

THE BRITISH PROVINCE OF THE UNITAS FRATRUM

**operating as
THE MORAVIAN CHURCH**

Charity Number: 251211

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2023

MORAVIAN CHURCH
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

The trustees of the Moravian Church present their report and the consolidated financial statements for the year ended 31 August 2023 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) and Fulneck 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 2023 and subsequently comprised:

Rev Prof P Gubi	(Resigned 25 September 2022)
Miss R. M. A. Hoey*	
Rev. P. M. Holdsworth	(Deceased 25 January 2023)
Rev. D. R. Howarth*	
Rev M Newman	
Rev. Dr L. Thompson	
Rev. E Quildan	(Appointed 25 September 2022)
Rev. J. Carter	(Appointed 18 July 2023)

* 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 Wealth Management (UK) Ltd 1 Curzon Street, London W1J 5UB	LGT Wealth Management LLP 14 Cornhill London EC3V 3NR
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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 2023

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.
- Fulneck School (company number 05086581), an independent school and company limited by guarantee.
- thirty congregations (reduced to 28 after the Balance Sheet date), 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 and Property Committee
 Mission and Society Committee
 Faith and Order and Ecumenical Relations Committee
 Church Service Committee
 Youth and Children's Committee
 World Mission Committee
 Church Book Committee
 Archives and Heritage

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 2023

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 the school is supported by an advisory 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. Further to this, the Synod has approved a programme of renewal and growth, Project 32, for which a programme coordinator is to be appointed.
 - **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 2023

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 company:** The PEC stepped up its oversight of the charity's subsidiary company, Fulneck School, with a view to ensuring that it remains a going concern, which is at risk without repayment of its loans.

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. The move recognised the historic pension obligation of The Moravian Union up to 31 December 2015. The most recent actuarial valuation of the pension liability was completed on 29 April 2024 and calculated the liability to be £2,946,467 as at 31 August 2023 compared to a liability of £3,564,559 as at 31 August 2022. All Ministers have been informed of their entitlement. Other Ministers and employees employed after 31 August 2010 hold defined contribution personal pension plans and contribute at rates chosen by themselves.

OBJECTS AND ACTIVITIES

Principal Objectives

The 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 Fulneck School's advisory Board of Governors and with the professionals employed in the school, maintaining and further developing the standards of academic excellence and pastoral care offered.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 2023

The trustees determined the following principal objectives for the year ended 31 August 2023:

- 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.
- To ensure the financial stabilisation of Fulneck School.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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), 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, "Embracing a heart of Resilience", as an over-arching programme. The strategic plan will look at all areas of our current activities, with new priorities to ensure sustainability and future growth over the coming decade. Under this strategic plan sits the programme of renewal, Project 32, which will focus its work on development and growth in the congregations. Building on the work of the 'Future Directions and Sustainability Taskforce', the Project 32 Implementation Committee gives guidance to more effective ways of ensuring future Provincial sustainability and growth. Project 32 got off the ground with the "Holy Habits" learning and study programme.

It has been a time of transition and adjustment for the Moravian Church, for our congregations and for the wider organisation. In the time under review one congregation (Kingswood), closed and two others (Salem & Royton) merged to single congregation. Renewal and grow remain an imperative for the church as a whole.

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 have been reviewing 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.

Some ministers have taken advantage of the Continuing Education policy, which give support to Ministers and paid Lay workers who wish to pursue further education. The Provincial Board continues to review the support and pastoral care provisions for our Ministers, to ensure both spiritual refreshment and continuing educational development.

The Worship leaders training programme, focusing first-and-foremost on developing an understanding of Christian worship and its context within the Moravian Church, saw its 3rd cohort put through the basic programme. A few have also enrolled in the advanced programme at Northern college. Certification and recognition as a Worship Leader comes after a year of study, conducted over a number of weekends of training on Zoom, finalising in a residential weekend in which the physical experience of leading worship can be gained, and feedback can be offered on practice. It is anticipated that a 4th cohort will register for the session beginning October 2024.

Young people and children's work

The Youth & Children's Officer moved into a re-defined post as Safeguarding officer. Given the geographical spread of our congregations it is extremely beneficial that youth work is coordinated so that our young people feel a sense of belonging.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

The PEC's effort to recruit a youth worker did not materialise but will be revisited with a new approach for the coming year. In the meanwhile, the PEC has set aside £25k, to support youth work in the districts, at a maximum of £4k per district.

ACHIEVEMENTS AND PERFORMANCE (Continued)

Fulneck School

The School with support of the Trustees, having engaged external professional services to help effect a turnaround, has worked hard to re-establish financial stability, organisational resilience and increased pupil recruitment.

The Fulneck School continues normal operation; the deficit in its operation has been greatly reduced. While the Trustees continue to review their long-term position, it is in the Moravian Church's interest to seek arrangements and security whereby the loan due to Moravian Union can be repaid.

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 Grades 1 and 2 listed buildings, maintenance and upgrading works are expensive and have to be overseen by listed building specialists.

The Trustees are grateful to the work of Br Ian Haggas as the administrator.

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 LGT 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.

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 has continued to fall overtime, since the numbers of individuals to whom this is paid is reducing. This year a formal actuarial valuation of the obligation as at 31 August 2023 was commissioned and is reflected in these financial statements.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 2023, South Asia was formally recognised as a Mission Province. It has held a Provincial Synod and Provincial Board has been appointed. The work is still supported by the British Province, via the British Mission Board.

Following the acceptance of the general and specific principles laid down at the Synod of 2021 the BMB has been expanded in line with the wishes of members of that Synod. The new members of the BMB are helping to share the overall workload and to widen the scope and breadth of what the BMB can accomplish. The BMB meets separately from the PEC, whilst reporting back to the Provincial Board. The BMB, with Sr Jane Carter as chair, has kept focus all aspect of the work in Tanzania and South East Asia.

Funding is being accumulated in the Mission Fund and available for the BMB to use in order to bolster Mission work throughout the Unity and beyond. This is helping the BMB to becoming more responsive and proactive in the way it responds to both emergencies and emerging projects around the world. 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. The PEC will ask Synod to approve that several ecumenical officers can be appointed on the future, as a way to ensure that the role of representation is focussed and less onerous.

