalents at the end of the reporting period		£1,534,518	£2,563,221
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH OUTFLOW			
		2021	2020
		£	£
Net Movement in funds for the year		4,782,864	(1,598,988)
Investment Income		(1,142,792)	(1,086,030)
Interest Paid		65,184	23,142
Depreciation		227,250	1,546,948
(Gains)/Losses on disposal of property fixed assets		(71,184)	-
(Gains)/Losses on disposal of other fixed assets		(38,608)	-
(Gains)/Losses on investment assets		(6,265,263)	(489,345)
(Increase)/Decrease in Stock		5,212	7,252
(Increase)/Decrease in Debtors		129,120	139,289
Increase/(Decrease) in Creditors		(1,166,039)	(308,454)
Movement on Defined Benefit Pension Liability		(267,432)	(265,073)
		£(3,741,688)	£(2,031,259)
NET DEBT RECONCILIATION			
		01/09/2020	Cashflow
		£	£
Cash at Bank and in Hand		2,563,221	(1,028,703)
UBS facility drawn down		(850,000)	(1,125,200)
Loans repayable within one year		(105,422)	(520,239)
Loans repayable outside one year		(1,248,772)	366,838
		£359,027	£(2,307,304)
			£(1,948,277)

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the provisions of the Charities Act 2011, 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), FRS 102 and the Charities Act 2011. 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 FRS 102.

The financial statements consolidate the incoming resources and resources expended, assets and liabilities of the following entities:

Moravian Church and its Congregations (The Parent)
 The Moravian Union (Incorporated)
 Fulneck School
 Ockbrook School
 Fulneck Choir House

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

Going Concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. In reaching this conclusion they have considered the impact of the COVID-19 pandemic on future income generation by the Charity. Although income may decrease significantly, the charity has sufficient assets held by its 100% owned subsidiary, The Moravian Union, and has put in place short-term liquidity measures to ensure that it can continue to operate effectively for the foreseeable future.

As explained more fully in note 22 to these financial statements, the Group includes two schools as subsidiaries, Ockbrook School and Fulneck School. The pandemic has had a serious impact on their income and pupil numbers. After careful consideration, Ockbrook School moved into administration with effect from 28 July 2021 and the Group Trustees have initiated a financial support package for Fulneck School which involves the Moravian Union borrowing funds and then providing loans to the school with the intention of selling the School as a going concern.

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

Income Recognition

All 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.

Donations and Legacies

Income from donations and legacies is generally recognised on receipt. However, income from the Mrs E M Bates Trust is accrued at the balance sheet date if the trustees are satisfied that the criteria of entitlement, certainty and measurement have been met on the basis of declarations and/or payments by the donating organisation after the year end.

School Fees

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the schools.

Rental Income

Rents receivable are included on an accruals basis.

Investment Income

Investment income is recognised when received by the investment managers.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (Continued)

Income Recognition (Continued)

Other Income

Other income is generally recognised on an accruals basis.

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. All expenditure heads in the SOFA include both direct costs and apportioned overhead costs. Overhead costs are apportioned on the basis of employee time.

Charitable activities represents the direct costs of carrying out the charity's aims, together with allocated support costs which are apportioned to the different expenditure heads on the basis of staff time. Governance costs are the costs of meeting the charity's regulatory obligations and are included within support costs.

Stock

Stock is valued at the lower of cost and net realisable value.

Investments

Investments are a form of basic financial instrument and 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 Trust 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.

Investment Property

Investment property is valued at market value at the balance sheet date. It was independently valued on 3 July 2015 by SHP Valuers Ltd, a firm of Chartered Surveyors registered with the Royal Institute of Chartered Surveyors (RICS), based on information on the condition of the properties supplied by the Charity's estate manager, John Forrester Ltd. The market value of the properties is reviewed annually and adjusted based on the condition and usage of those properties, as advised by John Forrester Ltd, using the Halifax Regional House Price Indices and other supporting information when available.

Leases

Payments for operating lease rentals are charged to the income and expenditure account over the period of the lease. Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated over the life of the lease with payments to the lessor being apportioned between capital which writes down the outstanding obligation and interest which is charged to the Statement of Financial Activities over the period of the lease on a straight line basis.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (Continued)

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.

Depreciation of fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows :

	<i>Moravian Union</i>	<i>Fulneck School</i>
Freehold land and buildings	2%	N/A
Leasehold land and buildings	N/A	2%
Furniture and equipment	25-33.3%	10-15%
Computer equipment	N/A	33.3%
Motor vehicles	N/A	25%
Leased Assets	Over the life of the lease	

Taxation

For all charitable activities, the Church enjoys exemption from corporation tax under the Corporation Taxes Act 2010.

Advance Fees Scheme

Where the school offers parents the opportunity to pay for up to seven years tuition fees in advance in accordance with a written contract, the amounts received are invested and interest is accrued to contracts. This is treated as deferred income until the pupil joins the school whereupon the fees for each school term are charged against the remaining balance and taken to income. Any shortfall is treated as a deduction from school fee income and any excess accrued is treated as additional school income.

Financing costs include amounts accrued in accordance with the terms of the Advance Fees contracts.

