- Mr S Gamble

ex officio

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

- 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

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

- Northern Trust
  Canary Wharf, London E14 5NT

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

- 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

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

Following the dramatic fall in investment income in 2009, income in 2010 showed signs of stabilising, and, partly aided by a more beneficial sterling to euro exchange rate, improved overall by 3.3%. Costs also were stable, and aided by continuing restraint by spending committees and a consequent reduction in allocations, the like for like deficit was reduced from €751k in 2010 to €247k in 2010. This result was after providing for €157k being the net cost arising in 2010 of a voluntary redundancy programme in Church House which will reduce longer term employment costs.

The first €5 million of a series of planned transfers of capital from General Funds to the Clergy Pension Fund was made in 2010 and has the consequence for General Funds that earning capability is impaired going forward. The corollary of this is that a contributor to the fall of €350k in the allocations charge for 2011 was a reduction of €250k in the annual RCB subvention to the Clergy Pension Fund. Future transfers of capital will be matched similarly. The Clergy Pension Fund will benefit not only from the capital injection but also from internal enhanced earning power.

The outlook for the world economy, and thus for future earnings potential, is uncertain and growth prospects could be damaged by unforeseen world events. The Executive Committee continues to plan for the future with prudence, taking these uncertainties into account.

Following the satisfactory resolution of trust based issues, the profit arising from the sale of a property in Belfast has been recognised at €799k in 2010. Net of the funding cost of the redundancy programme, the balance of this profit was reinvested in General Funds. The value written off against the Allocations Reserve in 2010 was €92k, and the value of that Reserve at year end was €3.8 million.

As noted in the accounting policies following, the presentation of the accounts will be changing for 2011 year end, and this is being done to make them more informative for the reader and more consistent with current and expected future accounting practice for charities.

Statement of Trustee's Responsibilities

The Representative Body, as Trustee, is responsible for preparing the annual report and the financial statements in accordance with the accounting policies of the Representative Body. 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;
- disclose and explain material differences from applicable Accounting Standards;
- 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. 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.

8 March 2011 *S Gamble* (Chairman, Executive Committee)

PRICEWATERHOUSECOOPERS

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 on pages 6 to 28. These financial statements have been prepared in accordance with the accounting policies as set out on pages 6 to 8.

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 the accounting policies are set out in the Statement of Trustee's 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 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 are properly prepared in all material [redacted] state of affairs and results of the Representative Body of the Church of Ireland in accordance therewith.

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 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.

PRICEWATERHOUSECOOPERS

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

Opinion
In our opinion the financial statements have been properly prepared in accordance with the Accounting Policies in Note 1 and present the state of affairs of the Representative Body of the Church of Ireland at 31 December 2010 and of its result for the year then ended in accordance with these accounting policies.

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

9 March 2011

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

(i) – The financial statements have been prepared in accordance with accounting policies of the Representative Body.

The accounting policies adopted by the Representative Body for the year ended 31 December, 2010, are set out following.

(ii) – The Representative Body has classified its investments as financial assets at fair value.

Initial measurement

Purchases and sales of financial instruments are accounted for at trade date for financial statement purposes. Realised gains and losses on disposals of financial instruments are calculated based on the difference between the average cost of the assets sold and the sale proceeds at the date of sale. Transaction costs for financial instruments are recognised directly and included in the cost of the investment. Transaction costs associated with the disposal of a financial instrument are offset against the sales proceeds received.

Subsequent measurement

After initial measurement the Representative Body measures financial instruments at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable , willing parties in an arm's length transaction. On the last business day of the year when markets are open for business, the fair value of financial instruments is based on their official closing prices on a recognised exchange. Both realised and unrealised gains and losses on arm's length transactions are recognised in the Statement of Total Recognised Gains and Losses on page 11.

In the case of instruments not traded on an exchange fair value is determined on the basis of their probable realisable value at the balance sheet date, determined with care and in good faith by a competent person appointed by the Head of Investments, approved by the Investment Committee for that purpose, without any deduction for estimated future selling costs.