Sr Sarah Groves has been appointed President of the Irish Council of Church, (ICC). She will hold this post for one year, after which she will remain in the presidium as Immediate Past President. The late Bishop Joe Cooper is the only other Moravian has held this post, which to date has been held by on two women. Most congregations play their part in the local ecumenical scene, both formally and informally. Br Livingstone Thompson is a Trustee Christian Aid Ireland, in which role he also sits a member of the Income, Finance, Risk and Audit (IFRA) committee, for Christian Air Ireland in both jurisdictions on the island.

Conclusion

This province of the Moravian Church has been in existence for over 250 years, which gives it the privilege of a long institutional memory. The contribution that the church has made to society continues to be the subject scholarly investigation, the outcomes of which must be faced maturely. It is evident that the decline in membership must be halted to avoid an irreversible existential crisis. 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.

While the decline in numbers is similar to what we see in other communions, the trend reinforces the need for us to be clear about the kind of church we want be in the future: the new strategic plan, the project 32 programme and effective use of tangible and intangible assets are some of the things, which we believe will make a difference for renewal, sustainability and effectiveness.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 a net increase in funds for the year of £1,686,751, compared to an increase of £2,882,847 in the preceding year. During both the current and preceding financial years there have been a number of significant events and transactions that have distorted the performance for the year as the Church has instigated its restructuring exercise to secure its financial viability going forward and achieve maximum return on its investments.

The Group's total income has increased by £992,139 to £8,019,548 and total expenditure by £97,123 to £7,557,788. This reflects the ongoing restructuring exercise being carried out.

Total net assets of the Group amount to £31,470,691 and are represented by the Group's fixed assets. At the year end the Balance Sheet on page 15 discloses net current assets of £267,464 compared to net current liabilities of £1,952,547 at the preceding year end. This primarily reflects the impact of the ongoing restructuring exercise. The financial position of the Group remains strong, having an investment portfolio in stocks and shares of £2,939,874 as well as a property portfolio held for investment purposes of £27,143,814.

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 2023

REVIEW OF FINANCIAL POSITION (Continued)

Investment Policy and Objectives

Our investment policy is developed in consultation with the Finance and Property 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 minor loss of £5,271. Given the Charity's ethical investment stance, its income requirements and the current economic climate, the Trustees consider the portfolio's performance to be satisfactory.

The investment properties represent the managed estates and are held to generate rental income for the Moravian Union. The current market value of investment properties has been estimated at £27,143,814, an increase in value of £956,971 partly offset for the provision for impairment of one property amounting to £198,160, and net rental income is £143,126 compared to the preceding financial year with net rental income of £58,054. 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 2024:

- To implement the activities associated with the strategic plan and the Project 32 Programme for renewal and growth.
- 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 Board 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.

MORAVIAN CHURCH
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 £1,277,008 and this represented approximately 17% of annual expenditure, excluding School's expenditure.

The current economic climate has 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: 16 July 2024

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

QUALIFIED 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 2023, 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, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, 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 2023, 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 QUALIFIED OPINION

We have been unable to obtain sufficient evidence on the appropriateness of the assumptions used to value the Ockbrook School buildings which are included under investment properties at a value of £4,750,000. The buildings, which have recently been leased on a 40-year term, have not been independently valued by a professional surveyor, and the valuation is based on present value of future rental income. The uncertainties relating to the underlying assumptions include the extensive repair costs which are the responsibility of the landlord under the lease and also the risk that the current tenant will terminate the agreement early, under the break clause in the lease.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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: 16/07/2024

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 2023

	Notes	Unrestricted Funds General	Designated	Restricted Funds	Total 2023	Total 2022 Restated
		£	£	£	£	£
Income and endowments from:						
Donations and Legacies	2	450,619	4,831	731,799	1,187,249	1,261,494
Other Trading Activities	3	-	-	93,243	93,243	74,571
Investments	4	921,931	16,717	296,542	1,235,190	1,087,182
		1,372,550	21,548	1,121,584	2,515,682	2,423,247
Charitable activities	5	22,590	9,445	3,994,258	4,026,293	3,951,752
Other	6	1,477,573	-	-	1,477,573	652,410
Total Income		2,872,713	30,993	5,115,842	8,019,548	7,027,409
Expenditure on:						
Raising Funds						
Fundraising trading: cost of goods sold and other costs	7	-	-	(123,007)	(123,007)	(124,165)
Investment management costs	7	(739,536)	(2,211)	(68,761)	(810,508)	(789,728)
		(739,536)	(2,211)	(191,768)	(933,515)	(913,893)
Charitable Activities	7	(983,952)	(836,884)	(4,803,437)	(6,624,273)	(6,546,772)
Total Expenditure		(1,723,488)	(839,095)	(4,995,205)	(7,557,788)	(7,460,665)
Net Gains/(Losses) on investment assets	10, 11	216,894	545,310	(7,899)	754,305	2,332,082
Net income/(expenditure)		1,366,119	(262,792)	112,738	1,216,065	1,898,826
Other Recognised Gains/(Losses)						
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	19	-	470,686	-	470,686	983,841
Transfers between reserves	17	(550,788)	999,598	(448,810)	-	-
NET MOVEMENT IN FUNDS		815,331	1,207,492	(336,072)	1,686,751	2,882,667
Reconciliation of Funds:						
Total Funds Brought Forward	17	461,677	24,769,787	4,552,476	29,783,940	26,901,273
TOTAL FUNDS CARRIED FORWARD		<u>£1,277,008</u>	<u>£25,977,279</u>	<u>£4,216,404</u>	<u>£31,470,691</u>	<u>£29,783,940</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 increase in funds of £70,949. Its total net assets at the yearend stood at £1,110,520

The notes form part of these financial statements.