Fund Accounting

Funds held by the charitable group are either:-

- Unrestricted general funds – these are funds which can be used for any purpose which is in accordance with the charity's objectives and at the discretion of the Trustees.
- Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for a specific future purpose or project. All sums applied to the purchase of property are classified as designated funds.
- Restricted funds – these are funds that can only be used for a particular purpose within the objects of the charity. Restrictions arise when specified by either the donor or by way of indication when certain funds are raised.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (Continued)

Pensions

The different entities of the Moravian Church run a variety of pension schemes. Further details of each scheme are shown in Note 19.

The Moravian Union has recognised discretionary pensions payable to retired ministers as an obligation. This liability was valued by The Moravian Union's actuaries (BWC1) as at 31 August 2016 and as at 31 August 2017. In accordance with FRS 102 the Trustees only consider engaging an independent actuary to perform a comprehensive actuarial valuation if they consider that the principal actuarial assumptions have changed significantly. If not, the defined benefit obligation is measured by adjusting the prior period measurement for changes in key employee demographics. Movements during the year are disclosed in note 19 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.

A number of the professional staff employed at Fulneck and Ockbrook Schools participate in a multi-employer pension scheme, the Governments' Teachers Pension Defined Benefits Scheme, for its teaching staff. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The TPS is a multi-employer pension scheme open to the School's teaching staff and it is not possible to identify the assets and liabilities of the scheme attributable to the School. The TPS is treated as a defined contribution scheme and the contributions recognised as they are paid each year. The scheme is managed by the Department for Education. Contributions to defined contribution pension schemes are charged to the statement of financial activities in the year in which they become payable.

Ockbrook School also participated in The People's Pension. The People's Pension is a defined contribution scheme open to the School's non-teaching staff.

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.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (Continued)

Key Judgements and Estimates

(i) Financial instrument classification

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

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

(ii) Useful lives of functional properties

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

(iii) Recognition and valuation of investment properties

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

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

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

The assumptions underlying the pension scheme actuarial valuation are reviewed annually by the trustees. If they consider that the principal actuarial assumptions have not changed significantly no adjustment will be made to the provision. It is intended that the actuary will recalculate the liability triennially. However, as a result of the impact of COVID on the activities of the Group, the next actuarial valuation has been delayed until 31 August 2022.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

2. DONATIONS AND LEGACIES

	Unrestricted Funds		Restricted Funds	Total 2021	Total 2020
	General £	Designated £	£	£	£
Mrs E M Bates Trust	315,062	-	-	315,062	324,064
Grants	-	-	484,898	484,898	499,340
Donations and Legacies	7,526	-	824,590	832,116	704,857
The London Mission in Aid of Moravian Mission	63,000	-	-	63,000	65,000
	<u>£385,588</u>	<u>£-</u>	<u>£1,309,488</u>	<u>£1,695,076</u>	<u>£1,593,261</u>

Restricted grant income includes coronavirus job retention fund furlough grants of £40,435 in respect of Ockbrook School and £285,585 in respect of Fulneck School.

3. OTHER TRADING ACTIVITIES

Trading activities	-	-	-	-	-
Fundraising events	-	-	133,509	133,509	116,109
	<u>£-</u>	<u>£-</u>	<u>£133,509</u>	<u>£133,509</u>	<u>£116,109</u>

4. INVESTMENT INCOME

Quoted Securities	110,161	5,442	84,090	199,693	143,622
Rents Receivable	778,232	-	159,549	937,781	926,328
Bank Interest	258	-	5,060	5,318	16,080
	<u>£888,651</u>	<u>£5,442</u>	<u>£248,699</u>	<u>£1,142,792</u>	<u>£1,086,030</u>

5. INCOME FROM CHARITABLE ACTIVITIES

School Fees					
Fulneck School	-	-	3,143,952	3,143,952	3,656,363
Ockbrook School	-	-	2,956,504	2,956,504	3,286,977
	-	-	6,100,456	6,100,456	6,943,340
Congregational Activities	-	-	16,070	16,070	101,243
Unity Income	-	-	14,771	14,771	11,303
Book Sales	17,219	-	3,840	21,059	19,125
Other Activities	12,932	5,900	95,910	114,742	87,934
	<u>£30,151</u>	<u>£5,900</u>	<u>£6,231,047</u>	<u>£6,267,098</u>	<u>£7,162,945</u>

6. OTHER INCOME

Gain on disposal of fixed assets	71,184	-	-	71,184	-
Net liabilities transfer	-	-	808,294	808,294	-
Insurance proceeds	-	-	-	-	144,504
	<u>£71,184</u>	<u>£-</u>	<u>£808,294</u>	<u>£879,478</u>	<u>£144,504</u>

The net liabilities transfer represents the value of the net liabilities of Ockbrook School leaving group control on the 28 July 2021 when it was put into Administration. See note 22 for details.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

