# THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

## FINANCIAL STATEMENTS – PAGE 1

## YEAR ENDED 31 DECEMBER 2008

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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
- Mr TH Forsyth
- Mr LJW MacCann
- Mr DG Perrin
- Mr MJT Webb

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

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

The impact of the extreme turbulence which affected global financial markets in 2008 is very visible in the year end Balance Sheet of the Representative Body, which ended the year with a total value of €386m (2007 - €662m). The €276m diminution in value is partly accounted for by year end translation of sterling at a weakened rate of exchange, but the main difference is in the intrinsic value of the underlying assets. Asset values are an important factor in the year end actuarial certificate of the actuaries to the Clergy Pensions Fund and the Staff Pension Scheme, and at the year end both showed substantial deficits against the minimum funding standard measure. These deficits will have to be addressed in the coming year. The Staff Pension Scheme deficit of €3.7m is shown as a long term liability on the Balance Sheet.

The impact on income of troubled global markets in 2008 was subdued, as the effect of dividend cuts and falling interest rates came late in the year, and the fall of €0.568m in reported income relates to a reduction in translated sterling values. The outlook for income in 2009 and the medium term is gloomy, and the Representative Body will have to work hard to narrow the gap between substantially reduced income levels and expenditure levels which will fall much less rapidly.

An amount of €0.610m is transferred from the General Fund Revenue Account to Allocations and FRS 17 Reserves at the year end, after providing €5.3m for 2009 allocations, and together with a prior year adjustment of €0.181m which arises due to a change in accounting policy, the value of the Allocations Reserve at the year end in euro terms is €4.578m, which is 86.4% of the allocations charge for the year.

***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.

10 March 2009 *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 Recognised Gains and Losses, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 6.

**Respective responsibilities of directors and auditors**

The responsibilities of the Representative Church Body, as Trustee, for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Trustees' Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to whether the company has kept proper books of account.

We read the Executive Committee Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 judgments 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Representative Church Body's affairs as at 31 December 2008 and of its result and cash flows for the year then ended. We have obtained all the information and explanations which we consider necessary for 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

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
24 March 2009

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. No account is taken of events subsequent to the balance sheet date which may have an impact on quoted investment values.

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 = £0.9525 (2007 €1 = £0.7333) 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.

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**
**GENERAL FUND REVENUE ACCOUNT**
**YEAR ENDED 31 DECEMBER 2008** **PAGE 7**

| | Notes | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| INCOME | | | |
| Investments | | 7,047 | 7,463 |
| Property and loans | | 133 | 199 |
| Deposit interest | | 672 | 737 |
| Sundries | | 128 | 170 |
| Interest on reserves | | 190 | 169 |
| | | 8,170 | 8,738 |
| EXPENDITURE | | | |
| Operating expenses | 10 | 2,064 | 1,742 |
| Professional fees (including investment management costs) | | 276 | 371 |
| Audit fees (including Unit Trusts) | | 91 | 86 |
| Pension liabilities | | 120 | 130 |
| | | 2,551 | 2,329 |
| Surplus of income over expenditure | | 5,619 | 6,409 |
| Allocations | | | |
| - Recommended | | (5,301) | (6,045) |
| - Prior year unexpended | | 296 | 227 |
| Surplus after allocations | | 614 | 591 |
| Transfers | 7 | | |
| - (to) allocations and FRS 17 reserves | | (610) | (588) |
| - from building development reserve | | 85 | 85 |
| - from computer development reserve | | 75 | 75 |
| - (to) staff pensions reserve - income in year | | (4) | (3) |
| - (to) general funds | | (160) | (160) |
| | | - | - |