MORAVIAN CHURCH
CONSOLIDATED BALANCE SHEET
AT 31 AUGUST 2023

	Notes	Group		Parent	
		2023	2022	2023	2022
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	9	4,756,235	4,137,187	355,279	363,003
Investment Property	10	27,143,814	26,817,467	-	-
Investments	11	2,939,874	5,097,609	192,898	161,694
		<u>34,839,923</u>	<u>36,052,263</u>	<u>548,177</u>	<u>524,697</u>
CURRENT ASSETS					
Stock	12	47,552	27,524	-	-
Debtors	13	585,976	507,367	129,423	120,267
Cash at Bank and in Hand		1,328,993	1,160,678	919,341	883,124
		<u>1,962,521</u>	<u>1,695,569</u>	<u>1,048,764</u>	<u>1,003,391</u>
LIABILITIES					
Creditors: Amounts falling due within one year	14	<u>(1,695,057)</u>	<u>(3,648,116)</u>	<u>(486,421)</u>	<u>(488,517)</u>
NET CURRENT ASSETS		<u>267,464</u>	<u>(1,952,547)</u>	<u>562,343</u>	<u>514,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,107,387	34,099,716	1,110,520	1,039,571
CREDITORS: Amounts falling due after more than one year					
	15	(690,229)	(751,217)	-	-
Defined Benefit Pension Liability	19	(2,946,467)	(3,564,559)	-	-
TOTAL NET ASSETS		<u>£31,470,691</u>	<u>£29,783,940</u>	<u>£1,110,520</u>	<u>£1,039,571</u>
The Funds of the Charity:					
Restricted Funds	17	4,216,404	4,552,476	1,079,796	1,009,630
Unrestricted Funds					
General	17	1,277,008	461,677	-	1,486
Designated Fund – Defined Benefit Pension Liability	17	(2,946,467)	(3,564,559)	-	-
Designated	17	28,923,746	28,334,346	30,724	28,455
		<u>27,254,293</u>	<u>25,231,464</u>	<u>30,724</u>	<u>29,941</u>
TOTAL FUNDS		<u>£31,470,691</u>	<u>£29,783,940</u>	<u>£1,110,520</u>	<u>£1,039,571</u>

Approved by the Trustees on

16 July

2024 and signed on their behalf by




Rev Dr L. Thompson

Miss R. M. A. Hoey

Charity Number: 251211

The notes form part of these financial statements.

MORAVIAN CHURCH
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023		2022	
		£	£	£	£
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES			(490,454)		(1,983,495)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income		1,235,190		1,087,182	
Payments to acquire tangible fixed assets	9	(783,469)		(28,970)	
Proceeds on disposal of tangible fixed assets		-		1,119,595	
Proceeds on disposal of investment property assets	10	432,464		-	
Purchase of fixed asset investments	11	(978,491)		(968,839)	
Proceeds of sale of fixed asset investments	11	3,130,955		1,194,936	
			3,036,649		2,403,904
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(226,676)		(151,176)	
Movement on Loans		(2,151,204)		(589,073)	
			(2,377,880)		(740,249)
CHANGE IN CASH AND CASH EQUIVALENTS			168,315		(319,840)
Cash and Cash Equivalents at the beginning of the reporting period			1,160,678		1,480,518
Cash and Cash Equivalents at the end of the reporting period			<u>£1,328,993</u>		<u>£1,160,678</u>

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH OUTFLOW

	2023	2022
	£	£
Net Movement in funds for the year	1,686,751	2,882,667
Investment Income	(1,235,190)	(1,087,182)
Interest Paid	226,676	151,176
Depreciation	164,421	159,122
(Gains)/Losses on disposal of property fixed assets	(946,429)	(652,410)
(Gains)/Losses on disposal of other fixed assets	-	1,713
(Gains)/Losses on investment assets	(5,271)	(2,463,332)
Investment asset impairment	198,160	131,250
(Increase)/Decrease in Stock	(20,028)	3,853
(Increase)/Decrease in Debtors	(78,609)	(81,539)
Increase/(Decrease) in Creditors	137,157	149,316
Movement on Defined Benefit Pension Liability	(618,092)	(1,178,129)
	<u>£ (490,454)</u>	<u>£ (1,983,495)</u>

NET DEBT RECONCILIATION

	01/09/2022	Cashflow	31/08/2023
	£	£	£
Cash at Bank and in Hand	1,160,678	168,315	1,328,993
UBS facility drawn down	(1,975,200)	1,975,200	-
Loans repayable within one year	(167,305)	9,952	(157,353)
Loans repayable outside one year	(751,217)	166,052	(585,165)
	<u>£ (1,733,044)</u>	<u>£2,319,519</u>	<u>£586,475</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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 (until 28 July 2021)
- 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 Group's ability to continue as a going concern. The Group is continuing a financial restructuring exercise (see note 22) and has secured a lease on its Ockbrook School properties, which previously entered administration, and provisions made against its loan to Fulneck School to support its financial stability. In forming this opinion, they have considered the impact of the ongoing financial restructuring exercise on both its income and expenditure for at least a period of twelve months from the date of approval of these financial statements. The Charity's reserves, including the investment properties revaluation reserve, and plans in place are sufficient to ensure that it remains a going concern for the foreseeable future.

Income Recognition

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 2023

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 represent 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

Residential 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. The properties of the former Ockbrook School have been valued based on future rental income net of future repair costs.

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 2023

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

All freehold property is analysed between functional properties (e.g. 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 on a straight-line basis at 1% pa for the structure and 2.5% pa for the roof. 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	1%- 2.5%	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. The charity is not registered for Value Added Tax (VAT) and expenditure includes irrecoverable VAT where incurred.

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 2023

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.

As explained in note 19 to these financial statements, The Moravian Union has recognised discretionary pensions payable to retired ministers as an obligation. This liability is valued by The Moravian Union's actuaries (BWCI). The Trustees review the reasonability of assumptions underlying the most recent valuation annually and consider whether a new valuation is required. If a new valuation is not considered necessary, adjustment should be made to unwind the discount applied to the most recent valuation by one year. The Trustees consider that the assumptions underlying the previous valuation, as at 31 August 2017, have now changed significantly and an actuarial valuation was commissioned and completed on 6 April 2023 providing valuations as at 31 August 2021 and 31 August 2022. The actuarial valuation commissioned as at 31 August 2022 indicated that the assumptions as at 31 August 2021 had changed significantly and a prior year adjustment has been made (Note 23). 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 School 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. The school withdrew from the TPS Scheme with effect from 31 August 2023

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 2023

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 the liability at the year-end should be adjusted by unwinding the discount by one year. If they consider that changes in the principal actuarial assumptions will have a material impact on the value of the liability then an actuarial valuation will be commissioned. It is intended that an actuarial valuation will be carried out at least every five years to realign the liability. As detailed above under Pensions the actuarial valuation carried out indicated that the 2021 assumptions had changed significantly and a prior year adjustment has been made (note 23).