7. EXPENDITURE

	Costs of Raising Funds		Charitable Activities			Support Costs	Total 2021	Total 2020
	Fundraising Trading Activities	Investment Management Costs	Education Costs	Ministry and Congregations				
				Domestic	Overseas			
	£	£	£	£	£	£	£	
Fulneck School General Education Costs	-	-	471,337	-	-	-	471,337	158,905
Ockbrook School General Education Costs	-	-	278,404	-	-	-	278,404	281,154
Congregation Fundraising Activities	4,314	-	-	-	-	-	4,314	13,744
Ministry	-	-	-	611,490	-	-	611,490	642,165
Grants and Projects	-	-	-	40,364	145,031	-	185,395	302,138
Burial Ground Costs	-	-	-	2,718	-	-	2,718	3,122
Estate Management Costs	-	677,601	-	-	-	-	677,601	599,572
Pensions and Tax	-	-	-	-	-	-	-	-
Staff Costs	22,222	-	4,648,488	133,534	28,232	1,079,073	5,911,549	6,379,052
Advertising and Marketing	55,835	-	-	-	-	790	56,625	77,231
Ministers Travel	-	-	-	18,764	-	-	18,764	27,773
Ministerial Training	-	-	-	29,103	-	-	29,103	17,205
Other Ministerial Costs	-	-	-	13,493	-	-	13,493	18,157
Archive Costs	-	-	-	51,616	-	-	51,616	50,105
Brokers Fees	-	36,146	-	-	-	-	36,146	34,560
Honorariums	500	-	-	14,856	-	-	15,356	14,827
Provision for Doubtful Debts	14,741	-	-	-	-	24,524	39,265	195,373
Youth and Children	-	-	-	39,773	-	-	39,773	45,046
Audit	-	-	-	4,800	-	31,920	36,720	57,620
Accounting	-	-	-	-	-	-	-	3,233
Bank Charges	23,894	-	-	2,266	-	-	26,160	23,665
Interest	25,698	-	-	-	-	39,486	65,184	23,142
Hire Purchase Finance Charges	-	-	-	-	-	-	-	-
Depreciation	-	-	177,252	7,723	-	42,275	227,250	1,546,948
Book Purchases	-	-	-	14,753	-	-	14,753	13,829
Subscriptions and Licences	-	-	-	18,216	-	16,244	34,460	29,499
Messenger	-	-	-	22,580	-	-	22,580	20,635
Stationery and Postage	-	-	-	5,674	-	57,663	63,337	79,614
Premises (cleaning, repairs, security, light, power and utilities)	21,525	15,752	417,585	374,694	-	34,177	863,733	1,119,244
Legal & Professional	-	-	-	258,384	-	1,215,244	1,473,628	128,477
Photocopier Lease	-	-	-	-	-	-	-	-
Computer Software Maintenance & Licences	-	-	-	-	-	76,855	76,855	58,239
Communications	-	-	-	-	-	5,138	5,138	5,188
Insurance	-	-	85,662	60,184	-	10,451	156,297	136,937
Ministers Removal Costs	-	-	-	13,225	-	-	13,225	3,624
Synod	-	-	-	27,241	-	-	27,241	472
Church House Assessments	-	-	-	-	-	-	-	-
Other Congregations Costs	-	-	-	49,520	-	-	49,520	79,018
Other Office Costs	-	-	-	604	-	718	1,322	1,669
	168,729	729,499	6,078,728	1,815,575	173,263	2,634,558	11,600,352	12,191,182
Apportioned Support Costs (based on staff time)	-	-	2,441,379	168,066	25,113	(2,634,558)	-	-
Total 2021	£168,729	£729,499	£8,520,107	£1,983,641	£198,376	£-	£11,600,352	£12,191,182
Total 2020	£154,273	£663,962	£9,102,022	£2,043,151	£227,774	£-		£12,191,182

All grants are made to charitable institutions and are to help fund the ministry and congregations. They range in value from £200 to £50,000.

Legal & professional fees in support costs include Ockbrook School winding up costs of £1,182,936 and is made up primarily of potential employee claims of £969,948 which remain a liability of the School on leaving the Group.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

8. STAFF COSTS

	Moravian Church	Moravian Union	Fulneck School	Ockbrook School	2021 Total	2020 Total
	£	£	£	£	£	£
Gross Pay	435,469	196,486	2,698,650	1,918,284	5,248,889	5,640,688
Social Security Costs	47,171	19,124	223,961	171,272	461,528	508,738
Pension Costs	74,258	11,957	386,731	336,700	809,646	877,395
	556,898	227,567	3,309,342	2,426,256	6,520,063	7,026,821
Pensions to ministers	-	-	-	-	-	-
Other staff costs	-	-	-	-	-	5,502
	£556,898	£227,567	£3,309,342	£2,426,256	£6,520,063	£7,032,323
Included in Note 7 as follows:						
Staff Costs	-	175,951	3,309,342	2,426,256	5,911,549	6,379,052
Pensions & Tax	-	-	-	-	-	-
Archive Costs	-	51,616	-	-	51,616	50,105
Ministry	518,112	-	-	-	518,112	562,856
Ministerial Training	701	-	-	-	701	872
Youth and Children	38,085	-	-	-	38,085	39,438
	£556,898	£227,567	£3,309,342	£2,426,256	£6,520,063	£7,032,323
Average Staff Numbers:					No.	No.
Teaching	-	-	66	80	146	154
Ministers	14	-	-	-	14	14
Other	3	4	37	8	52	49
	17	4	103	88	212	217

Number of employees earning in excess of £60,000 during the period were as follows:

Between £70,001- £80,000	-	-	1	-	1	-
Between £80,001 - £90,000	-	-	-	1	1	1
Between £90,001 - £100,000	-	-	-	-	-	1
Between £100,001 - £110,000	-	-	-	-	-	-

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 Church are considered to be the members of the Provincial Elders' Conference, who are also the trustees. The Trustees are not remunerated for their services as such. However, the regulations and practice of Synod allows serving ministers and Church House staff to be elected to the Provincial Elders' Conference and to continue to receive their stipends/salaries. During the period the following emoluments (including benefits) were paid.

