

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

FINANCIAL STATEMENTS – PAGE 1

YEAR ENDED 31 DECEMBER 2009

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
FINANCIAL STATEMENTS 2009 **PAGE 2**

CONTENTS

	PAGE
EXECUTIVE COMMITTEE AND OTHER INFORMATION	3
EXECUTIVE COMMITTEE REPORT	4
REPORT OF THE INDEPENDENT AUDITORS	5
ACCOUNTING POLICIES	6-7
GENERAL FUND REVENUE ACCOUNT	8
BALANCE SHEET	9
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES	10
CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS	12-24

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
- 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.

After a number of years when it has been possible to transfer surplus funds to the Allocations Reserve, the outcome for 2009 shows a deficit of €751,000, and transfers have to be made from Reserves to meet the cost of Allocations in 2010.

The impact of the financial storm which affected global markets in 2008 has had a delayed but damaging effect on income for the year. The Representative Body is heavily reliant on investment income and interest and both of these are considerably reduced, total income having fallen in euro terms by €2 million (24.5%). The Investment Committee has taken action to stabilise the level of income achievable from General Funds, but the outlook is difficult and it is not expected that there will be a quick return to the income levels being achieved in recent years.

Action has been taken to constrain operating costs and the charge for allocations, and it is appropriate to acknowledge subventions from the Ministry and the Royalties Funds, the reduced budgets for the General Synod and its committees, and the efforts of staff to contain overheads. Without these efforts the transfer from Reserves to meet allocations would have been considerably increased. Further and more painful reductions in costs will be necessary to enable a return to financial equilibrium over the coming years.

The value of invested funds under management, which fell dramatically in 2008, has increased from those low levels to €410 million (2008 - €342 million), an increase of 19.7%.

The Representative Body has undertaken to support the funding plan to return the Clergy Pension Fund to solvency, and as a result will be transferring €5 million from General Funds to the Clergy Pension Fund during 2010. The subvention from allocations to the Clergy Pension Fund in 2011 will, in consequence, be reduced.

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.

9 March 2010

S Gamble (Chairman, Executive Committee)



PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland
I.D.E. Box No. 137
Telephone +353 (0) 1 792 6000
Facsimile +353 (0) 1 792 6200
www.pwc.com/ie

Independent auditors' report to the Representative Body of the Church of Ireland

We have audited the financial statements of the Representative Body of the Church of Ireland for the year ended 31 December 2009 which comprise the General Fund Revenue Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the Representative 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 Trustee's Responsibilities.

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 Trustee 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 Representative Body 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 Representative 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.

The Representative Church Body – Report 2010



Independent auditors' report to The Representative Body of the Church of Ireland - continued

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 Body's affairs as at 31 December 2009 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

15 March 2010

The Trustee is responsible for the maintenance and integrity of the Church of Ireland website.

Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

The maintenance and integrity of the Church of Ireland's website is the responsibility of the Trustee; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

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 = £0.8881 (2008 €1 = £0.9525) 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: Premises: 2%; Furniture and fittings: 8%; Office equipment: General 20%, System software 10%, Other software 20%.
- (vii) **Allocations** – Allocations are recognised in the financial statements when they are approved by the Representative Body. Typically this occurs at the December meeting of the Representative Body when recommendations from the Allocations Committee are considered and a value for the year adopted by resolution.

- (viii) **Retirement benefits** – Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to General Fund Revenue Account comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the General Fund Revenue Account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. In previous years, the fair value of quoted securities held as scheme assets was determined using the mid market value. In the current year, the year-end bid price is taken as the fair value of these assets. The effect of this change in accounting policy is included in the actuarial gains and losses in the statement of total recognised gains and losses in the current year. Comparative years have not been restated as the effect of this change is not material. The defined contribution pension charge to General Fund Revenue Account comprises the contribution payable to the scheme for the year.