(v) Doubtful debt provision

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

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

2. DONATIONS AND LEGACIES

	Unrestricted Funds		Restricted Funds	Total 2023	Total 2022
	General	Designated			
	£	£	£	£	£
Mrs E M Bates Trust	360,270	4,831	-	365,101	333,956
Grants	-	-	26,842	26,842	20,609
Donations and Legacies	27,349	-	704,957	732,306	843,929
The London Mission in Aid of Moravian Mission	63,000	-	-	63,000	63,000
	<u>£450,619</u>	<u>£4,831</u>	<u>£731,799</u>	<u>£1,187,249</u>	<u>£1,261,494</u>

3. OTHER TRADING ACTIVITIES

Fundraising events	-	-	93,243	93,243	74,571
	<u>£-</u>	<u>£-</u>	<u>£93,243</u>	<u>£93,243</u>	<u>£74,571</u>

4. INVESTMENT INCOME

Quoted Securities	101,738	16,717	78,801	197,256	172,735
Rents Receivable	822,797	-	209,684	1,032,481	908,681
Bank Interest	(2,604)	-	8,057	5,453	5,766
	<u>£921,931</u>	<u>£16,717</u>	<u>£296,542</u>	<u>£1,235,190</u>	<u>£1,087,182</u>

5. INCOME FROM CHARITABLE ACTIVITIES

School Fees					
Fulneck School	-	-	3,685,733	3,685,733	3,625,516
Congregational Activities	-	-	199,411	199,411	158,816
Unity Income	-	-	11,000	11,000	11,000
Book Sales	18,193	-	41	18,234	19,365
Other Activities	4,397	9,445	98,073	111,915	137,055
	<u>£22,590</u>	<u>£9,445</u>	<u>£3,994,258</u>	<u>£4,026,293</u>	<u>£3,951,752</u>

6. OTHER INCOME

Gain on disposal of fixed assets	1,477,573	-	-	1,477,573	652,410
	<u>£1,477,573</u>	<u>£ -</u>	<u>£ -</u>	<u>£1,477,573</u>	<u>£652,410</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

7. EXPENDITURE

	Costs of Raising Funds		Charitable Activities			Support Costs	Total 2023	Total 2022
	Fundraising Trading Activities and other costs	Investment Management Costs	Education Costs	Domestic	Overseas			
	£	£	£	£	£	£	£	£
Fulneck School General Education Costs	-	-	555,398	-	-	-	555,398	621,074
Congregation Fundraising Activities	22,243	-	-	-	-	-	22,243	9,855
Ministry	-	-	-	591,090	-	-	591,090	602,941
Grants and Projects	-	-	-	11,408	225,809	-	237,217	159,750
Burial Ground Costs	-	-	-	1,642	-	-	1,642	2,911
Estate Management Costs	-	728,500	-	-	-	-	728,500	695,713
Staff Costs	39,569	-	2,259,871	319,727	32,425	629,879	3,281,471	3,209,274
Ministers Travel	-	-	-	36,591	-	-	36,591	20,299
Ministerial Training	-	-	-	14,177	-	-	14,177	-
Other Ministerial Costs	-	-	-	26,225	-	-	26,225	-
Archive Costs	-	-	-	59,026	-	-	59,026	53,606
Brokers Fees	-	27,572	-	-	-	-	27,572	36,023
Honorariums	600	-	-	15,146	-	-	15,146	11,332
Provision for Doubtful Debts	-	-	-	106,261	-	-	106,261	55,227
Youth and Children	-	-	-	36,537	-	-	36,537	46,120
Audit	-	-	-	8,000	-	36,140	44,140	47,340
Bank Charges	12,969	-	-	2,685	-	-	15,654	16,452
Interest	6,092	-	-	-	-	-	-	151,176
Depreciation	-	-	118,086	7,723	-	220,584	226,676	159,120
Book Purchases	-	-	-	10,124	-	38,613	10,124	14,350
Subscriptions and Licences	-	-	-	19,827	-	-	19,827	21,632
Messenger	-	-	-	24,798	-	-	24,798	24,041
Stationery and Postage	-	-	-	7,782	-	14,810	22,592	53,801
Premises (cleaning, repairs, security, light, power and utilities)	41,534	54,436	169,419	387,089	-	212,739	865,217	829,741
Legal & Professional	-	-	-	68,431	-	28,618	97,049	312,321
Computer Software Maintenance & Licences	-	-	-	-	-	83,217	83,217	86,784
Communications	-	-	-	-	-	5,759	5,759	4,258
Insurance	-	-	48,492	66,696	-	14,932	130,120	72,695
Ministers Removal Costs	-	-	-	45,109	-	-	45,109	10,828
Other Congregations Costs	-	-	-	54,439	-	-	54,439	97,104
Other Office Costs	-	-	-	3,180	-	2,091	5,271	4,526
Appportioned Support Costs (based on staff time)	123,007	810,508	3,151,266	1,927,391	258,234	1,287,382	7,557,788	7,460,665
Total 2023	£123,007	£810,508	£3,886,713	£2,406,061	£331,499	£-	£7,557,788	£7,460,665
Total 2022	£124,165	£789,728	£3,996,489	£2,304,614	£245,669	£-		£7,460,665

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 charged to Domestic Charitable activities, relate to fees incurred as part of the review and restructuring exercise of Fulneck School.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

8. STAFF COSTS

	Moravian Church	Moravian Union	Fulneck School	2023 Total	2022 Total
	£	£	£	£	£
Gross Pay	437,882	298,933	2,401,695	3,138,510	3,043,494
Social Security Costs	45,937	29,876	189,420	265,233	263,583
Pension Costs	81,134	20,394	321,835	423,363	432,026
	564,953	349,203	2,912,950	3,827,106	3,739,103
Other staff costs	-	6,380	-	6,380	15,956
	<u>£564,953</u>	<u>£355,583</u>	<u>£2,912,950</u>	<u>£3,833,486</u>	<u>£3,755,059</u>
Included in Note 7 as follows:					
Staff Costs	71,898	296,623	2,912,950	3,281,471	3,140,362
Archive Costs	-	58,960	-	58,960	53,606
Ministry	474,682	-	-	474,682	520,519
Ministerial Training	-	-	-	-	762
Youth and Children	18,373	-	-	18,373	39,810
	<u>£564,953</u>	<u>£355,583</u>	<u>£2,912,950</u>	<u>£3,833,486</u>	<u>£3,755,059</u>
Average Staff Numbers:	No.	No.	No.	No.	No.
Teaching	-	-	63	63	55
Ministers	13	-	-	13	14
Other	3	6	28	37	54
	<u>16</u>	<u>6</u>	<u>91</u>	<u>113</u>	<u>123</u>
Between £70,001 - £80,000	-	-	1	1	1
Between £80,001 - £90,000	-	-	-	-	-
Between £90,001 - £100,000	-	-	-	-	-
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.