	2021 £	2020 £
Mr. M. Kernohan	-	21,131
Miss R. M. A. Hoey	33,374	35,329
	£33,374	£56,460

An amount of £6,289 (2020: £12,766) was reimbursed to the Trustees for travel expenses incurred during the period.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

9. TANGIBLE FIXED ASSETS

GROUP	Land and Buildings £	Furniture, Fixtures and Fittings £	Computer Equipment £	Total £
Cost				
Brought Forward	9,895,687	1,561,129	17,895	11,474,711
Additions	-	26,498	-	26,498
Disposals	(210,856)	(188,478)	-	(399,334)
At 31 August 2021	9,684,831	1,399,149	17,895	11,101,875
Depreciation				
Brought Forward	5,045,639	1,334,177	7,235	6,387,051
Charge for period	165,911	55,376	5,963	227,250
Depreciation on disposals	(21,573)	(227,086)	-	(248,659)
At 31 August 2021	5,189,977	1,162,467	13,198	6,365,642
Net Book Value				
At 31 August 2021	£4,494,854	£236,682	£4,697	£4,736,233
At 31 August 2020	£4,850,048	£226,952	£10,660	£5,087,660
PARENT				
Cost				
Brought Forward	386,172	-	21,413	407,585
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 August 2021	386,172	-	21,413	407,585
Depreciation				
Brought Forward	7,723	-	21,413	29,136
Charge for period	7,723	-	-	7,723
Depreciation on disposals	-	-	-	-
At 31 August 2021	15,446	-	21,413	36,859
Net Book Value				
At 31 August 2021	£370,726	£-	£-	£370,726
At 31 August 2020	£378,449	£-	£-	£378,449

Part of the above Land and Buildings are subject to Mortgages – see Note 15. Certain properties used by congregations are not reflected on the balance sheet, although legal title is vested in the Moravian Union, as they were acquired a significant number of years ago and no record of their cost is available.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

10. INVESTMENT PROPERTIES

	2021 £	2020 £
Market Value		
At 1 September 2020	18,842,160	18,338,448
Transfer from Tangible Fixed Assets	-	166,205
Disposal Proceeds	-	(300,487)
Realised gain on disposal	-	90,532
Unrealised Revaluation Gains/(Losses)	5,457,823	547,462
At 31 August 2021	<u>£24,299,983</u>	<u>£18,842,160</u>

The Moravian Union's estates 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 Moravian Union's estate manager, John Forrester Ltd. Investment property valuations as at 31 August 2021 are based on the valuation adjusted by the Halifax Seasonally Adjusted Regional House Price Quarterly Indices published by the Lloyds Banking Group. As a result of Ockbrook School entering Administration on 28 July 2021, the market values of two investment properties previously occupied by the School at peppercorn rent became available for rent or sale and their values increased significantly. Consequently, The Grange and The Mount were revalued by £3,300,000 in aggregate.

11. INVESTMENTS

GROUP - LISTED INVESTMENTS	Total 2021 £	Total 2020 £
Carrying Value at Beginning of Year	4,770,474	4,921,434
Additions	1,554,101	2,450,586
Disposal Proceeds	(1,676,908)	(2,452,897)
Realised Gains/(Losses)	142,165	(59,016)
Unrealised Gains/(Losses)	665,275	(89,633)
Carrying Value at 31 August 2021	<u>£5,455,107</u>	<u>£4,770,474</u>

The following investments individually represented more than 5% of the total market value of the portfolio:

	2021 £	2020 £
The Charities Property Fund	<u>£425,150</u>	<u>£413,558</u>

**12. STOCK
Group**

	2021 £	2020 £
Moravian Union	16,706	15,011
Schools Stocks	14,671	21,578
	<u>£31,377</u>	<u>£36,589</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

13. DEBTORS

	Group		Parent	
	2021	2020	2021	2020
	£	£	£	£
Trade Debtors	65,914	170,602	-	-
Amounts due from related Organisations	-	-	99,135	91,522
Other Debtors	91,346	61,907	18,585	23,303
Prepayments and Accrued Income	191,039	205,454	-	-
Agents Balances	40,092	62,235	-	-
Rent Due	37,437	35,605	-	-
	<u>£425,828</u>	<u>£535,803</u>	<u>£117,720</u>	<u>£114,825</u>

14. CREDITORS: Amounts falling due in less than one year

	Group		Parent	
	2021	2020	2021	2020
	£	£	£	£
Loans and Overdrafts				
Bank Loans	576,221	52,146	65,056	22,219
Trade Creditors	71,851	65,373	-	-
Amounts due to related Organisations	-	-	223,703	200,964
Other Creditors	2,033,183	1,033,582	1,586	19,113
Social Security and other Taxes	141,192	447,065	-	-
Accruals and Deferred Income	277,788	325,503	184,844	187,560
Fees in advance	807,485	1,404,412	-	-
Hire Purchase Contract	-	4,433	-	-
Bates Trust Loan	49,431	48,843	-	-
	<u>£3,957,151</u>	<u>£3,381,357</u>	<u>£475,189</u>	<u>£429,856</u>

Other creditors include an advance drawn down by the Moravian Union of £1,975,200 (2020:£850,000) from UBS secured against the investment portfolio. 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 market value of the investment portfolio managed by UBS at the year end amounted to £3,793,024.

Deferred Income consists entirely of fees in advance.