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
GENERAL FUND REVENUE ACCOUNT
YEAR ENDED 31 DECEMBER 2009 **PAGE 8**

	Notes	2009 €'000	2008 €'000
INCOME			
Investments		5,629	7,047
Property and loans		119	133
Deposit interest		147	672
Sundries		130	128
Interest on reserves		141	190
		6,166	8,170
EXPENDITURE			
Operating expenses	10	2,090	2,197
Professional fees (including investment management costs)		244	276
Audit fees (including Unit Trusts)		89	91
Pensions for retired staff		120	120
Staff pension scheme net finance	15	170	(133)
		2,713	2,551
Surplus of income over expenditure		3,453	5,619
Allocations			
- Allocations		(4,542)	(5,301)
- Prior year allocations unexpended		338	296
		(751)	614
(Deficit) / Surplus after allocations			
Transfers			
- from / (to) allocations and FRS 17 reserves	6,7	753	(610)
- from building development reserve		85	85
- from computer development reserve		75	75
- (to) staff pensions reserve - income in year		(2)	(4)
- (to) general funds		(160)	(160)
		-	-
		-	-

Signed: *S Gamble*
R Neill
Date: *9 March 2010*

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
BALANCE SHEET
31 DECEMBER 2009 **PAGE 9**

	Notes	2009 €'000	2008 €'000
CURRENT ASSETS			
Debtors		1,236	1,254
Cash on short term deposit	14	46,287	56,944
Bank balances	14	938	339
		48,461	58,537
CURRENT LIABILITIES			
Current account income balances	2	8,791	11,141
Allocations	11	4,817	5,376
Creditors		1,050	1,079
		14,658	17,596
NET CURRENT ASSETS		33,803	40,941
LONG TERM (LIABILITY)			
Staff pension scheme (deficit)	15	(2,252)	(3,699)
		31,551	37,242
TANGIBLE FIXED ASSETS	3	4,932	5,102
INVESTMENTS			
Loans		1,555	1,167
General funds	4	141,239	121,990
Specific trusts	5	268,582	220,298
TOTAL NET ASSETS		447,859	385,799
FUNDS EMPLOYED			
General funds	6	143,122	122,667
General reserves	7	3,214	2,387
GENERAL FUNDS EMPLOYED		146,336	125,054
Pensions and related funds	8	96,957	79,751
Other trust funds	9	204,566	180,994
TOTAL FUNDS EMPLOYED		447,859	385,799

Signed: *S Gamble*

R Neill

Date: *9 March 2010*

The Representative Church Body – Report 2010

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 2009 **PAGE 10**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	Notes	2009 €'000	2008 €'000
Surplus from general revenue		3,453	5,619
Currency translation movement	6,7	4,150	(24,707)
Unrealised surplus / (deficit) on revaluation of investments and property	6,7	27,307	(56,482)
(Loss) on investment sales	6	(10,986)	(7,985)
Actuarial profit / (loss) on staff pension scheme	15	1,562	(4,083)
Total recognised gains / (losses)		25,486	(87,638)
Allocations		(4,542)	(5,301)
Prior year allocations unexpended		338	296
Increase / (decrease) in funds employed		21,282	(92,643)
 RECONCILIATION OF MOVEMENT IN GENERAL FUNDS EMPLOYED			
Balance 1 January as previously stated		125,054	217,516
Prior year adjustment		-	181
Balance 1 January as restated		125,054	217,697
Increase / (decrease) in funds employed		21,282	(92,643)
Balance 31 December		146,336	125,054

Signed: *S Gamble*

R Neill

Date: *9 March 2010*

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2009 **PAGE 11**

	Notes	2009 €'000	2008 €'000
NET CASH FLOW FROM OPERATING ACTIVITIES	12	3,690	6,347
ALLOCATIONS OF INCOME PAID		(4,763)	(5,749)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of investments		(73,611)	(55,922)
Sale of investments		70,500	49,732
Advances of glebe, miscellaneous and car loans		(626)	(62)
Repayment of glebe, miscellaneous and car loans		237	496
Purchase of fixed assets		(113)	(1,993)
Sale of fixed assets		-	458
Pension related adjustment and capital movements		128	(95)
NET CASH FLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		(3,485)	(7,386)
FINANCING			
Net cash (outflow) / inflow for specific trusts		(22,378)	11,666
NET CASH FLOW FROM FINANCING		(22,378)	11,666
(DECREASE) / INCREASE IN CASH	13	(26,936)	4,878

Signed: *S Gamble*

R Neill

Date: *9 March 2010*

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

1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

	2009	2008
	€'000	€'000
INCOME		
Investments	7,956	10,161
Deposit interest	1,252	2,681
	<u>9,208</u>	<u>12,842</u>
GIFT AID		
Income tax refund on Gift Aid donations	1,637	1,415
	<u>10,845</u>	<u>14,257</u>
Less related administration charges	(494)	(596)
	<u>10,351</u>	<u>13,661</u>
Applied or paid to specific trusts or parishes	<u>(10,351)</u>	<u>(13,661)</u>