	2023	2022
	£	£
Rev. D. R. Howarth	35,686	34,031
Miss R. M. A. Hoey	36,211	34,386
	<u>£71,897</u>	<u>£68,417</u>

An amount of £11,875 (2022: £9,805) 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 2023

9. TANGIBLE FIXED ASSETS

GROUP	Land and Buildings £	Furniture, Fixtures and Fittings £	Computer Equipment £	Total £
Cost				
Brought Forward	6,246,847	1,414,947	17,895	7,679,689
Additions	783,469	-	-	783,469
Disposals	-	-	-	-
At 31 August 2023	7,030,316	1,414,947	17,895	8,463,158
Depreciation				
Brought Forward	2,318,417	1,207,010	17,075	3,542,502
Charge for period	115,615	47,988	818	164,421
Depreciation on disposals	-	-	-	-
At 31 August 2023	2,434,032	1,254,998	17,893	3,706,923
Net Book Value				
At 31 August 2023	£4,596,284	£159,949	£2	£4,756,235
At 31 August 2022	£3,928,430	£207,937	£820	£4,137,187
PARENT				
Cost				
Brought Forward	386,172	21,413	-	407,585
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 August 2023	386,172	21,413	-	407,585
Depreciation				
Brought Forward	23,170	21,413	-	44,583
Charge for period	7,723	-	-	7,723
Depreciation on disposals	-	-	-	-
At 31 August 2023	30,893	21,413	-	52,306
Net Book Value				
At 31 August 2023	£355,279	£-	£-	£355,279
At 31 August 2022	£363,002	£-	£-	£363,002

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 2023

10. INVESTMENT PROPERTIES

	2023	2022
	£	£
Market Value		
At 1 September 2022	26,817,467	24,299,983
Impairment	(198,160)	(131,250)
Disposal Proceeds	(432,464)	-
Realised gain on disposal	213,342	-
Unrealised Revaluation Gains/(Losses)	743,629	2,648,734
At 31 August 2023	<u>£27,143,814</u>	<u>£26,817,467</u>

The Charity's estate properties were valued on 3 July 2015 by an independent valuer, SHP Valuers Ltd, a firm of Chartered Surveyors registered with the Royal Institute of Chartered Surveyors. The valuation was a desktop appraisal of market value based on information on the condition of the properties supplied by the Charity's estate manager, John Forrester Ltd. Investment property valuations as at 31 August 2023 are based on that valuation adjusted by the Halifax Seasonally Adjusted Regional House Price Quarterly Indices published by the Lloyds Banking Group. In addition, the Estate properties have been reviewed for potential impairment based on their condition, occupancy and comparative values of similar properties sold on the Settlements or in the local area. One property was identified where impairment was considered likely and its value has been adjusted accordingly.

On 8 May 2024 the lease on the former Ockbrook School properties was signed and an initial valuation based on the present value of future rental income net of expected costs for those properties was carried out in house. This resulted in a conservative estimate for those properties of £4,750,000 and is reflected in these accounts. The Trustees are in the process of commissioning an independent professional valuation to be performed on the Ockbrook School properties and of the investment property portfolio in general.

11. INVESTMENTS

	Group		Parent	
LISTED INVESTMENTS	Total 2023	Total 2022	Total 2023	Total 2022
	£	£	£	
Carrying Value at Beginning of year	5,097,609	5,509,107	161,694	171,248
Additions	978,491	968,839	35,982	-
Disposal Proceeds	(3,130,955)	(1,194,936)	(2,042)	(23,382)
Realised Gains/(Losses)	99,327	12,804	880	(2,069)
Unrealised Gains/(Losses)	(104,598)	(198,205)	(3,616)	15,897
Carrying Value at 31 August 2022	<u>£2,939,874</u>	<u>£5,097,609</u>	<u>£192,898</u>	<u>£161,694</u>

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

The Charities Property Fund	<u>£420,769</u>	<u>£503,697</u>
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**12. STOCK
Group**

	2023	2022
	£	£
Moravian Union	20,254	16,706
Schools Stocks	27,298	10,818
	<u>£47,552</u>	<u>£27,524</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

13. DEBTORS

	Group		Parent	
	2023	2022	2023	2022
	£	£	£	£
Trade Debtors	138,636	255,245	-	-
Amounts due from related Organisations	-	-	109,752	99,935
Other Debtors	82,970	50,981	19,671	20,332
Prepayments and Accrued Income	245,301	105,142	-	-
Agents Balances	67,128	34,816	-	-
Rent Due	51,941	61,183	-	-
	<u>£585,976</u>	<u>£507,367</u>	<u>£129,423</u>	<u>£120,267</u>

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

	Group		Parent	
	2023	2022	2023	2022
	£	£	£	£
Loans and Overdrafts				
Bank Loans	106,906	116,369	67,620	48,316
Trade Creditors	124,846	126,440	-	-
Amounts due to related Organisations	-	-	242,413	263,448
Other Creditors	40,628	2,073,515	1,584	1,553
Social Security and other Taxes	96,847	89,748	-	-
Accruals and Deferred Income	350,146	330,045	174,804	175,200
Fees in advance	925,237	861,063	-	-
Hire Purchase Contract	-	-	-	-
Bates Trust Loan	50,447	50,936	-	-
	<u>£1,695,057</u>	<u>£3,648,116</u>	<u>£486,421</u>	<u>£488,517</u>

Other creditors in the preceding year included an advance of £1,975,200 from UBS secured against the investment portfolio to aid the Moravian Union's cashflow position. This was repaid during the current year.

Deferred Income consists entirely of fees in advance.