	Group		Parent	
	2021	2020	2021	2020
	£	£	£	£
Balance brought forward	1,404,412	1,998,221	-	-
Rent and School Fees received in advance	807,485	1,404,412	-	-
Released to revenue during the year	(1,404,412)	(1,998,221)	-	-
Balance carried forward	<u>£807,485</u>	<u>£1,404,412</u>	<u>£-</u>	<u>£-</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

15. CREDITORS: Amounts falling due in more than one year

Group	1 – 2 years £	2 – 5 years £	More than 5 years £	2021 £
Bank Loans - Fulneck School	20,608	60,334	39,368	120,310
- Moravian Union	59,818	184,891	257,644	502,353
	80,426	245,225	297,012	622,663
Bates Trust Loan	50,935	159,379	48,957	259,271
Other Creditors	-	-	-	-
	£131,361	£404,604	£345,969	£881,934

Group	1 – 2 years £	2 – 5 years £	More than 5 years £	2020 £
Bank Loans - Fulneck School	10,552	63,323	60,319	134,194
- Ockbrook School	102,727	319,593	383,556	805,876
	113,279	382,916	443,875	940,070
Bates Trust Loan	49,431	155,138	104,133	308,702
Other Creditors	77,249	-	-	77,249
	£239,959	£538,054	£548,008	£1,326,021

The Moravian Union as guarantor of the bank loans drawn down by its fellow subsidiary, Ockbrook School, assumed liability for those loans when the School went into Administration. The total value of those loans amounted to £993,442 of which £491,069 is repayable within 12 months of the year end. These loans are secured against Moravian Union properties

Fulneck School has one bank loan (2019), secured against the Fulneck School property which is owned by the Moravian Union.

In the preceding year, other creditors were predominantly fee deposits held in respect of Ockbrook School.

During 2017 a loan of £500,000 was extended to The Moravian Union by the Mrs EM Bates Trust. The loan was to provide investment funding to The Moravian Union to undertake a major fixed asset properties repair programme. The loan is to be repaid over a period of 10 years and is secured against 49 Creighton Avenue, a property currently valued at in excess of £1.3m. Interest is charged at 2% above base rate. The loan is considered a concessionary loan.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Total 2021
	General	Designated		
	£	£	£	£
Group				
Tangible fixed assets	5,554	2,104,988	2,625,691	4,736,233
Investments	2,088,800	331,482	3,034,825	5,455,107
Investment Properties	-	24,299,983	-	24,299,983
Cash at bank and in hand	967,384	204,372	362,762	1,534,518
Other net assets/(liabilities)	(1,571,804)	(5,522,549)	(1,061,029)	(8,155,382)
	<u>£1,489,934</u>	<u>£21,418,276</u>	<u>£4,962,249</u>	<u>£27,870,459</u>
Parent				
Tangible fixed assets	-	-	370,726	370,726
Investments	-	-	117,248	117,248
Cash at bank and in hand	1,470	29,095	958,940	989,505
Other net assets/(liabilities)	-	(3,777)	(353,692)	(357,469)
	<u>£1,470</u>	<u>£25,318</u>	<u>£1,093,222</u>	<u>£1,120,010</u>

	Unrestricted Funds		Restricted Funds	Total 2020
	General	Designated		
	£	£	£	£
Group				
Tangible fixed assets	11,630	2,329,815	2,746,215	5,087,660
Investments	1,838,119	291,699	2,640,656	4,770,474
Investment Properties	-	18,842,160	-	18,842,160
Cash at bank and in hand	1,230,084	(565,138)	1,898,275	2,563,221
Other net assets/(liabilities)	(1,276,714)	(4,183,442)	(2,715,764)	(8,175,920)
	<u>£1,803,119</u>	<u>£16,715,094</u>	<u>£4,569,382</u>	<u>£23,087,595</u>
Parent				
Tangible fixed assets	-	-	378,449	378,449
Investments	-	-	88,169	88,169
Cash at bank and in hand	21,487	19,997	991,403	1,032,887
Other net assets/(liabilities)	(14,805)	-	(300,226)	(315,031)
	<u>£6,682</u>	<u>£19,997</u>	<u>£1,157,795</u>	<u>£1,184,474</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