*Signed:* *S Gamble*
*R Neill*
*Date:* *10 March 2009*

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**
**BALANCE SHEET**
**31 DECEMBER 2008** **PAGE 8**

| | Notes | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| EMPLOYMENT OF FUNDS | | | As restated |
| CURRENT ASSETS | | | |
| Debtors | | 1,254 | 1,844 |
| Cash on short term deposit | 14 | 56,944 | 65,075 |
| Bank balances | 14 | 339 | 552 |
| | | 58,537 | 67,471 |
| CURRENT LIABILITIES | | | |
| Current account income balances | 2 | 11,141 | 11,052 |
| Recommended allocations | 11 | 5,376 | 6,120 |
| Creditors | | 1,079 | 1,189 |
| | | 17,596 | 18,361 |
| NET CURRENT ASSETS | | 40,941 | 49,110 |
| LONG TERM (LIABILITY)/ASSET | | | |
| Staff pension scheme (deficit)/surplus | 15 | (3,699) | 289 |
| | | 37,242 | 49,399 |
| TANGIBLE FIXED ASSETS | 3 | 5,102 | 3,797 |
| INVESTMENTS | | | |
| Loans | | 1,167 | 1,602 |
| General funds | 4 | 121,990 | 209,871 |
| Specific trusts | 5 | 220,298 | 397,340 |
| | | 385,799 | 662,009 |
| FUNDS EMPLOYED | | | |
| General funds | 6 | 122,667 | 210,878 |
| General reserves | 7 | 2,387 | 6,819 |
| | | 125,054 | 217,697 |
| Pensions and related funds | 8 | 79,751 | 125,687 |
| Other trust funds | 9 | 180,994 | 318,625 |
| | | 385,799 | 662,009 |

*Signed:* *S Gamble*
*R Neill*
*Date:* *10 March 2009*

**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 2008** **PAGE 9**

| | Notes | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| Surplus from general revenue | | 5,619 | 6,409 |
| Currency translation movement | | (24,707) | (10,362) |
| Unrealised (deficit) on revaluation of investments and property | | (56,482) | (29,111) |
| (Loss)/profit on investment sales | | (7,985) | 10,418 |
| Actuarial (loss) on staff pension scheme | | (4,083) | (238) |
| Total recognised (losses) | | (87,638) | (22,884) |
| Recommended allocations | | (5,301) | (6,045) |
| Prior year unexpended allocations | | 296 | 227 |
| (Decrease) in funds employed | | (92,643) | (28,702) |
| Balance 1 January as previously stated | | 217,516 | 246,218 |
| Prior year adjustment | | 181 | - |
| Balance 1 January as restated | | 217,697 | 246,218 |
| Balance 31 December | | 125,054 | 217,516 |

*Signed:* *S Gamble*
*R Neill*
*Date:* *10 March 2009*

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**
**CASH FLOW STATEMENT**
**YEAR ENDED 31 DECEMBER 2008** **PAGE 10**

| | Notes | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| NET CASH FLOW FROM OPERATING ACTIVITIES | 12 | 6,347 | 6,658 |
| ALLOCATIONS OF INCOME PAID | | (5,749) | (5,417) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS | | | |
| Purchase of investments | | (55,922) | (29,953) |
| Sale of investments | | 49,732 | 30,087 |
| Advances of glebe, miscellaneous and car loans | | (62) | (293) |
| Repayment of glebe, miscellaneous and car loans | | 496 | 558 |
| Purchase of fixed assets | | (1,993) | (151) |
| Sale of fixed assets | | 458 | - |
| Pension related adjustment and payments | | (95) | (188) |
| NET CASH FLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS | | (7,386) | 60 |
| FINANCING | | | |
| Net cash inflow for specific trusts | | 11,666 | 4,291 |
| NET CASH FLOW FROM FINANCING | | 11,666 | 4,291 |
| INCREASE IN CASH | 13 | 4,878 | 5,592 |

*Signed:* *S Gamble*
*R Neill*
*Date:* *10 March 2009*

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**

**NOTES TO THE FINANCIAL STATEMENTS** **PAGE 11**

1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| INCOME | | |
| Investments | 10,161 | 13,448 |
| Deposit interest | 2,681 | 2,565 |
| | 12,842 | 16,013 |
| GIFT AID | | |
| Income tax refund on Gift Aid donations | 1,415 | 1,953 |
| | 14,257 | 17,966 |
| Less related administration charges | (596) | (734) |
| | 13,661 | 17,232 |
| Applied or paid to specific trusts or parishes | (13,661) | (17,232) |