	Group		Parent	
	2023	2022	2023	2022
	£	£	£	£
Balance brought forward	861,063	807,485	-	-
Rent and School Fees received in advance	925,237	861,063	-	-
Released to revenue during the year	(861,063)	(807,485)	-	-
Balance carried forward	<u>£925,237</u>	<u>£861,063</u>	<u>£-</u>	<u>£-</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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

Group	1 – 2 years £	2 – 5 years £	More than 5 years £	2023 £
Bank Loans - Fulneck School	19,497	39,700	21,694	80,891
- Moravian Union	22,206	76,547	248,191	346,944
	41,703	116,247	269,885	427,835
Bates Trust Loan	52,016	105,314	-	157,330
Other Creditors	105,064	-	-	105,064
	<u>£198,783</u>	<u>£221,561</u>	<u>£269,885</u>	<u>£690,229</u>

Group	1 – 2 years £	2 – 5 years £	More than 5 years £	2022 £
Bank Loans - Fulneck School	20,511	53,416	22,566	96,493
- Moravian Union	49,444	160,516	236,875	446,835
	69,955	213,932	259,441	543,328
Bates Trust Loan	52,016	155,873	-	207,889
Other Creditors	-	-	-	-
	<u>£121,971</u>	<u>£369,805</u>	<u>£259,441</u>	<u>£751,217</u>

When Ockbrook School went into administration in 2021, The Moravian Union as guarantor assumed responsibility for the liability in respect of Ockbrook School's outstanding bank loan balances which amount to £367,676 at the balance sheet date (2022: £494,377), of which £20,732 was repayable within one year (2022: £47,542). The outstanding loans are secured against Moravian Union property.

Fulneck School has one bank loan (2019), secured against the Fulneck School property which is owned by the Moravian Union. At the year-end £99,445 remained outstanding, of which £18,554 was repayable within one year.

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 Flat 5 Winkley Court, a property valued at in excess of £500k. 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 2023

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Total 2023
	General	Designated		
	£	£	£	£
Group				
Tangible fixed assets	6,953	2,357,353	2,391,929	4,756,235
Investments	1,077,656	171,018	1,691,200	2,939,874
Investment Properties	-	27,143,814	-	27,143,814
Cash at bank and in hand	1,002,581	190,137	133,275	1,325,993
Other net assets/(liabilities)	(810,182)	(3,885,043)	-	(4,695,225)
	<u>£1,277,008</u>	<u>£25,977,279</u>	<u>£4,216,404</u>	<u>£31,470,691</u>
Parent				
Tangible fixed assets	-	-	355,279	355,279
Investments	-	-	192,898	192,898
Cash at bank and in hand	-	30,724	888,617	919,341
Other net assets/(liabilities)	-	-	(356,998)	(356,998)
	<u>£ -</u>	<u>£30,724</u>	<u>£1,079,796</u>	<u>£1,110,520</u>
2022				
	Unrestricted Funds		Restricted Funds	Total 2022
	General	Designated		
	£	£	£	£
Group				
Tangible fixed assets	10,507	1,608,943	2,517,737	4,137,187
Investments	1,936,390	307,295	2,853,924	5,097,609
Investment Properties	611,381	26,206,086	-	26,817,467
Cash at bank and in hand	141,044	240,904	778,730	1,160,678
Other net assets/(liabilities)	(2,237,645)	(3,593,441)	(1,597,915)	(7,429,001)
	<u>£461,677</u>	<u>£24,769,787</u>	<u>£4,552,476</u>	<u>£29,783,940</u>
Parent				
Tangible fixed assets	-	-	363,003	363,003
Investments	-	-	161,694	161,694
Cash at bank and in hand	1,486	28,455	853,183	883,124
Other net assets/(liabilities)	-	-	(368,250)	(368,250)
	<u>£1,486</u>	<u>£28,455</u>	<u>£1,009,630</u>	<u>£1,039,571</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

17. MOVEMENTS ON FUNDS

GROUP AND PARENT 2022

	Opening Balance At 01/09/22	Incoming Resources	Resources Expended	Investment Gains/(Losses)	Actuarial Gains/(Losses) on Defined Pension Benefit	Transfers	Closing Balance At 31/08/23
	£	£	£	£	£	£	£
RESTRICTED							
Moravian Union	167,130	5,758	(32,516)	(81)	-	26,756	167,047
Evangelical	644,835	15,634	(15,634)	(4,887)	-	1	640,029
Ministers emoluments	114,472	6,955	(61,677)	(32)	-	57,591	117,310
Education	363,844	1,815	(1,815)	(167)	-	(1)	363,676
Overseas	1,844,177	56,508	(58,055)	(721)	-	7	1,841,915
Property	3,319	76	(76)	(1)	-	(3)	3,314
Relief of poverty	539,991	80,101	(294,228)	(121)	-	105,349	431,094
Other	3,677,768	166,847	(464,001)	(5,929)	-	189,700	3,564,385
Moravian Church (congregations) – Parent only	1,009,630	1,132,496	(555,368)	(1,970)	-	(504,992)	1,079,796
Fulneck School	(380,516)	3,766,720	(3,933,702)	-	-	(104,468)	(651,966)
Fulneck Choir House	91,594	44,503	(42,134)	-	-	-	93,963
Comenius Foundation	154,000	5,276	-	-	-	(29,050)	130,226
	4,552,476	5,115,842	(4,995,205)	(7,899)	-	(448,810)	4,216,404
DESIGNATED							
Moravian Union	(3,564,559)	-	(140,250)	-	470,686	287,656	(2,946,467)
Defined Benefit Pension Scheme	44,750	14,805	(215)	(20)	-	-	59,320
Ministers emoluments	1,962,735	4,636	(1,986)	(139)	-	(2)	1,965,244
Property	1,602,959	-	-	(5,665)	-	(30,087)	1,567,207
Investment Property – Cost	24,603,127	-	-	551,134	-	54,669	25,208,930
Investment Property – Revaluation	2,127	10	(10)	-	-	-	2,127
Other	90,193	-	-	-	-	-	90,193
Mission Renewal	24,741,332	19,451	(142,461)	545,310	470,686	312,236	25,946,554
Moravian Church and Congregations – Parent only	28,455	11,542	(696,634)	-	-	687,362	30,725
	24,769,787	30,993	(839,095)	545,310	470,686	999,598	25,977,279
GENERAL							
Moravian Union	460,191	2,872,479	(1,722,192)	216,894	-	(550,364)	1,277,008
Moravian Church – Parent only	1,486	234	(1,296)	-	-	(424)	-
	461,677	2,872,713	(1,723,488)	216,894	-	(550,788)	1,277,008
	£29,783,940	£8,019,548	£ (7,557,788)	£754,305	£470,686	£ -	£31,470,691

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. During the current year the Comenius Foundation funds were transferred from Fulneck School to a separately administered restricted fund within the Group.