17. MOVEMENTS ON FUNDS

GROUP AND PARENT 2021	Opening Balance At 01/09/20	Incoming Resources	Resources Expended	Investment Gains/(Losses)	Actuarial Gains/(Losses) on Defined Pension Benefit	Transfers	Closing Balance At 31/08/21
	£	£	£	£	£	£	£
RESTRICTED							
Moravian Union							
Evangelical	157,493	8,135	(29,376)	14,465	-	22,740	173,457
Ministers emoluments	593,529	30,880	(15,880)	76,218	-	-	684,747
Education	97,865	11,876	(53,031)	9,748	-	48,611	115,069
Overseas	326,502	2,374	(2,373)	50,458	-	-	376,961
Property	1,688,509	48,722	(51,473)	217,897	-	-	1,903,655
Relief of poverty	2,986	68	(68)	449	-	-	3,435
Other	449,207	66,181	(183,005)	36,797	-	129,937	499,117
	3,316,091	168,236	(335,206)	406,032	-	201,288	3,756,441
Moravian Church (congregations) – Parent only	1,157,795	908,306	(471,876)	39,079	-	(540,082)	1,093,222
Fulneck School	730,475	3,647,441	(4,309,339)	-	-	(39,462)	29,115
Ockbrook School	(702,695)	3,969,274	(4,353,158)	-	-	1,086,579	-
Fulneck Choir House	67,716	37,780	(22,025)	-	-	-	83,471
	4,569,382	8,731,037	(9,491,604)	445,111	-	708,323	4,962,249
DESIGNATED							
Moravian Union							
Defined Benefit Pension Scheme	(4,040,934)	-	-	-	-	267,432	(3,773,502)
Ministers emoluments	(119,167)	8,915	(282)	5,985	-	-	(104,549)
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	90,194	-	-	-	-	-	90,194
	16,695,097	11,342	(2,905)	5,515,414	-	(825,990)	21,392,958
Moravian Church and Congregations – Parent only	19,997	-	(637,721)	-	-	643,042	25,318
	16,715,094	11,342	(640,626)	5,515,414	-	(182,948)	21,418,276
GENERAL							
Moravian Union	1,796,437	1,375,324	(1,462,660)	304,738	-	(525,375)	1,488,464
Moravian Church – Parent only	6,682	250	(5,462)	-	-	-	1,470
	1,803,119	1,375,574	(1,468,122)	304,738	-	(525,375)	1,489,934
	£23,087,595	£10,117,953	£(11,600,352)	£6,265,263	£-	£-	£27,870,459

The Restricted Funds of the Moravian Church represent the funds of the congregations of the Moravian Church. The Restricted Funds of the Moravian Union are numerous and many are of some antiquity. The other Restricted Funds represent the assets and liabilities of other organisations which are considered to be wholly restricted within the consolidated accounts of the Moravian Church. Transfers from restricted funds relate to adjustments for transactions between Group entities and closed congregations. On closure of a congregation its outstanding reserves can be used for the general purposes of the Moravian Church.

The numerous Designated Funds, represented by a proportion of the charity's cash and investments, relate to a variety of specific purposes identified by the trustees. The Defined Benefit Pension Scheme Fund represents the liability of the Moravian Church for discretionary past service benefits payable to retired ministers. The transfer to the fund relates to the reduction in the liability as a result of pensions paid during the year. The transfer from the Investment Property Revaluation Reserve reflects bank loans outstanding secured against The Grange and The Mount investment properties.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

17. MOVEMENTS ON FUNDS (Continued)

GROUP AND PARENT 2020	Opening Balance At 01/09/19	Incoming Resources	Resources Expended	Investment Gains/(Losses)	Actuarial Gains/(Losses) on Defined Pension Benefit	Transfers	Closing Balance At 31/08/20
	£	£	£	£	£	£	£
RESTRICTED							
Moravian Union							
Evangelical	99,849	4,682	(21,147)	(4,825)	-	84,934	157,493
Ministers emoluments	609,148	14,920	(14,920)	(15,619)	-	-	593,529
Education	(35,252)	10,010	(57,724)	(1,950)	-	182,781	97,865
Overseas	336,598	2,277	(2,277)	(10,096)	-	-	326,502
Property	1,779,966	74,318	(122,465)	(43,310)	-	-	1,688,509
Relief of poverty	3,076	63	(63)	(90)	-	-	2,986
Other	319,709	37,732	(185,830)	(7,361)	-	284,957	449,207
	3,113,094	144,002	(410,426)	(83,251)	-	552,672	3,316,091
Moravian Church (congregations) – Parent only	1,203,651	1,259,762	(756,279)	4,597	-	(553,936)	1,157,795
Fulneck School (Restated)	867,699	4,062,843	(4,171,450)	-	-	(28,617)	730,475
Ockbrook School	817,292	3,402,774	(5,047,380)	-	-	124,619	(702,695)
Fulneck Choir House	53,142	39,295	(23,721)	-	-	(1,000)	67,716
	6,054,878	8,908,676	(10,409,256)	(78,654)	-	93,738	4,569,382
DESIGNATED							
Moravian Union							
Defined Benefit Pension Scheme	(4,306,007)	-	-	-	-	265,073	(4,040,934)
Ministers emoluments	(126,273)	8,574	(270)	(1,197)	-	-	(119,166)
Property	1,929,070	2,491	(2,340)	(8,294)	-	-	1,920,927
Investment Property – Cost	1,607,327	-	-	-	-	21,707	1,629,034
Investment Property – Revaluation	16,731,122	-	-	547,463	-	(65,458)	17,213,127
Other	1,973	13	(13)	(57)	-	-	1,916
Mission Renewal	90,306	-	(113)	-	-	-	90,193
	15,927,518	11,078	(2,736)	537,915	-	221,322	16,695,097
Moravian Church and Congregations – Parent only	10,240	9,623	(681,161)	-	-	681,295	19,997
	15,937,758	20,701	(683,897)	537,915	-	902,617	16,715,094
GENERAL							
Moravian Union	2,678,012	1,173,424	(1,088,728)	30,084	-	(996,355)	1,796,437
Moravian Church – Parent only	15,935	48	(9,301)	-	-	-	6,682
	2,693,947	1,173,472	(1,098,029)	30,084	-	(996,355)	1,803,119
	24,686,583	10,102,849	(12,191,182)	489,345	-	-	23,087,595

The Restricted Funds of the Moravian Church represent the funds of the congregations of the Moravian Church. The Restricted Funds of the Moravian Union are numerous and many are of some antiquity. The other Restricted Funds represent the assets and liabilities of other organisations which are considered to be wholly restricted within the consolidated accounts of the Moravian Church. Transfers from restricted funds relate to adjustments for transactions between Group entities and closed congregations. On closure of a congregation its outstanding reserves can be used for the general purposes of the Moravian Church.