(iii) – 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.

(iv) – The Functional and Presentation currency of the Representative Body is Euro. This is considered to be the currency of the primary economic environment.

Assets and liabilities in currencies other than the functional currency of the Representative Body are translated into euro at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the functional currency of the Representative Body are translated into euro at the rates ruling at the transaction date. Gains and losses on foreign exchange transactions are recognised in the Statement of Total Recognised Gains and Losses on page 11. Sterling is the most significant currency other than euro for transactional and balance sheet purposes, and at the year end the rate for the year end was €1 = £0.8607 (2009 €1 = £0.8881).

(v) – The Representative Body has been granted charitable taxation status by the Revenue Commissioners and by HM Revenue and Customs in the tax jurisdictions of Ireland and the United Kingdom respectively. It is recognised as a charity under section 207 of the Taxes Consolidation Acts, 1997, with the registration number CHY2900, and under the Section 505 of the Income and Corporation Tax Act 1988, under registration number XN45816.

The Representative Body is not generally chargeable to Irish and UK taxation its income or capital gains. Withholding tax refunds received are recognised at the point when they are recovered.

(vi) – Loans are stated at book cost at the balance sheet date.

(vii) – The Representative Body manages a variety of risks, including market price, interest rate, foreign currency and liquidity, through the maintenance of a widely diversified portfolio of actively traded financial instruments. Note 18 to the financial statements sets out the exposure and the detail of treatment adopted.

(viii) Current accounts (see note 2) are treated as current liabilities in the financial statements, as by their nature they are amounts which are owned by other entities, or have a committed purpose, or are reserved specifically for a future purpose.

(ix) – 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% to 10%; Furniture and fittings: 8% to 10%; Office equipment: General 20%, System software 10%, Other software 20%.

(x) – 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.

(xi) 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. The year-end bid price is taken as the fair value of these assets. The defined contribution pension charge to General Fund Revenue Account comprises the contribution payable to the scheme for the year.

2. The Representative Body plans to restructure the presentation of its financial statements with effect from 1 January, 2011.

This will involve the following:

- A columnar layout of a Statement of Financial Activity (SOFA) based on a fund generating category basis to be determined and agreed by management
- The SOFA will disclose separately by fund type incoming resources (‘income’), resources expended (‘expenditure’), transfers, allocations and realised and unrealised gains and losses on the face of this primary financial statement
- A columnar split or separate Balance Sheet for each of General Funds, Specific Trusts and RCB Funds
- The assets of the Clergy Pension Fund will not be included and will be presented only in separate Clergy Pension Fund statements

The restructuring of the presentation of the financial statements is planned to achieve:

- That the financial statements will comply with the requirements of Generally Accepted Accounting Practice in Ireland and are to be prepared in accordance with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities, issued in February, 2005.
- That the financial statements can be readily and easily understood by their principal users and readers and that changes are well planned and executed within the organisation.

	Notes	2010 €'000	2009 €'000
INCOME			
Investments		5,886	5,629
Property and loans		139	119
Deposit interest		78	147
Sundries		146	130
Interest on reserves		124	141
		6,373	6,166
EXPENDITURE			
Operating expenses	11	1,956	2,090
Professional fees (including investment management costs)		315	244
Audit fees (including Unit Trusts)		79	89
Pensions for retired staff		123	120
Staff pension scheme net finance expense	16c	88	170
Reorganisation costs	17a	157	-
		2,718	2,713
Surplus of income over expenditure		3,655	3,453
Allocations			
- Allocations		(4,191)	(4,542)
- Prior year allocations unexpended		289	338
(Deficit) after general allocations		(247)	(751)
Special contribution to Clergy Pension Fund	17b	(5,000)	-
Profit on sale of property	17c	799	-
		(4,448)	(751)
Transfers	6 & 7		
- from / (to) allocations and FRS 17 reserves		92	753
- from building development reserve		85	85
- from computer development reserve		75	75
- (to) staff pensions reserve - income in year		(2)	(2)
- from/(to) general funds		4,198	(160)
		-	-