A portion of specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €21.4m in the year ended 31 December 2008 (2007 €23.1m). 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

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Diocesan stipend & general funds | 6,904 | 6,649 |
| Parochial endowments | 206 | 289 |
| Miscellaneous diocesan trusts | 346 | 419 |
| General Synod trusts | 141 | 110 |
| Other trust income & suspense balances | 3,384 | 3,425 |
| Clergy pensions & related funds | 160 | 160 |
| | 11,141 | 11,052 |

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **PAGE 12**

3 TANGIBLE FIXED ASSETS

| | Premises | Furniture and fittings | Office equipment | Total |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Cost | | | | |
| At beginning of year | 3,469 | 440 | 1,220 | 5,129 |
| Additions | 1,958 | 19 | 82 | 2,059 |
| Disposals | (458) | - | - | (458) |
| Currency adjustment | (63) | - | (16) | (79) |
| At end of year | 4,906 | 459 | 1,286 | 6,651 |
| Depreciation | | | | |
| At beginning of year | 458 | 232 | 642 | 1,332 |
| Charge for year | 113 | 36 | 137 | 286 |
| Disposals | (57) | - | - | (57) |
| Currency adjustment | (8) | - | (4) | (12) |
| At end of year | 506 | 268 | 775 | 1,549 |
| Net book value | | | | |
| At beginning of year | 3,011 | 208 | 578 | 3,797 |
| At end of year | 4,400 | 191 | 511 | 5,102 |

The depreciation charge for Premises includes an amount of €20k relating to loss arising on the sale of a premises.

4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Investments at valuation | | |
| Ireland | | |
| Trustee | 2,525 | 1,501 |
| Bonds | 501 | 1,646 |
| Equities - financial | 1,389 | 14,856 |
| Equities - commercial (includes convertibles) | 8,112 | 15,733 |
| United Kingdom | | |
| Bonds | 461 | - |
| Equities | 37,825 | 74,022 |
| Unit trusts | 13,197 | 22,978 |
| Europe | | |
| Bonds | 22,118 | 21,579 |
| Unit trusts | 1,062 | 2,283 |
| Equities | 25,866 | 41,751 |
| Rest of the world | | |
| North America bonds | 306 | - |
| North America equities | 13 | 45 |
| | 113,375 | 196,394 |
| Other assets | | |
| Cash | 6,121 | 11,021 |
| | 119,496 | 207,415 |
| General reserves – investments | 2,494 | 2,456 |
| | 121,990 | 209,871 |

The fund value at year end includes €28,215, being value attributable to a holding in Anglo Irish Bank plc, subsequently nationalised by the Irish Government.

5 SPECIFIC TRUSTS – ANALYSIS OF FUND ASSETS

| | 2008 | 2007 |
|---|---|---|
| Investments at valuation | €'000 | €'000 |
| Ireland | | |
| Equities | - | 9,236 |
| Unit trusts (excluding RB) | 3,179 | 6,461 |
| United Kingdom | | |
| Trustee | - | 5,194 |
| Bonds | 6,558 | 3,525 |
| Equities | 19,509 | 26,788 |
| North America | | |
| Equities | - | 11,871 |
| Latin America | | |
| Equities | - | 850 |
| Europe | | |
| Unit trusts | - | 14,125 |
| Bonds | 8,371 | - |
| Equities | 23,680 | 23,949 |
| Pacific Basin | | |
| Equities | - | 8,807 |
| Global fund | | |
| Equities | 15,860 | - |
| Japan | | |
| Equities | - | 6,507 |
| | 77,157 | 117,313 |
| Other assets | | |
| Cash | 502 | 3,584 |
| Debtors | 67 | - |
| RB General Unit Trusts | 142,572 | 276,443 |
| | 220,298 | 397,340 |

The fund value at year end includes €162,450, being value attributable to a holding in Anglo Irish Bank plc, subsequently nationalised by the Irish Government.

**THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED** **PAGE 15**

6 GENERAL FUNDS

| | Balance at 1.1.08 | Currency translation movements | Capital changes/ movements | Loss on investment sales | Revaluation movements | Balance at 31.12.08 |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Realised value | 171,289 | (21,303) | 160 | (7,985) | - | 142,161 |
| Unrealised surplus/(deficit) on revaluation of investments | 39,222 | (3,058) | - | - | (56,025) | (19,861) |
| Unrealised surplus on revaluation of property | 367 | - | - | - | - | 367 |
| | 210,878 | (24,361) | 160 | (7,985) | (56,025) | 122,667 |

7 GENERAL RESERVES

| | Balance at 1.1.08 | Surplus | Currency translation movements | Capital changes | Revaluation movements | Balance at 31.12.08 |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Allocations reserve | 4,866 | 515 | (346) | - | (457) | 4,578 |
| Staff pension - FRS17 | 289 | 95 | - | (4,083) | - | (3,699) |
| Building development reserve | 1,056 | - | - | (85) | - | 971 |
| Computer development reserve | 525 | - | - | (75) | - | 450 |
| Staff pensions reserve | 83 | 4 | - | - | - | 87 |
| | 6,819 | 614 | (346) | (4,243) | (457) | 2,387 |

Opening reserves have been restated by €181,000 in light of the prior year adjustment as described in note 16.

8 PENSIONS AND RELATED FUNDS

| | Balance at 1.1.08 | Currency translation movements | Capital changes/ movements | Investment sales surplus | Revaluation movements | Balance at 31.12.08 |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Clergy Pensions Fund | 121,279 | (1,512) | (2,638) | - | (39,884) | 77,245 |
| Widows and Orphans Funds | 2,828 | (41) | - | - | (1,355) | 1,432 |
| Supplemental Fund | 1,036 | (181) | - | - | (274) | 581 |
| Clergy Pensions Fund (AVC scheme) | 544 | (21) | (30) | - | - | 493 |
| | 125,687 | (1,755) | (2,668) | - | (41,513) | 79,751 |

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.

9 OTHER TRUST FUNDS

| | Balance at 1.1.08 | Currency translation movements | Capital changes/ movements | Surplus on investment sales | Revaluation movements | Balance at 31.12.08 |
|---|---|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Parochial trusts and glebe sales | 186,347 | (8,601) | 388 | 146 | (72,732) | 105,548 |
| Diocesan stipend and general funds | 34,034 | (2,117) | 204 | - | (14,195) | 17,926 |
| Diocesan miscellaneous trusts | 14,359 | (587) | 63 | - | (6,397) | 7,438 |
| Diocesan episcopal funds | 6,879 | (416) | (3) | - | (2,873) | 3,587 |
| Less: diocesan car loans | (538) | 70 | 21 | - | - | (440) |
| | 241,081 | (11,651) | 673 | 146 | (96,197) | 134,059 |
| Sundry trusts | 62,954 | (2,468) | (1,169) | - | (20,294) | 39,023 |
| General Synod funds | 12,674 | (436) | 198 | - | (5,499) | 6,937 |
| Church of Ireland auxiliary funds | 1,916 | (43) | - | - | (898) | 975 |
| | 318,625 | (14,598) | (298) | 146 | (122,888) | 180,994 |

10 OPERATING EXPENSES

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| General administration | | |
| Salaries and wages | 1,991 | 1,786 |
| PRSI | 204 | 184 |
| Pension - inc actuarially calculated cost (note 15) | 216 | 174 |
| Other staff costs | 120 | 126 |
| Office supplies | 153 | 129 |
| Light, heat and power | 35 | 35 |
| Postage and telephones | 66 | 54 |
| Maintenance and repairs | 9 | 29 |
| Insurance, rates and taxes | 84 | 89 |
| Banking and other charges | 8 | 7 |
| Depreciation | 286 | 243 |
| | 3,172 | 2,856 |
| Less costs recovered | | |
| Specific trusts | (510) | (607) |
| Legal fees | (127) | (115) |
| Other charges | (824) | (739) |
| | 1,711 | 1,395 |
| Library | 223 | 209 |
| Central committees | 124 | 136 |
| Episcopal electors | 6 | 2 |
| | 2,064 | 1,742 |