The numerous Designated Funds, represented by a proportion of the charity's cash and investments, relate to a variety of specific purposes identified by the trustees. The Defined Benefit Pension Scheme Fund represents the liability of the Moravian Church for discretionary past service benefits payable to retired ministers. The transfer to the fund relates to the reduction in the liability as a result of pensions paid during the year.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

18. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS FOR EQUIPMENT

Group	2021 £	2020 £
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:		
Less than One Year	63,978	162,379
Between One and Five Years	77,652	141,975
After more than Five Years	991	2,578
	<u>£142,621</u>	<u>£306,932</u>

No obligations arise in the parent.

19. PENSIONS

Moravian Union/Moravian Church

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

(i) Defined benefit pension scheme

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

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

The amounts recognised in the Balance Sheet are as follows:

	31/08/2021 £	31/08/2020 £
Fair value of Liability Assets	-	-
Present value of funded obligations	(3,773,502)	(4,040,934)
Net (under) / overfunding in Liability	<u>£(3,773,502)</u>	<u>£(4,040,934)</u>
Unrecognised assets	-	-
Net Defined Benefit Asset / (Liability)	<u>£(3,773,502)</u>	<u>£(4,040,934)</u>

The amounts recognised in Profit or Loss are as follows:

	31/08/2021 £
Service cost	-
Cost of benefit changes	-
Curtailment costs / (gains)	-
Settlement costs / (gains)	-
Net Interest on Net Defined Benefit Liability	-
Expense recognised in Profit or Loss	<u>£-</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

19. PENSIONS (Continued)

The Moravian Union contributed £267,432 to fund the payment of benefits over the year from 1 September 2020 to 31 August 2021. 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 2021 to 31 August 2022. The Liability is unfunded and pensions are paid directly by the Moravian Union.

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

	31/08/2021	31/08/2020
	£	£
Opening Defined Benefit Obligation	4,040,934	4,306,007
Service cost	-	-
Contributions by members	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(267,432)	(265,073)
Interest on obligation	-	-
Experience losses / (gains)	-	-
Losses / (gains) from changes in assumptions	-	-
Closing Defined Benefit Obligation	<u>£3,773,502</u>	<u>£4,040,934</u>

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

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

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

	31/08/2021	31/08/2020
	£	£
Opening fair value of Liability assets	-	-
Interest on assets	-	-
Return on assets (not included in interest)	-	-
Assets distributed on settlements	-	-
Contributions by Moravian Union	-	-
Contributions by members	-	-
Benefits paid	-	-
Administration expenses	-	-
Closing fair value of Liability assets	<u>£-</u>	<u>£-</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

19. PENSIONS (Continued)

Principal actuarial assumptions used for the FRS 102 disclosures:

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

Mortality Assumptions

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

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

(ii) Active ministers defined contribution scheme

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

(iii) Other employees personal pension plans

Other employees hold personal pension plans and contribute at rates chosen by themselves. The Moravian Union contributes 7% of pensionable salaries to each plan. The employer's contribution in the year was £11,957 (2020: £12,160).

Ockbrook School and Fulneck School

The Schools participate in the Teachers' Pension Scheme (England and Wales) ("the TPS") for their teaching staff.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 and, from 1 April 2014, the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

19. PENSIONS (Continued)

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2016 and was published in March 2019. This valuation confirmed that the employer contribution rate would be 23.68% with effect from September 2019.

The pension charge for the year includes contributions payable to the TPS of £681,987 (2020: £752,442) and at the year-end £45,980 (2020 - £119,408) was accrued in respect of contributions to this scheme.

Pension costs for the year are disclosed in note 8.

The People's Pension

The People's Pension is a defined contribution multi-employer occupational pension scheme. The pension charge for the year includes contributions payable to The People's Pension of £15,716 (2020: £22,975) and at the year-end £nil (2020 - £nil) was accrued in respect of contributions to this scheme.

Opt Pensions

Fulneck School participates in a support staff pension scheme that is regulated by Opt Pensions which is an auto enrolment scheme whereby the school contributes 5% of gross earnings. The pension charge for the year includes contributions payable to Opt Pensions of £25,728 (2020: £27,527).

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

20. RELATED ORGANISATIONS

Two of the Moravian Church's Trustees are also Trustees of the London Association in Aid of Moravian Missions. The group received the following amounts from related parties during the period:-

	2021 £	2020 £
Mrs E.M. Bates Trust	<u>£315,110</u>	<u>£324,064</u>
The London Mission in Aid of Moravian Missions	<u>£63,000</u>	<u>£61,000</u>
At 31 August 2021, the following balances were outstanding:-		
Due from Mrs E.M. Bates Trust	<u>£71,110</u>	<u>£80,020</u>
Due to Mrs E.M. Bates Trust	<u>£308,702</u>	<u>£357,545</u>

In appropriate cases, the charity makes car loans available to ministers and staff. Amounts outstanding from members of the committee of management were as follows.