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 2023

17. **MOVEMENTS ON FUNDS (Continued)**

GROUP AND PARENT 2021		Opening Balance	Incoming Resources	Resources Expended	Investment Gains/(Losses)	Actuarial Gains/(Losses) on Defined Pension Benefit	Transfers	Closing Balance
		At 01/09/21						At 31/08/22
		£	£	£	£	£	£	£
RESTRICTED								
Moravian Union		173,457	5,079	(28,929)	(6,327)	-	23,850	167,130
Evangelical		684,747	(2,132)	(12,868)	(24,912)	-	-	644,835
Ministers emoluments		115,069	11,108	(61,502)	(2,534)	-	52,331	114,472
Education		376,961	2,372	(2,372)	(13,117)	-	-	363,844
Overseas		1,903,655	47,879	(50,716)	(56,641)	-	-	1,844,177
Property		3,435	67	(67)	(116)	-	-	3,319
Relief of poverty		499,117	194,481	(191,495)	(9,566)	-	47,454	539,991
Other		3,756,441	258,854	(347,949)	(113,213)	-	123,635	3,677,768
Moravian Church (congregations) – Parent only		1,093,222	1,013,195	(559,940)	13,828	-	(550,675)	1,009,630
Fulneck School (Restated)		29,115	3,787,650	(3,998,005)	-	-	(199,276)	(380,516)
Fulneck Choir House		83,471	37,001	(28,878)	-	-	-	91,594
Comenius Foundation		-	-	-	-	-	154,000	154,000
		4,962,249	5,096,700	(4,934,772)	(99,385)	-	(472,316)	4,552,476
DESIGNATED								
Moravian Union		(4,742,688)	-	(73,739)	-	983,841	268,027	(3,564,559)
Defined Benefit Pension Scheme		(104,549)	9,006	(282)	(1,556)	-	142,130	44,750
Ministers emoluments		1,972,051	2,910	(2,015)	(10,774)	-	563	1,962,735
Property		1,629,034	-	-	-	-	(26,075)	1,602,959
Investment Property – Cost		21,577,529	-	-	2,517,484	-	508,114	24,603,127
Investment Property – Revaluation		2,201	13	(13)	(74)	-	-	2,127
Other		90,194	-	-	-	-	-	90,194
Mission Renewal		20,423,772	11,929	(76,049)	2,505,080	983,841	892,759	24,741,332
Moravian Church and Congregations – Parent only		25,318	10,414	(678,838)	-	-	671,561	28,455
		20,449,090	22,343	(754,887)	2,505,080	983,841	1,564,320	24,769,787
GENERAL								
Moravian Union		1,488,464	1,908,350	(1,771,006)	(73,613)	-	(1,092,004)	460,191
Moravian Church – Parent only		1,470	16	-	-	-	-	1,486
		1,489,934	1,908,366	(1,771,006)	(73,613)	-	(1,092,004)	461,677
		£26,901,273	£7,027,409	£ (7,460,665)	£2,332,082	£ -	£ -	£ -

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 2023

17. MOVEMENTS ON FUNDS (Continued)

The broad purposes of the main restricted and designated funds of the group are as follows:

Restricted funds,

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

Designated funds,

Defined Benefit Pension Scheme Fund - represents the value of the unfunded deficit on the scheme (Note 18(i)). The transfer to this fund reflects pensions paid during the year;
 Ministers' emoluments – to support the payment of ministers' stipends and related costs;
 Property – represents the net book value of functional properties and other funds designated for property projects at congregations but held within the Moravian Union as the Church's asset holding body. The transfer in the current year is to fund an overspend;
 Investment property cost and investment property revaluation reserves – represent in aggregate the carrying value of investment properties adjusted by transfer for outstanding loans secured on those properties;
 Other - this is made up of numerous small designated reserves to fund specific activities at congregations: and
 Mission renewal - to fund overseas mission work.

18. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS FOR EQUIPMENT

Group	2023 £	2022 £
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:		
Less than One Year	5,899	63,978
Between One and Five Years	46,820	77,652
After more than Five Years	991	991
	£53,710	£142,621

No obligations arise in the parent.

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

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 an actuarial valuation of the liability was obtained as at the 31 August 2023.

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

The amounts recognised in the Balance Sheet are as follows:

	31/08/2023	31/08/2022
	£	£
Fair value of Liability Assets	-	-
Present value of funded obligations	(2,946,467)	(3,564,559)
Net (under)/overfunding of Liability	<u>£ (2,946,467)</u>	<u>£ (3,564,559)</u>
Unrecognised assets	-	-
Net Defined Benefit Liability	<u>£ (2,946,467)</u>	<u>£ (3,564,539)</u>

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

	31/08/2023	31/08/2022
	£	£
Service cost	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Settlement costs / (gains)	-	-
Net Interest on Net Defined Benefit Liability	140,250	73,739
Expense recognised in Profit or Loss	<u>£140,250</u>	<u>£73,739</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

19. PENSIONS (Continued)

The Moravian Union contributed £287,656 to fund the payment of benefits over the year from 1 September 2022 to 31 August 2023. 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 2023 to 31 August 2024. 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:

	31/08/2023	31/08/2022
	£	£
Opening Defined Benefit Obligation	3,564,559	4,742,688
Service cost	-	-
Contributions by members	-	-
Cost of benefit changes	-	-
Curtailment costs / (gains)	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(287,656)	(268,027)
Interest on obligation	140,250	73,739
Experience losses / (gains)	56,678	135,005
Losses / (gains) from changes in assumptions	(527,364)	(1,118,846)
Closing Defined Benefit Obligation	<u>£2,946,467</u>	<u>£3,564,559</u>

The weighted average duration of the liabilities of the Liability was 9 years as at 31 August 2023.

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

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

	31/08/2023	31/08/2022
	£	£
Opening fair value of Liability assets	-	-
Interest on assets	-	-
Return on assets (not included in interest)	-	-
Assets distributed on settlements	-	-
Contributions by Moravian Union	287,656	268,027
Contributions by members	-	-
Benefits paid	(287,656)	(268,027)
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 2023

19. PENSIONS (Continued)

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

	31/08/2023	31/08/2022
	% pa	% pa
Discount rate at end of year	5.40	4.10
Discount rate at start of year	4.10	1.60
Rate of increase in deferred pensions (LPI 3%)	2.60	2.70
Rate of increase in deferred pensions (LPI 4%)	3.10	3.30
Rate of increase in pensions in payment (LPI 3%)	2.60	2.70
Rate of increase in pensions in payment (LPI 4%)	3.10	3.30

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 90 if female.

