

The Representative Church Body – Report 2008

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

FINANCIAL STATEMENTS – PAGE 1

YEAR ENDED 31 DECEMBER 2007

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
EXECUTIVE COMMITTEE AND OTHER INFORMATION **PAGE 3**

CHAIRMAN

- Mr S Gamble

MEMBERS (*ex officio*)

- The Archbishop of Armagh
- The Archbishop of Dublin
- Mr GC Richards (Allocations Committee)
- Mr RS Neill (Investment Committee)
- Mr RH Kay (Property Committee)
- Mr HJ Saville (Stipends Committee)

MEMBERS (elected)

- The Bishop of Meath
- Rev AJ Forster
- Ven CT Pringle
- Ven REB White
- Prof P Barker
- Mr TH Forsyth
- Mr LJW MacCann
- Mr DG Perrin

BANKERS

- Bank of Ireland
College Green, Dublin 2
- Bank of Ireland
Talbot Street, Dublin 1

AUDITORS

- PricewaterhouseCoopers
One Spencer Dock, North Wall Quay, Dublin 1

OFFICERS

- Chief Officer and Secretary
- Head of Investments
- Head of Finance
- Head of Property and Trusts
- Head of Synod Services and Communications
- Senior Solicitor
- Mr DC Reardon
- Mr PM Talbot
- Mr TA Clements
- Mr TJ Stacey
- Mrs JM Maxwell
- Mr M McWha

OFFICE: Church of Ireland House, Church Avenue, Rathmines, Dublin 6.

Several exceptional years of income growth have enabled increases in the amounts provided for allocations, and in 2007 resulted also in the ability to make a substantial addition of €400,000 to the allocations reserve (Note 7 to the financial statements). The allocations reserve at 31 December 2007 was valued at €4.685m, and it represented 77% of the cost of allocations charged in the 2007 revenue account.

Income growth in 2008, and in the near future, is expected to be at a more moderate pace.

The provision in 2007 for allocations expenditure in 2008 was €6.045m, a 45.3% increase over the equivalent provision for allocations expenditure in 2004, using a consistent rate of exchange.

The effects of market volatility in the second half of the year eroded the value of funds shown as at 31 December. A balance sheet value of €750m at the end of 2006 was reduced by €88m to €662m for year end 2007. Of this reduction in value around €21m arises in the accounts as the sterling portfolios are translated to euro for year end purposes at a weaker exchange rate.

While the capacity to sustain income levels is generally regarded by the RB as being of prime importance over the short to medium term, in the case of pension funds the overall value is particularly relevant as funding needs are required to be assessed annually.

Statement of Trustee's Responsibilities

The Representative Body, as Trustee, is responsible for preparing the annual report and the financial statements in accordance with generally accepted accounting practice in Ireland, including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland. The Trustee is required to prepare financial statements for each financial year that give a true and fair view of the state of its affairs and of its financial result for the period. In preparing the financial statements the Representative Body is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in business.

The Representative Body, as Trustee, confirms that it has complied with the above requirements in preparing the financial statements.

The Trustee is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the organisation and to enable it to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with relevant legislation. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

11 March 2008

S Gamble (Chairman, Executive Committee)



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**INDEPENDENT AUDITORS' REPORT TO THE GENERAL SYNOD
OF THE CHURCH OF IRELAND**

We have audited the financial statements on pages 6 to 23 which comprise the Profit and Loss account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes.

Respective responsibilities of Trustee and auditors

The responsibilities of the Representative Church Body, as Trustee, for preparing the Annual Report and financial statements in accordance with applicable legislation and accounting standards generally accepted in Ireland are set out on page 4 in the statement of Trustee's responsibilities. This report, including the opinion, has been prepared for and only for the General Synod as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to:

- whether the financial statements give a true and fair view, and
- whether proper books of account have been kept by the Trustee.

We state whether the financial statements are in agreement with the books of account.