11 RECOMMENDED ALLOCATIONS

| Balance sheet provision | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Maintenance of the stipendiary ministry | 1,487 | 1,538 |
| Retired clergy and surviving spouses | 1,180 | 1,353 |
| Training of ordinands | 1,520 | 1,661 |
| General Synod activities | 1,164 | 1,532 |
| Miscellaneous financing | 25 | 36 |
| | 5,376 | 6,120 |

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 | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| Surplus of income over expenditure | | 5,619 | 6,409 |
| Change in other debtors | | 435 | (90) |
| Change in creditors | | 24 | 83 |
| Net amortisation of fixed assets | | 229 | 243 |
| Effect of foreign exchange rate changes | | 40 | 13 |
| Net cash flow from operating activities | | 6,347 | 6,658 |

13 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

| | 2008 €'000 | 2007 €'000 |
|---|---|---|
| Balance at 1 January | 76,648 | 71,056 |
| Net cash inflow | 13,048 | 8,476 |
| Effect of foreign exchange rate changes | (8,170) | (2,884) |
| Balance at 31 December | 81,526 | 76,648 |

14 ANALYSIS OF CASH BALANCES

| | | 2008 €'000 | 2007 €'000 |
|---|---|---|---|
| Cash on short term deposit | | 56,944 | 65,075 |
| Due from bankers | | 339 | 552 |
| Cash held for RCB managed funds | | 18,122 | - |
| Cash held by investment managers | 4 | 6,121 | 11,021 |
| | | 81,526 | 76,648 |

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 as at 1 January 2008 and is available for inspection by the scheme members.

The 1 January 2008 valuation showed that the market value of the assets of the scheme was €9.042m which represented 93.9% of the benefits that had accrued to members after allowing for expected future increases in earnings, using the same basis for calculating liability as at the previous valuation in 2005.

The figures following for the year ending 31 December 2008 (and comparatives for 31 December 2007) show that the market value of the assets of the scheme to be €5.677m (€9.044m), and that this represents 60.5% of the value of benefits that had accrued to members as at that date. The market value of assets has fallen by €3.367m (37.2%) during the course of a turbulent year for financial and property markets. This compares to an average fall of 34.6% for Irish pension funds in the year. The present value of scheme liabilities as calculated by the actuary has increased from €8.755m to €9.376m in 2008.

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 5.75%.

The pension charge for the year as calculated under the guidelines of FRS 17 is €117,000 (2007: €90,000). 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 amounts recognised in the balance sheet are as follows:**

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Present value of funded obligations | (9,376) | (8,755) |
| Fair value of plan assets | 5,677 | 9,044 |
| Pension Liability in the balance sheet | (3,699) | 289 |

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**The amounts recognised in the profit and loss account are as follows:**

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Interest cost | 485 | 422 |
| Expected return on plan assets | (618) | (631) |
| Net finance income | (133) | (209) |
| Current service cost - included in other operating costs | 250 | 299 |
| | 117 | 90 |
| Actual return on plan assets | (3,181) | (291) |

| | 2008 | 2007 |
|---|---|---|
| | €'000 | €'000 |
| Actual less expected return on scheme assets | (3,809) | (922) |
| Experience losses on liabilities | (1,422) | (119) |
| Change in assumptions underlying the present value of the scheme liabilities | 1,148 | 803 |
| Actuarial Losses recognised in the STRGL | (4,083) | (238) |