Signed: *S Gamble*
R Neill
Date: *08 March 2011*

	Notes	2010 €'000	2009 €'000 As restated
CURRENT ASSETS			
Debtors		1,197	1,236
Cash on short term deposit	15	42,632	46,287
Bank balances	15	-	938
		43,829	48,461
CURRENT LIABILITIES			
Current account income balances	2	8,059	8,645
Allocations	12	4,391	4,817
Creditors		1,144	1,050
Bank balances	15	117	-
		13,711	14,512
NET CURRENT ASSETS		30,118	33,949
LONG TERM (LIABILITY)			
Staff pension scheme (deficit)	16	(3,195)	(2,252)
		26,923	31,697
TANGIBLE FIXED ASSETS	3	4,852	4,932
INVESTMENTS			
Loans		1,456	1,555
General funds	4	144,311	141,239
RCB funds		4,354	3,668
Specific trusts	5	281,400	264,914
TOTAL NET ASSETS		463,296	448,005
FUNDS EMPLOYED			
General funds	6	145,700	143,122
General reserves	7	1,798	3,214
GENERAL FUNDS EMPLOYED		147,498	146,336
RCB funds	9	4,708	3,814
Pensions and related funds	8	110,931	96,957
Other trust funds	10	200,159	200,898
TOTAL FUNDS EMPLOYED		463,296	448,005

Signed: *S Gamble*
R Neill
Date: *08 March 2011*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	Notes	2010 €'000	2009 €'000
Deficit after general allocations		(247)	(751)
Transfer to Clergy Pension Fund		(5,000)	-
Profit on sale of property		799	-
		(4,448)	(751)
Currency translation movement	6 & 7	2,299	4,150
Unrealised surplus on revaluation of investments and property	6 & 7	4,809	27,307
(Loss) on investment sales	6	(555)	(10,986)
Actuarial (loss)/profit on staff pension scheme	16d	(943)	1,562
Increase in funds employed		1,162	21,282

RECONCILIATION OF MOVEMENT IN GENERAL FUNDS EMPLOYED

Balance 1 January	146,336	125,054
Increase in funds employed	1,162	21,282
Balance 31 December	147,498	146,336

Signed: *S Gamble*
R Neill
Date: *08 March 2011*

	Notes	2010 €'000	2009 €'000 As restated
NET CASH FLOW FROM OPERATING ACTIVITIES	13	3,976	3,690
ALLOCATIONS OF INCOME PAID		(4,327)	(4,763)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of investments		(46,408)	(73,611)
Sale of investments		49,362	70,500
Advances of glebe, miscellaneous and car loans		(587)	(626)
Repayment of glebe, miscellaneous and car loans		685	237
Purchase of fixed assets		(217)	(113)
Sale of fixed assets		832	-
Pension related adjustment and capital movements		(4,933)	128
NET CASH FLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		(1,266)	(3,485)
FINANCING			
Net cash inflow/ (outflow) - RCB funds		208	(862)
Net cash (outflow) for specific trusts		(3,347)	(21,516)
NET CASH FLOW FROM FINANCING		(3,139)	(22,378)
(DECREASE) IN CASH	14	(4,756)	(26,936)

Signed: *S Gamble*
R Neill
Date: *08 March 2011*

1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

	2010 €'000	2009 €'000 As restated
INCOME		
Investments	7,456	7,772
Deposit interest	1,001	1,252
	8,457	9,024
GIFT AID		
Income tax refund on Gift Aid donations	1,622	1,637
	10,079	10,661
Less related administration charges	(500)	(494)
	9,579	10,167
Applied or paid to specific trusts or parishes	(9,579)	(10,167)

A portion of specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €22.5m in the year ended 31 December 2010 (2009 €22.4m). The balance of the cost of remuneration and pensions is funded by transfers from dioceses and from General Synod allocations.

Income relating to RCB Funds is shown, net of outgoings, in note 9, and investment income in 2009 has been restated accordingly.