We read the other information contained in the Executive Committee Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustee in the preparation of the financial statements and of whether the accounting policies are appropriate to the Body's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Representative Church Body's affairs at 31 December 2007 and of its result and cashflows for the year then ended. We have obtained all the explanations which we consider necessary of the purposes of our audit. In our opinion proper books of account have been kept by the Trustee. The financial statements are in agreement with the books of account.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

25 March 2008

Chartered Accountants

The significant accounting policies adopted by the Representative Body are as follows:

- (i) **Basis of preparation** – The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland, which are those standards published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.
- (ii) **Historical cost convention** – The financial statements are prepared under the historical cost convention except that investments are stated at valuation.
- (iii) **Investments** – Investments are stated in the balance sheet at year end valuation.

Quoted securities are valued at latest available trade price or middle market price ruling on the balance sheet date. Unquoted securities are valued by reference to the market value of the underlying assets.

Loans are stated at book cost at the balance sheet date.

- (iv) **Income** – Income includes interest and dividends receivable during the financial year and, in the case of the General Fund, reflects bought and sold interest on bond transactions in the accounting period.
- (v) **Foreign currencies** – Balances in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. Transactions are translated at year end rate, €1 = £0.7333 (2006 €1 = £0.6715) or the euro prevailing rate where converted during the year.
- (vi) **Tangible fixed assets and depreciation** – Land is stated at cost. Other fixed assets are stated at cost less accumulated depreciation and are depreciated over the period of their expected useful economic lives. Depreciation is calculated using the following annual rates: Freehold buildings: 2%; Office equipment: 20%; System software 10%; Office furniture: 8%.
- (vii) **Pensions**

Staff (Current) – The pension entitlements of employees in the Staff Pension Scheme are secured by contributions to a defined benefits scheme administered by Irish Pensions Trust. An actuarial valuation is carried out at intervals of not more than three years.

Staff (Retired) – Pensions paid to retired staff who were not eligible to participate in the scheme administered by Irish Pensions Trust are paid from income on an annual basis.

Clergy – The Fund is established under Chapter XIV of the Constitution of the Church of Ireland as amended from time to time by the General Synod. The Representative Church Body is the Trustee of the Fund which is administered by the Church of Ireland Pensions Board in accordance with the provisions of Chapter XIV.

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
GENERAL FUND REVENUE ACCOUNT
YEAR ENDED 31 DECEMBER 2007 **PAGE 7**

	Notes	2007 €'000	2006 €'000
INCOME			
Investments		7,463	7,208
Property and loans		199	160
Deposit interest		737	387
Sundries		170	156
Interest on reserves		169	139
		8,738	8,050
EXPENDITURE			
Operating expenses	10	1,742	1,833
Professional fees (including investment management costs)		371	319
Audit fees (including Unit Trusts)		86	81
Pension liabilities		130	168
		2,329	2,401
Surplus of income over expenditure		6,409	5,649
Allocations			
- Recommended		(6,045)	(5,644)
- Prior year unexpended		227	73
Surplus after allocations		591	78
Transfers			
	7		
- (to) allocations and FRS 17 reserves		(588)	(73)
- from building development reserve		85	85
- from computer development reserve		75	75
- (to) staff pensions reserve - income in year		(3)	(5)
- (to) general funds		(160)	(160)
		-	-
		-	-

Signed: *S Gamble*
G Richards
Date: *11 March 2008*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

BALANCE SHEET

31 DECEMBER 2007

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	Notes	2007 €000	2006 €000
EMPLOYMENT OF FUNDS			
CURRENT ASSETS			
Debtors		1,663	1,512
Cash on short term deposit	14	65,075	59,205
Bank balances	14	552	1,693
		<u>67,290</u>	<u>62,410</u>
CURRENT LIABILITIES			
Current account income balances	2	11,052	9,297
Recommended allocations	11	6,120	5,719
Creditors		1,189	1,142
		<u>18,361</u>	<u>16,158</u>
NET CURRENT ASSETS		48,929	46,252
LONG TERM ASSET			
Staff pension scheme surplus	15	289	339
		<u>49,218</u>	<u>46,591</u>
TANGIBLE FIXED ASSETS	3	3,797	3,914
INVESTMENTS			
Loans		1,602	1,868
General funds	4	209,871	238,170
Specific trusts	5	397,340	459,511
		<u>661,828</u>	<u>750,054</u>
FUNDS EMPLOYED			
General funds	6	210,878	239,514
General reserves	7	6,638	6,704
		<u>217,516</u>	<u>246,218</u>
Pensions and related funds	8	125,687	138,399
Other trust funds	9	318,625	365,437
		<u>661,828</u>	<u>750,054</u>