	2021 £	2020 £
Miss R. M. A. Hoey	<u>-</u>	<u>729</u>
	<u>£-</u>	<u>£729</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

21. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2020 £
Income and endowments from:				
Donations and Legacies	403,095	-	1,190,166	1,593,261
Other Trading Activities	-	-	116,109	116,109
Investments	792,621	14,867	278,542	1,086,030
	1,195,716	14,867	1,584,817	2,795,400
Charitable activities	32,796	5,834	7,124,315	7,162,945
Other	-	-	144,504	144,504
Total income	1,228,512	20,701	8,853,636	10,102,849
Expenditure On:				
Raising Funds				
Fundraising trading: cost of goods sold and other costs	-	-	(154,273)	(154,273)
Investment management costs	(614,823)	(2,623)	(46,516)	(663,962)
	(614,823)	(2,623)	(200,789)	(818,235)
Charitable Activities	(538,246)	(681,274)	(10,153,427)	(11,372,947)
Total expenditure	(1,153,069)	(683,897)	(10,354,216)	(12,191,182)
Gains/(Losses) on investment Assets	30,084	537,915	(78,654)	489,345
Net income/(expenditure)	105,527	(125,281)	(1,579,234)	(1,598,988)
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	-	-	-	-
Transfers between reserves	(996,355)	902,617	93,738	-
	(890,828)	777,336	(1,485,496)	(1,598,988)
Total Funds Brought Forward (Restated)	2,693,947	15,937,758	6,054,878	24,686,583
TOTAL FUNDS CARRIED FORWARD	£1,803,119	£16,715,094	£4,569,382	£23,087,595

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

22. IMPACT OF THE COVID-19 PANDEMIC

As with many other entities, the COVID-19 pandemic has had, and is likely to have in the future, a significant impact on the financial performance of the Group and the individual entities within the Group. The Trustees have reviewed the projected performance and financial position of the Group and the entities within the Group and are of the opinion that both the parent charity and its subsidiary, The Moravian Union, will remain going concerns for the foreseeable future.

On 28 July 2021 Ockbrook School, a fellow subsidiary of the Moravian Union, was put into administration. The Moravian Union acted as guarantor in respect of the School's loans from NatWest Bank, which are secured on properties owned by the Moravian Union. In accordance with a payment plan agreement dated 26 July 2021, the Moravian Union agreed to assume responsibility for repayment of the outstanding loans. The aggregate value of the loans was £1,093,422 in respect of three loans and the payment plan required an initial settlement of £100,000 prior to 31 August 2021 with clearance of the balance on two loans on the immediate sale of the Union's Lynton Mead property. Sale of that property was completed in September 2021 and a lump sum settlement of £432,135 was made.

The outstanding balance represents the balance on the Ockbrook School loan originally drawn down in 2015 and repayment terms are in accordance with that original agreement, unless additional funds become available for earlier settlement. This bank loan is repayable in monthly instalments of £5,610 which include interest charged at rates of 1.5%pa and at 1.86% over bank base rate pa.

The outstanding loan balance is secured by two Moravian Union properties at the Ockbrook Settlement site, The Grange and The Mount. These have previously been carried as investment properties at negligible value in the books of the Moravian Union but as a result of the closure of the School, the properties are now available and it is the Trustees intention to market the two properties either to lease or sell to a third party. Non-binding offers for the two properties have already been received and as a result the Trustees have included a prudent revaluation gain of £3,300,000 in aggregate.

The Trustees of the Moravian Church are also considering the long-term financial viability of Fulneck School. This has involved providing substantial financial support to the School via the Moravian Union. At the date of signing these financial statements loans to Fulneck School amount to £1,469,234. In addition, the Moravian Union acts as guarantor in respect of Fulneck School's loans from RBS.

After considering the Charity's reserves, held primarily within the Moravian Union which acts as the asset holding body of the Moravian Church, and future cash flow forecasts for a period well in excess of 12 months from the date of approval of these financial statements, the Trustees are confident that the assets of the Church are sufficient to meet these liabilities as they arise.

Appendix 1

MORAVIAN CHURCH PARENT CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2021 £	Total 2020 £
Income and endowments from:					
Donations and Legacies	-	175,000	611,607	786,607	893,907
Other Trading Activities	-	-	86,763	86,763	54,349
Investments	250	10,644	182,858	193,752	243,631
	250	185,644	881,228	1,067,122	1,191,887
Charitable activities	-	-	75,266	75,266	145,042
Other	-	-	-	-	144,504
Total income	250	185,644	956,494	1,142,388	1,481,433
Expenditure On:					
Raising Funds					
Fundraising trading: cost of goods sold and other costs	-	-	(4,314)	(4,314)	(13,744)
Investment management costs	-	-	(13,144)	(13,144)	(27,741)
	-	-	(17,458)	(17,458)	(41,485)
Charitable Activities	(5,462)	(646,250)	(576,761)	(1,228,473)	(1,485,300)
Total expenditure	(5,462)	(646,250)	(594,219)	(1,245,931)	(1,526,785)
Gains/(losses) on investment assets	-	-	39,079	39,079	-
Net income/(expenditure)	(5,212)	(460,606)	401,354	(64,464)	(45,352)
Transfers	-	465,927	(465,927)	-	-
NET MOVEMENT IN FUNDS	(5,212)	5,321	(64,573)	(64,464)	(45,352)
Total Funds Brought Forward	6,682	19,997	1,157,795	1,184,474	1,229,826
TOTAL FUNDS CARRIED FORWARD	£1,470	£25,318	£1,093,222	£1,120,010	£1,184,474

All gains and losses arising in the year have been included in the Statement of Financial Activities and relate to continuing operations.