2 CURRENT ACCOUNT INCOME BALANCES

	2010 €'000	2009 €'000 As restated
Diocesan stipend & general funds	5,005	5,367
Parochial endowments	94	143
Miscellaneous diocesan trusts	401	371
General Synod trusts	147	193
Other trust income & suspense balances	2,229	2,378
Clergy pensions & related funds	183	193
	8,059	8,645

Current account income balances have been restated for 2009 to exclude those balances relating to RCB funds - see note 9.

3 TANGIBLE FIXED ASSETS

	Premises	Furniture and fittings	Office equipment	Total
	€'000	€'000	€'000	€'000
Cost				
At beginning of year	4,921	478	1,369	6,768
Additions	200	-	10	210
Disposals	(41)	-	-	(41)
Currency adjustment	7	-	3	10
At end of year	5,087	478	1,382	6,947
Depreciation				
At beginning of year	602	306	928	1,836
Charge for year	113	38	113	264
Disposals	(7)	-	-	(7)
Currency adjustment	1	-	1	2
At end of year	709	344	1,042	2,095
Net book value				
At beginning of year	4,319	172	441	4,932
At end of year	4,378	134	340	4,852

Premises additions of €0.2m represent the balance from €1.3m of refurbishment costs for the Church of Ireland Theological Institute not borne by the Auxiliary Fund and Sundry Project Fund (€1.0m), or by Allocations specifically provided to meet that cost.

4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS

	2010	2009
	€'000	€'000
Investments at valuation		
Ireland		
Government bonds	3,426	2,715
Corporate bonds	363	703
Equities - financial	340	959
Equities - commercial	9,331	7,756
Unit trusts	168	-
United Kingdom		
Bonds	-	626
Equities	35,768	31,316
Unit trusts	36,133	35,043
Europe		
Bonds	24,574	27,532
Equities	30,554	31,218
Rest of the world		
North America equities	13	14
	140,670	137,882
Other assets		
Cash	1,341	1,800
	142,011	139,682
General reserves		
Government bonds	1,739	986
RB General Unit Trust (RI)	561	571
	144,311	141,239

5 SPECIFIC TRUSTS – ANALYSIS OF FUND ASSETS

	2010	2009
	€'000	€'000
Investments at valuation		As restated
Ireland		
Unit trusts (excluding RB)	3,084	2,867
United Kingdom		
Bonds	7,745	6,616
Equities	32,109	26,532
Europe		
Bonds	8,804	8,475
Equities	33,749	30,134
Global fund		
Equities	22,240	19,255
	107,731	93,879
Other assets		
Cash	661	560
Debtors	18	15
RB General Unit Trusts	172,990	170,460
	281,400	264,914

6 GENERAL FUNDS

	Balance at 1.1.10	Currency translation movements	Capital changes/ movements	Loss on investment sales	Revaluation movements	Balance at 31.12.10
	€'000	€'000	€'000	€'000	€'000	€'000
Realised value	136,194	2,280	(4,198)	(555)	-	133,721
Unrealised surplus/(deficit) on revaluation of investments	6,561	-	-	-	5,051	11,612
Unrealised surplus on revaluation of property	367	-	-	-	-	367
	143,122	2,280	(4,198)	(555)	5,051	145,700

General Funds capital changes records the transfer of €5.0m to support the solvency of the Clergy Pension Fund, less reinvestments of funds resulting from the realised profit on the sale of a property less reorganisation costs (€642k - see note 17) and the annual repayment of funds from the Building and Computer development reserves (€160k - see note 7).