A portion of specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €22.4m in the year ended 31 December 2009 (2008 €21.4m). 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

	2009	2008
	€'000	€'000
Diocesan stipend & general funds	5,367	6,904
Parochial endowments	143	206
Miscellaneous diocesan trusts	371	346
General Synod trusts	193	141
Other trust income & suspense balances	2,524	3,384
Clergy pensions & related funds	193	160
	<u>8,791</u>	<u>11,141</u>

The Representative Church Body – Report 2010

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

3 TANGIBLE FIXED ASSETS

	Premises	Furniture and fittings	Office equipment	Total
	€'000	€'000	€'000	€'000
<u>Cost</u>				
At beginning of year	4,906	459	1,286	6,651
Additions	-	19	77	96
Disposals	-	-	-	-
Currency adjustment	15	-	6	21
At end of year	4,921	478	1,369	6,768
<u>Depreciation</u>				
At beginning of year	506	268	775	1,549
Charge for year	93	38	152	283
Disposals	-	-	-	-
Currency adjustment	3	-	1	4
At end of year	602	306	928	1,836
<u>Net book value</u>				
At beginning of year	4,400	191	511	5,102
At end of year	4,319	172	441	4,932

The Representative Church Body – Report 2010

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

4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS	2009	2008
	€'000	€'000
<u>Investments at valuation</u>		
Ireland		
Trustee	2,715	2,525
Bonds	703	501
Equities - financial	959	1,389
Equities - commercial (includes convertibles)	7,756	8,112
United Kingdom		
Bonds	626	461
Equities	31,316	37,825
Unit trusts	35,043	13,197
Europe		
Bonds	27,532	22,118
Unit trusts	-	1,062
Equities	31,218	25,866
Rest of the world		
North America bonds	-	306
North America equities	14	13
	137,882	113,375
<u>Other assets</u>		
Cash	1,800	6,121
	139,682	119,496
General reserves – investments	1,557	2,494
	141,239	121,990

The Representative Church Body – Report 2010

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

5 SPECIFIC TRUSTS – ANALYSIS OF FUND ASSETS	2009	2008
	€'000	€'000
<u>Investments at valuation</u>		
Ireland		
Unit trusts (excluding RB)	2,867	3,179
United Kingdom		
Bonds	6,616	6,558
Equities	26,532	19,509
Europe		
Bonds	8,475	8,371
Equities	30,134	23,680
Global fund		
Equities	19,255	15,860
	93,879	77,157
<u>Other assets</u>		
Cash	560	502
Debtors	15	67
RB General Unit Trusts	174,128	142,572
	268,582	220,298

The Representative Church Body – Report 2010

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

6 GENERAL FUNDS

	Balance at 1.1.09	Currency translation movements	Capital changes/ movements	Loss on investment sales	Revaluation movements	Balance at 31.12.09
	€'000	€'000	€'000	€'000	€'000	€'000
Realised value	142,161	4,859	160	(10,986)	-	136,194
Unrealised surplus/(deficit) on revaluation of investments	(19,861)	(816)	-	-	27,238	6,561
Unrealised surplus on revaluation of property	367	-	-	-	-	367
	<u>122,667</u>	<u>4,043</u>	<u>160</u>	<u>(10,986)</u>	<u>27,238</u>	<u>143,122</u>

7 GENERAL RESERVES

	Balance at 1.1.09	(Deficit)/ Surplus	Currency translation movements	Capital changes	Revaluation movements	Balance at 31.12.09
	€'000	€'000	€'000	€'000	€'000	€'000
Allocations reserve	4,578	(638)	107	-	69	4,116
Staff pension - FRS17	(3,699)	(115)	-	1,562	-	(2,252)
Building development reserve	971	-	-	(85)	-	886
Computer development reserve	450	-	-	(75)	-	375
Staff pensions reserve	87	2	-	-	-	89
	<u>2,387</u>	<u>(751)</u>	<u>107</u>	<u>1,402</u>	<u>69</u>	<u>3,214</u>

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 17**

8 PENSIONS AND RELATED FUNDS

	Balance at 1.1.09	Currency translation movements	Capital changes/ movements	Revaluation movements	Balance at 31.12.09
	€'000	€'000	€'000	€'000	€'000
Clergy Pensions Fund	77,245	27	(2,141)	18,858	93,989
Widows and Orphans Funds	1,432	8	-	255	1,695
Supplemental Fund	581	33	-	92	706
Clergy Pensions Fund (AVC scheme)	493	5	69	-	567
	79,751	73	(2,072)	19,205	96,957

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.