(ii) Active ministers defined contribution scheme

With effect from 31 December 2015 the discretionary scheme for active ministers was discontinued and replaced by a defined contribution scheme. Benefit entitlements at 31 December 2015 under the previous scheme, which were recognised as obligations by Synod during the preceding year, have been calculated and index linked to retirement, capped at either 3% or 4%, as part of the actuarial valuation.

(iii) Other employees personal pension plans

Other employees hold personal pension plans and contribute at rates chosen by themselves. The Moravian Union contributes 7% of pensionable salaries to each plan. The employer's contribution in the year was £20,394 (2022: £19,015).

Fulneck School

Up until the 31 August 2023 the school participated in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its 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 (as amended). 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 2023

19. PENSIONS (Continued)

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department on a four-year cycle. The latest valuation report in respect of the TPS relevant to Fulneck School was prepared at 31 March 2016 and was published in March 2019. This valuation confirmed that the employer contribution rate would be 23.68%, inclusive of a scheme administration levy of 0.08%, with effect from 1 September 2019. A new valuation report was prepared as at 31 March 2020 and published in October 2023. It will not affect the school which withdrew from the Scheme with effect from 31 August 2023 as increased employer rates do not take effect until April 2024. Additional details on the scheme are included in the audited financial statements of Fulneck School.

The pension charge for the year includes contributions payable to the TPS of £292,161 (2022: £315,239) and at the year-end £34,070 (2022: £32,591) was accrued in respect of contributions to this scheme.

Pension costs for the year are disclosed in note 8.

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 £27,722 (2022: £32,650).

20. RELATED ORGANISATIONS

Two of the Moravian Church's Trustees are also Trustees of the London Association in Aid of Moravian Missions. The charity is the principal beneficiary of the income of the Mrs E M Bates Trust and sole beneficiary of the London Association in Aid of Moravian Missions, charities established for the benefit of the Moravian Church. Neither organisation is considered a member of The Moravian Church group. The group received the following amounts from related parties during the period: -

	2023	2022
	£	£
Mrs E.M. Bates Trust	<u>£365,101</u>	<u>£333,956</u>
The London Mission in Aid of Moravian Missions	<u>£63,000</u>	<u>£63,000</u>
At 31 August 2023, the following balances were outstanding: -		
Due from Mrs E.M. Bates Trust	<u>£80,270</u>	<u>£125,065</u>
Due to Mrs E.M. Bates Trust	<u>£207,777</u>	<u>£258,825</u>

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

21. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2022 £
Income and endowments from:				
Donations and Legacies	398,256	-	863,238	1,261,494
Other Trading Activities	-	-	74,571	74,571
Investments	811,261	15,333	260,588	1,087,182
	1,209,517	15,333	1,198,397	2,423,247
Charitable activities	46,439	7,010	3,898,303	3,951,752
Other	652,410	-	-	652,410
Total income	1,908,366	22,343	5,096,700	7,027,409
Expenditure On:				
Raising Funds				
Fundraising trading: cost of goods sold and other costs	-	-	(124,165)	(124,165)
Investment management costs	(729,579)	(2,310)	(57,839)	(789,728)
	(729,579)	(2,310)	(182,004)	(913,893)
Charitable Activities	(1,041,427)	(752,577)	(4,752,768)	(6,546,772)
Total expenditure	(1,771,006)	(754,887)	(4,934,772)	(7,460,665)
Gains/(Losses) on investment Assets	(73,613)	2,505,080	(99,385)	2,332,082
Net income/(expenditure)	63,747	1,772,536	62,543	1,898,826
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	-	983,841	-	983,841
Transfers between reserves	(1,092,004)	1,564,320	(472,316)	-
	(1,028,257)	4,320,697	(409,773)	2,882,667
Total Funds Brought Forward	1,489,934	20,449,090	4,962,249	26,901,273
TOTAL FUNDS CARRIED FORWARD	£461,677	£24,769,787	£4,552,476	£29,783,940

MORAVIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2023

22. ASSESSMENT OF GOING CONCERN

As with many other entities, the current economic climate 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.

In July 2021 Ockbrook School, a former 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. In a revised payment plan, an annual lump sum payment of £81,000 is made to the Natwest Bank, alongside the ongoing monthly amount of £5,610.00. The loan will be fully repaid in 2026.

At the date of signing these financial statements, historic loans from The Moravian Union to Fulneck School amounted to £1.9m. In addition, the Moravian Union acts as guarantor in respect of Fulneck School's loans from RBS (see note 15). With a successful restructuring exercise and strengthened governance, the Fulneck School continues normal operation; the deficit in its operation has been greatly reduced. While the Trustees continue to review their long-term position, it is in the Moravian Church's interest to seek arrangements and security whereby the loan due to Moravian Union can be repaid.

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 2023**

	Unrestricted Funds		Restricted	Total	Total
	General	Designated	Funds	2023	2022
	£	£	£	£	£
Income and endowments from:					
Donations and Legacies	-	250,000	662,744	912,774	842,971
Other Trading Activities	-	-	46,290	46,290	37,282
Investments	234	11,542	236,532	248,308	222,756
	234	261,542	945,596	1,207,372	1,103,009
Charitable activities	-	-	250,525	250,525	202,963
Total income	234	261,542	1,196,121	1,457,897	1,305,972
Expenditure On:					
Raising Funds					
Fundraising trading: cost of goods sold and other costs	-	-	(22,243)	(22,243)	(73,653)
Investment management costs	-	-	(54,436)	(54,436)	(38,905)
	-	-	(76,679)	(76,679)	(112,558)
Charitable Activities	(9,296)	(696,634)	(602,369)	(1,308,299)	(1,287,681)
Total expenditure	(9,296)	(696,634)	(679,048)	(1,384,978)	(1,400,239)
Gains/(losses) on investment assets	-	-	(1,970)	(1,970)	13,828
Net income/(expenditure)	(9,062)	(435,092)	515,103	70,949	(80,439)
Transfers	-	444,937	(444,937)	-	-
NET MOVEMENT IN FUNDS	(9,062)	9,845	70,166	70,949	(80,439)
Total Funds Brought Forward	1,486	28,455	1,009,630	1,039,571	1,120,010
TOTAL FUNDS CARRIED FORWARD	£ (7,576)	£38,300	£1,079,796	£1,110,520	£1,039,571

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