Signed: S Gamble

G Richards

Date: 11 March 2008

The Representative Church Body – Report 2008

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND
RECONCILIATION OF MOVEMENT IN GENERAL FUNDS EMPLOYED
YEAR ENDED 31 DECEMBER 2007 **PAGE 9**

	2007 €000	2006 €000
Surplus from general revenue	6,409	5,649
Currency translation movement	(10,362)	2,195
Unrealised (deficit) / surplus on revaluation of investments and property	(29,111)	10,358
Profit on investment sales	10,418	19,514
Actuarial (loss) / gain on staff pension scheme	(238)	938
Total recognised (losses) / gains	(22,884)	38,654
Recommended allocations	(6,045)	(5,644)
Prior year unexpended allocations	227	73
Capital changes and other movements	-	(130)
(Decrease) / increase in funds employed	(28,702)	32,953
Balance 1 January	246,218	213,265
Balance 31 December	217,516	246,218

Signed: *S Gamble*
 G Richards
Date: *11 March 2008*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2007

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	Notes	2007 €000	2006 €000
NET CASH FLOW FROM OPERATING ACTIVITIES	12	6,658	6,203
ALLOCATIONS OF INCOME PAID		(5,417)	(4,933)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of investments		(29,953)	(52,397)
Sale of investments		30,087	59,551
Advances of glebe, miscellaneous and car loans		(293)	(36)
Repayment of glebe, miscellaneous and car loans		558	439
Purchase of fixed assets		(151)	(186)
Pension related adjustment and payments		(188)	(2,539)
NET CASH FLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		60	4,832
FINANCING			
Net cash inflow for specific trusts		4,291	6,745
NET CASH FLOW FROM FINANCING		4,291	6,745
INCREASE IN CASH	13	5,592	12,847

Signed: *S Gamble*
G Richards
Date: *11 March 2008*

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS **PAGE 11**

1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

	2007	2006
	€000	€000
INCOME		
Investments	13,448	11,849
Deposit interest	2,565	1,803
	<u>16,013</u>	<u>13,652</u>
GIFT AID		
Income tax refund on Gift Aid donations	1,953	1,940
	<u>17,966</u>	<u>15,592</u>
Less related administration charges	(734)	(634)
	<u>17,232</u>	<u>14,958</u>
Applied or paid to specific trusts or parishes	<u>(17,232)</u>	<u>(14,958)</u>

A portion of specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €23.1m in the year ended 31 December 2007 (2006 €22.1m). The balance of the cost of remuneration and pensions is funded by transfers from dioceses and from General Synod allocations.

2 CURRENT ACCOUNT INCOME BALANCES

	2007	2006
	€000	€000
Diocesan stipend & general funds	6,649	5,502
Parochial endowments	289	307
Miscellaneous diocesan trusts	419	342
General Synod trusts	110	88
Other trust income & suspense balances	3,425	2,978
Clergy pensions & related funds	160	80
	<u>11,052</u>	<u>9,297</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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3 TANGIBLE FIXED ASSETS

	Premises	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
<u>Cost</u>				
At beginning of year	3,493	435	1,080	5,008
Additions	-	5	145	150
Currency adjustment	(24)	-	(5)	(29)
At end of year	<u>3,469</u>	<u>440</u>	<u>1,220</u>	<u>5,129</u>
<u>Depreciation</u>				
At beginning of year	397	197	500	1,094
Charge for year	64	35	144	243
Currency adjustment	(3)	-	(2)	(5)
At end of year	<u>458</u>	<u>232</u>	<u>642</u>	<u>1,332</u>
<u>Net book value</u>				
At beginning of year	3,096	238	580	3,914
At end of year	<u>3,011</u>	<u>208</u>	<u>578</u>	<u>3,797</u>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 13**