| | | | 2008 | 2007 |
|---|---|---|---|---|
| | Pension Assets | Pension Liabilities | Pension Deficit | Pension Deficit |
| | €'000 | €'000 | €'000 | €'000 |
| At 31 December 2007 | 9,044 | (8,755) | 289 | 339 |
| Current Service Cost | - | (250) | (250) | (299) |
| Interest on scheme liabilities | - | (485) | (485) | (422) |
| Expected return on scheme assets | 618 | - | 618 | 631 |
| Actual less expected return on scheme assets | (3,809) | - | (3,809) | (922) |
| Experience losses on liabilities | - | (1,422) | (1,422) | (119) |
| Changes in assumptions | - | 1,148 | 1,148 | 803 |
| Benefits paid | (392) | 392 | - | - |
| Premiums paid | (19) | 19 | - | - |
| Contributions by plan participants | 23 | (23) | - | - |
| Employer contributions paid | 212 | - | 212 | 278 |

15 RETIREMENT BENEFITS - CONTINUED

**Risks and rewards arising from the assets**

At 31 December 2008 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair value of the scheme assets as a percent of total scheme assets and target allocations are set out below:

| | Planned 2009 | 2008 | 2007 |
|---|---|---|---|
| (as a percentage of total scheme assets) | % | % | % |
| Equities | 64 | 64 | 76 |
| Bonds | 24 | 24 | 12 |
| Property | 9 | 9 | 8 |
| Other | 3 | 3 | 4 |

**Basis of expected rate of return on scheme assets**

The fixed interest fund run by investment managers contains a mix of Gilts and corporate bonds with different earnings potential. Thus a range of different assumptions have been used to estimate the expected return.

For equities and property, the long term rate of return is expected to exceed that of bonds by a margin, the "risk premium". In assessing the equity risk premium, past returns have been analysed giving a risk premium of 3.75% above the long term gilt yields, giving an assumed return of 8%.

For property assets, the assumed rate of return is 5.5% reflecting an expectation that property returns will not match equity returns in the future. Thus, the overall expected return on scheme assets at 31 December 2008 is 6.59% (2007: 6.9%).

**The principal actuarial assumptions at the balance sheet date:**

| | 2008 | 2007 |
|---|---|---|
| | % | % |
| Discount rate | 5.75 | 5.50 |
| Future salary increases | 3.00 | 3.75 |
| Future pension increases | 2.00 | 2.25 |
| Inflation rate | 2.00 | 2.25 |

15 RETIREMENT BENEFITS - CONTINUED

Assumptions regarding future mortality are set based on advice from published statistics and experience. The average life expectancy in years for a pensioner retiring aged 65 is as follows:

| | 2008 | 2007 |
|---|---|---|
| Male | 21.8 | 21.8 |
| Female | 24.8 | 24.8 |

**Amounts for the current and previous four years are as follows**:

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Present value of the defined benefit obligation (€'000) | (9,376) | (8,755) | (9,032) | (9,018) | (8,015) |
| Fair value of plan assets (€'000) | 5,677 | 9,044 | 9,371 | 6,206 | 5,238 |
| Pension (deficit)/surplus (€'000) | (3,699) | 289 | 339 | (2,812) | (2,777) |
| Experience adjustments on plan liabilities as a percentage of scheme liabilities at the balance sheet date | (15.2%) | (1.4%) | 4.1% | 0.2% | (7.8%) |
| Experience adjustments on plan assets as a percentage of scheme assets at the balance sheet date | (15.2%) | (10.2%) | 5.8% | 13.0% | (4.0%) |

16 PRIOR YEAR ADJUSTMENT

Whereas in prior years interest receivable has been recognised only when the term was complete, as at 31 December 2008 full accruals accounting was adopted for the recording of interest attributable to deposits and similar financial instruments. The change of accounting policy was considered necessary as a result of the strategy of investing in financial instruments with increased periods to maturity, some of which spanned the year end. The relevant value included in the financial statements for 2008 is €199,700. The equivalent amount for 2007 was €181,000 and this is treated as a prior year adjustment in the Statement of Total Recognised Gains and Losses. The balancing amount of €18,700 has been included in income in the General Fund Revenue Account.