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 18**

9 OTHER TRUST FUNDS

	Balance at 1.1.09 €'000	Currency translation movements €'000	Capital changes/ movements €'000	Deficit on investment sales €'000	Revaluation movements €'000	Balance at 31.12.09 €'000
Parochial trusts and glebe sales	105,548	1,924	(3,491)	(31)	14,908	118,858
Diocesan stipend and general funds	17,926	391	(70)	-	3,070	21,317
Diocesan miscellaneous trusts	7,438	107	4	-	1,300	8,849
Diocesan episcopal funds	3,587	76	-	-	618	4,281
Less: diocesan car loans	(440)	(17)	103	-	-	(354)
	<u>134,059</u>	<u>2,481</u>	<u>(3,454)</u>	<u>(31)</u>	<u>19,896</u>	<u>152,951</u>
Sundry trusts	39,023	476	(1,160)	(45)	4,047	42,341
General Synod funds	6,937	80	18	(36)	1,119	8,118
Church of Ireland auxiliary funds	975	8	-	-	173	1,156
	<u>180,994</u>	<u>3,045</u>	<u>(4,596)</u>	<u>(112)</u>	<u>25,235</u>	<u>204,566</u>

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 19**

10 OPERATING EXPENSES	2009	2009	2008	2008
	€'000	€'000	€'000	€'000
Salaries and wages		1,898		1,991
PRSI		191		204
Staff pension costs		289		349
Other staff costs		69		120
Office supplies		129		153
Light, heat and power		31		35
Postage and telephones		43		66
Maintenance and repairs		21		9
Insurance, rates and taxes		62		84
Banking and other charges		4		8
Depreciation		283		286
General administration total		<u>3,020</u>		<u>3,305</u>
Library		230		223
Central committees		105		124
Episcopal electors		-		6
		<u>3,355</u>		<u>3,658</u>
<u>Less costs recovered</u>				
Specific trusts	(393)		(510)	
Legal fees	(145)		(127)	
Other charges	(727)		(824)	
		<u>(1,265)</u>		<u>(1,461)</u>
		<u>2,090</u>		<u>2,197</u>
11 ALLOCATIONS		2009		2008
		€'000		€'000
Maintenance of the stipendiary ministry		1,294		1,487
Retired clergy and surviving spouses		1,174		1,180
Training of ordinands		1,315		1,520
General Synod activities		1,009		1,164
Miscellaneous financing		25		25
		<u>4,817</u>		<u>5,376</u>

The balance sheet figure of allocations is the gross amount committed by the Representative Church Body to be expended on wider church activities in 2010. (The charge in the General Fund Revenue Account is net of subsidies from other funds). Allocations are recognised in the financial statements when they are approved by the Representative Body, typically in the December meeting.

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

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	2009 €'000	2008 €'000
Surplus of income over expenditure		3,453	5,619
Change in other debtors		(6)	435
Change in creditors		(34)	24
Net amortisation of fixed assets	3	283	229
Effect of foreign exchange rate changes		(6)	40
Net cash flow from operating activities		<u>3,690</u>	<u>6,347</u>

13 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

		2009 €'000	2008 €'000
Net cash (outflow) / inflow		(29,479)	13,048
Effect of foreign exchange rate changes		2,543	(8,170)
(Decrease) / increase in cash		<u>(26,936)</u>	<u>4,878</u>
Balance at 1 January		81,526	76,648
Balance at 31 December	14	<u>54,590</u>	<u>81,526</u>

14 ANALYSIS OF CASH BALANCES

		2009 €'000	2008 €'000
Cash on short term deposit		46,287	56,944
Due from bankers		938	339
Cash held for RCB managed funds		5,565	18,122
Cash held by investment managers	4	1,800	6,121
		<u>54,590</u>	<u>81,526</u>

Cash held for RCB managed funds is held for the RB General Unit Trusts and is included under this heading in Specific Trust assets in Note 5.