4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS	2007	2006
	€000	€000
<u>Investments at valuation</u>		
Ireland		
Trustee	1,501	1,504
Bonds	1,646	1,442
Equities - financial	14,856	24,015
Equities - commercial (includes convertibles)	15,733	20,544
United Kingdom		
Equities	74,022	91,678
Unit trusts	22,978	20,341
Europe		
Bonds	21,579	23,377
Unit trusts	2,283	2,508
Equities	41,751	40,432
Rest of the world		
North America equities	45	33
	<hr/>	<hr/>
	196,394	225,874
<u>Other assets</u>		
Cash	11,021	10,157
	<hr/>	<hr/>
	207,415	236,031
General reserves – investments	2,456	2,139
	<hr/>	<hr/>
	209,871	238,170
	<hr/> <hr/>	<hr/> <hr/>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 14**

5 SPECIFIC TRUSTS – ANALYSIS OF FUND ASSETS	2007	2006
<u>Investments at valuation</u>	€000	€000
Ireland		
Bonds	-	928
Equities	9,236	14,735
Unit trusts (excluding RB)	6,461	8,948
United Kingdom		
Trustee	5,194	2,664
Bonds	3,525	2,678
Equities	26,788	37,610
North America		
Equities	11,871	16,600
Unit trusts	-	534
Latin America		
Equities	850	315
Europe		
Unit trusts	14,125	7,713
Equities	23,949	25,034
Pacific Basin		
Equities	8,807	6,503
Australia		
Equities	-	184
Japan		
Equities	6,507	8,003
	117,313	132,449
<u>Other assets</u>		
Cash	3,584	1,891
RB General Unit Trusts	276,443	325,171
	397,340	459,511

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 15**

6 GENERAL FUNDS

	Balance at 1.1.07	Currency translation movements	Capital changes/ movements	Profit on investment sales	Revaluation movements	Balance at 31.12.07
	€000	€000	€000	€000	€000	€000
Realised value	168,781	(8,070)	160	10,418	-	171,289
Unrealised surplus on revaluation of investments	70,366	(2,213)	-	-	(28,931)	39,222
Unrealised surplus on revaluation of property	367	-	-	-	-	367
	<u>239,514</u>	<u>(10,283)</u>	<u>160</u>	<u>10,418</u>	<u>(28,931)</u>	<u>210,878</u>

7 GENERAL RESERVES

	Balance at 1.1.07	Surplus	Currency translation movements	Capital changes/ actuarial losses	Profit on investment sales	Revaluation movements	Balance at 31.12.07
	€000	€000	€000	€000	€000	€000	€000
Allocations reserve	4,544	400	(79)	-	-	(180)	4,685
Staff pension - FRS17 surplus	339	188	-	(238)	-	-	289
Building development reserve	1,141	-	-	(85)	-	-	1,056
Computer development reserve	600	-	-	(75)	-	-	525
Staff pensions reserve	80	3	-	-	-	-	83
	<u>6,704</u>	<u>591</u>	<u>(79)</u>	<u>(398)</u>	<u>-</u>	<u>(180)</u>	<u>6,638</u>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 16**

8 PENSIONS AND RELATED FUNDS

	Balance at 1.1.07	Currency translation movements	Capital changes/ movements	Investment sales surplus	Revaluation movements	Balance at 31.12.07
	€000	€000	€000	€000	€000	€000
Clergy Pensions Fund	133,320	(5,467)	10,302	-	(16,876)	121,279
Widows and Orphans Funds	3,361	(16)	-	-	(517)	2,828
Supplemental Fund	1,171	(74)	-	-	(61)	1,036
Clergy Pensions Fund (AVC scheme)	547	(14)	11	-	-	544
	<u>138,399</u>	<u>(5,571)</u>	<u>10,313</u>	<u>-</u>	<u>(17,454)</u>	<u>125,687</u>

The Church of Ireland Pensions Board report includes more detailed financial statements covering a substantial portion of the above funds which are administered by the Board in accordance with the provisions of Chapters XIV and XV of the Constitution.

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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9 OTHER TRUST FUNDS

	Balance at 1.1.07 €000	Currency translation movements €000	Capital changes/ movements €000	Surplus on investment sales €000	Revaluation movements €000	Balance at 31.12.07 €000
Parochial trusts and glebe sales	215,433	(3,379)	1,240	831	(27,778)	186,347
Diocesan stipend and general funds	39,678	(845)	188	-	(4,987)	34,034
Diocesan miscellaneous trusts	16,899	(237)	23	-	(2,326)	14,359
Diocesan episcopal funds	8,058	(169)	1	-	(1,011)	6,879
Less: diocesan car loans	(519)	18	(37)	-	-	(538)
	<u>279,549</u>	<u>(4,612)</u>	<u>1,415</u>	<u>831</u>	<u>(36,102)</u>	<u>241,081</u>
Sundry trusts	68,820	(835)	2,449	-	(7,480)	62,954
General Synod funds	14,797	(174)	65	-	(2,014)	12,674
Church of Ireland auxiliary funds	2,271	(18)	-	-	(337)	1,916
	<u>365,437</u>	<u>(5,639)</u>	<u>3,929</u>	<u>831</u>	<u>(45,933)</u>	<u>318,625</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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10 OPERATING EXPENSES

	2007	2006
	€000	€000
<u>General administration</u>		
Salaries and wages	1,786	1,699
PRSI	184	177
Pension - inc actuarially calculated cost (note 15)	174	467
Other staff costs	126	122
Office supplies	129	117
Light, heat and power	35	26
Postage and telephones	54	45
Maintenance and repairs	29	24
Insurance, rates and taxes	89	77
Banking and other charges	7	6
Depreciation	243	230
	<u>2,856</u>	<u>2,990</u>
<u>Less costs recovered</u>		
Specific trusts	(607)	(523)
Legal fees	(115)	(231)
Other charges	(739)	(711)
	<u>1,395</u>	<u>1,525</u>
Library	209	192
Central committees	136	112
Episcopal electors	2	4
	<u>1,742</u>	<u>1,833</u>

11 RECOMMENDED ALLOCATIONS

	2007	2006
	€000	€000
Balance sheet provision		
Maintenance of the stipendiary ministry	1,538	1,613
Retired clergy and surviving spouses	1,353	1,328
Training of ordinands	1,661	1,227
General Synod activities	1,532	1,515
Miscellaneous financing	36	36
	<u>6,120</u>	<u>5,719</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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12 CASH FLOW RECONCILIATION

The Cash Flow Statement has been prepared in accordance with Financial Reporting Standard No 1 as required by the Accounting Standards Board and reflects the cash flows of the Representative Church Body General Funds and Reserves. Cash flows relating to Specific Trusts and Clergy Pension Funds are included to the extent that they are currently reflected in bank accounts or monetary asset and liability balances of the Representative Church Body at the financial year end.

Reconciliation of surplus of income over expenditure to net cash inflow from operating activities:

	Notes	2007 €000	2006 €000
Surplus of income over expenditure		6,409	5,649
Change in other debtors		(90)	79
Change in creditors		83	244
Amortisation of fixed assets		243	230
Effect of foreign exchange rate changes		13	1
Net cash flow from operating activities		<u>6,658</u>	<u>6,203</u>

13 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	2007 €000	2006 €000
Balance at 1 January	71,056	58,209
Net cash inflow	8,476	12,342
Effect of foreign exchange rate changes	(2,884)	505
Balance at 31 December	<u>76,648</u>	<u>71,056</u>

14 ANALYSIS OF CASH BALANCES

	2007 €000	2006 €000
Cash on short term deposit	65,075	59,205
Due from bankers	552	1,694
Cash held by investment managers	4 11,021	10,157
	<u>76,648</u>	<u>71,056</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 20**

15 RETIREMENT BENEFITS

- (a) The Representative Body operates a contributory defined benefit pension scheme with assets held in a separately administered fund. The most recent valuation was at 1 January 2005 and is available for inspection by the scheme members. The scheme will be subject to actuarial review as at 1 January 2008.

The 2005 valuation showed that the market value of the assets of the scheme was €5.238m which represented 68% of the benefits that had accrued to members after allowing for expected future increases in earnings.

An update on this valuation as at 31 December 2007 shows that the market value of the assets of the scheme to be €9.044m, and that this represents 103.3% of the value of benefits that had accrued to members as at that date. The market value of assets has increased as a result of a capital amount input of €2.4 million by the RCB at 31 December, 2006, and also of capital growth of the invested assets. The present value of scheme liabilities as calculated by the actuary has decreased from €9.032m to €8.755m in 2007, assisted by an increase in the discount rate.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, particularly the discount rate, and the actuarial changes in mortality projections. The discount rate, as prescribed by FRS 17, is based on the market yield at the valuation date of high quality corporate bonds, and was set at 5.50%.