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 for the year ending 31 December 2009 (and comparatives for 31 December 2008) show that the market value of the assets of the scheme to be €6.861m (€5.677m), and that this represents 75.3% of the value of benefits that had accrued to members as at that date. The market value of assets has improved by €1.184m (20.9%) during the year, the latter part of the year being particularly strong for international stock values. This compares to an average increase of 21.1% for Irish pension funds in the year. The present value of scheme liabilities as calculated by the actuary has decreased from €9.376m to €9.113m in 2009.

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 6.00%.

Actuarial calculation of the amounts to be recognised in the general revenue account is shown in note '15c' following. The net finance income or expense is shown on page '7' and the current service cost is included in operating expenses.

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

The amounts recognised in the balance sheet are as follows:

	2009	2008
	€'000	€'000
Present value of funded obligations	(9,113)	(9,376)
Fair value of plan assets	6,861	5,677
Pension Liability in the balance sheet	<u>(2,252)</u>	<u>(3,699)</u>

The Representative Church Body – Report 2010

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 22**

15 RETIREMENT BENEFITS - CONTINUED

(c) The amounts recognised in the general revenue account are as follows:

	2009	2008
	€'000	€'000
Interest cost	542	485
Expected return on plan assets	(372)	(618)
Net finance income / (expense)	170	(133)
Current service cost - included in operating expenses	205	250
	<u>375</u>	<u>117</u>
Actual return on plan assets	<u>1,251</u>	<u>(3,191)</u>

(d) The amounts recognised in the Statement of Total Recognised Gains & Losses (STRGL) are as follows:

	2009	2008
	€'000	€'000
Actual less expected return on scheme assets	879	(3,809)
Experience gains/(losses) on liabilities	257	(1,422)
Change in assumptions underlying the present value of the scheme liabilities	426	1,148
Actuarial gains/(losses) recognised in the STRGL	<u>1,562</u>	<u>(4,083)</u>

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses up to and including the financial year ended 31 December 2009 is €2.758m.

			2009	2008
	Pension Assets	Pension Liabilities	Pension Deficit	Pension Deficit
	€'000	€'000	€'000	€'000
(e) Movement in Scheme Assets and Liabilities				
At 31 December 2008	5,677	(9,376)	(3,699)	289
Current Service Cost	-	(205)	(205)	(250)
Interest on scheme liabilities	-	(542)	(542)	(485)
Expected return on scheme assets	372	-	372	618
Actual less expected return on scheme assets	879	-	879	(3,809)
Experience losses on liabilities	-	257	257	(1,422)
Changes in assumptions	-	426	426	1,148
Benefits paid	(339)	339	-	-
Premiums paid	(25)	25	-	-
Contributions by plan participants	37	(37)	-	-
Employer contributions paid	260	-	260	212
At 31 December 2009	<u>6,861</u>	<u>(9,113)</u>	<u>(2,252)</u>	<u>(3,699)</u>

15 RETIREMENT BENEFITS - CONTINUED

(f) Risks and rewards arising from the assets

At 31 December 2009 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		
(as a percentage of total scheme assets)	2009	2008	2007
	%	%	%
Equities	69	64	76
Bonds	19	24	12
Property	5	9	8
Other	7	3	4

(g) 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 4.0% above the long term gilt yields, giving an assumed return of 8.0%.

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 2009 is 6.73% (2008: 6.59%).

(h) The principal actuarial assumptions at the balance sheet date:

		2009	2008
		%	%
Discount rate		6.00	5.75
Future salary increases	Nil in 2010, thereafter	3.00	3.00
Future pension increases		2.00	2.00
Inflation rate		2.00	2.00

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:

	2009	2008
Male	22.8	21.8
Female	25.8	24.8

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

	2009	2008	2007	2006	2005
Present value of the defined benefit obligation (€'000)	(9,113)	(9,376)	(8,755)	(9,032)	(9,018)
Fair value of plan assets (€'000)	6,861	5,677	9,044	9,371	6,206
Pension (deficit)/surplus (€'000)	(2,252)	(3,699)	289	339	(2,812)
Experience adjustments on plan liabilities as a percentage of scheme liabilities at the balance sheet date	2.8%	(15.2%)	(1.4%)	4.1%	2.5%
Experience adjustments on plan assets as a percentage of scheme assets at the balance sheet date	12.8%	(67.1%)	(10.2%)	5.8%	13.0%