The pension charge for the year as calculated under the guidelines of FRS 17 is €0,000 (2006: €95,000). Part of this charge is included in operating expenses as Pension Funding, and the balance is in respect of pension charges for the Library.

- (b) Financial Reporting Standard 17 'Retirement Benefits' disclosures

The actuarial valuation as at 1 January 2005 was updated at 31 December 2007 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations over the last three years were:

	2007	2006	2005
Rate of increase in salaries	3.75%	3.75%	3.75%
Rate of increase in pensions in payment	2.25%	2.25%	2.25%
Discount rate	5.50%	4.60%	4.15%
Inflation assumption	2.25%	2.25%	2.25%

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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15 RETIREMENT BENEFITS - CONTINUED

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31/12/07 %	Market value at 31/12/07 €000	Long-term rate of return expected at 31/12/06 %	Market value at 31/12/06 €000	Long-term rate of return expected at 31/12/05 %	Market value at 31/12/05 €000
Equities	7.7	6,873	7.5	7,159	7.1	4,717
Bonds	4.3	1,117	3.9	1,115	3.5	807
Property	5.5	686	6.5	600	6.1	434
Other	2.5	368	2.5	497	2.0	248
		<u>9,044</u>		<u>9,371</u>		<u>6,206</u>

The following amounts at 31 December 2007, 2006 and 2005 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2007 €000	2006 €000	2005 €000
Total market value of assets	9,044	9,371	6,206
Present value of scheme liabilities	(8,755)	(9,032)	(9,018)
Pension asset/(liability)	<u>289</u>	<u>339</u>	<u>(2,812)</u>

The pension liability amounts calculated above are recognised in the financial statements for 2007, and as illustrated below, also showing the comparative figures for 2006 and 2005.

	2007 €000	2006 €000	2005 €000
Net assets excluding pension asset/(liability)	217,227	245,879	216,077
Pension asset/(liability)	289	339	(2,812)
Net assets	<u>217,516</u>	<u>246,218</u>	<u>213,265</u>
Funds/reserves excluding pension	217,227	245,879	216,077
Pension asset/(liability)	289	339	(2,812)
Funds and reserves	<u>217,516</u>	<u>246,218</u>	<u>213,265</u>

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15 RETIREMENT BENEFITS - CONTINUED

The following amounts are recognised in the performance statements for the year ended 31 December 2007, also showing comparative figures for the previous two years:

	2007	2006	2005
	€000	€000	€000
Surplus after allocations	591	78	54
Current service cost for the year	(299)	(360)	(345)
Current service charge reflected in surplus after allocations	(299)	(360)	(345)
Other finance income			
Expected return on pension scheme assets	631	340	331
Interest on pension scheme liabilities	(422)	(375)	(379)
	209	(35)	(48)
Statement of total recognised gains and losses			
Actual return less expected return on pension scheme assets	(922)	542	805
Experience (losses) and gains arising on the scheme liabilities	(119)	(371)	225
Changes in assumptions underlying the present value of the scheme liabilities	803	767	(938)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(238)	938	92
Movement in year			
Surplus/(deficit) in scheme at beginning of year	339	(2,812)	(2,777)
Movement in year:			
Current service cost (inc Library)	(299)	(360)	(345)
Contributions paid (inc Library)	278	2,608	266
Other finance income	209	(35)	(48)
Actuarial (loss)/gain	(238)	938	92
Surplus/(deficit) in scheme at year end	289	339	(2,812)

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 23**

15 RETIREMENT BENEFITS - CONTINUED	2007	2006	2005
	€000	€000	€000
Experience gains and losses for the years ended 31 December			
Difference between the expected and actual return on scheme assets	(922)	542	805
Percentage of scheme assets	(10.2%)	5.8%	13.0%
Experience (losses) and gains on scheme liabilities	(119)	371	225
Percentage of the present value of the scheme liabilities	(1.4%)	4.1%	0.2%
Changes in assumptions	803	767	(938)
Percentage of present value of scheme liabilities	9.2%	8.5%	(10.4%)
Total recognised in statement of total recognised gains and losses	(238)	938	92
Percentage of the present value of the scheme liabilities	(2.7%)	10.4%	1.0%