7 GENERAL RESERVES

	Balance at 1.1.10	Surplus	Currency translation movements	Capital changes	Revaluation movements	Balance at 31.12.10
	€'000	€'000	€'000	€'000	€'000	€'000
Allocations reserve	4,116	550	19	(642)	(242)	3,801
Staff pension - FRS 17	(2,252)	-	-	(943)	-	(3,195)
Building development reserve	886	-	-	(85)	-	801
Computer development reserve	375	-	-	(75)	-	300
Staff pensions reserve	89	2	-	-	-	91
	3,214	552	19	(1,745)	(242)	1,798

8 PENSIONS AND RELATED FUNDS

	Balance at 1.1.10	Currency translation movements	Capital changes/ movements	Revaluation movements	Balance at 31.12.10
	€'000	€'000	€'000	€'000	€'000
Clergy Pensions Fund	93,989	-	3,109	10,719	107,817
Widows and Orphans Funds	1,695	4	-	(18)	1,681
Supplemental Fund	706	18	-	39	763
Clergy Pensions Fund (AVC scheme)	567	3	100	-	670
	96,957	25	3,209	10,740	110,931

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 RCB FUNDS

	Balance at 1.1.10	Currency translation movements	Capital changes/ movements	Net income	Revaluation movements	Balance at 31.12.10
	€'000	€'000	€'000		€'000	€'000
Auxiliary and Sundry Projects Funds	3,668	36	587	-	63	4,354
Revenue balances	146	-	-	208	-	354
	3,814	36	587	208	63	4,708

RCB Funds represent endowments and trusts the disposition of which is entirely at the discretion of the Representative Church Body. In prior years the capital of these funds was included in Other Trust Funds, and the income in Current Accounts.

See notes 2 and 10.

10 OTHER TRUST FUNDS

	Balance at 1.1.10	Currency translation movements	Capital changes/ movements	Profit/ (loss) on sales	Revaluation movements	Balance at 31.12.10
	€'000	€'000	€'000	€'000	€'000	€'000
	As restated					
Parochial trusts and glebe sales	118,858	910	(587)	24	31	119,236
Diocesan stipend and general funds	21,317	208	28	-	227	21,780
Diocesan miscellaneous trusts	8,849	58	(239)	(61)	84	8,691
Diocesan episcopal funds	4,286	41	-	-	43	4,370
Less: diocesan car loans	(359)	(4)	(102)	-	-	(465)
	152,951	1,213	(900)	(37)	385	153,612
Sundry trusts	39,829	230	(1,547)	3	(171)	38,344
General Synod funds	8,118	42	7	50	(14)	8,203
	200,898	1,485	(2,440)	16	200	200,159

The opening balance of Other Trust Funds has been restated to exclude the capital represented by RCB Trusts - see note 9.

11 OPERATING EXPENSES

	2010 €'000	2010 €'000	2009 €'000	2009 €'000
Salaries and wages		1,817		1,898
PRSI		185		191
Staff pension costs		242		289
Other staff costs		48		69
Office supplies		129		129
Light, heat and power		28		31
Postage and telephones		42		43
Maintenance and repairs		8		21
Insurance, rates and taxes		83		62
Banking and other charges		10		4
Depreciation		263		283
General administration total		2,855		3,020
Library		222		230
Central committees		89		105
Episcopal electors		-		-
		3,166		3,355
Less costs recovered				
Specific trusts	(408)		(393)	
Legal fees	(58)		(145)	
Other charges	(744)		(727)	
		(1,210)		(1,265)
		1,956		2,090

12 ALLOCATIONS

	2010 €'000	2009 €'000
Maintenance of the stipendiary ministry	1,275	1,294
Retired clergy and surviving spouses	943	1,174
Training of ordinands	1,212	1,315
General Synod activities	960	1,009
Miscellaneous financing	1	25
	4,391	4,817

The balance sheet figure of allocations is the gross amount committed by the Representative Church Body to be expended on wider church activities in 2011. (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 at the December meeting.

13 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:

		2010	2009
	Notes	€'000	€'000
Surplus of income over expenditure		3,655	3,453
Change in other debtors		(15)	(6)
Change in creditors		71	(34)
Net amortisation of fixed assets	3	264	283
Effect of foreign exchange rate changes		1	(6)
Net cash flow from operating activities		3,976	3,690

14 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

		2010	2009
		€'000	€'000
Net cash (outflow)		(5,433)	(29,479)
Effect of foreign exchange rate changes		677	2,543
(Decrease) in cash		(4,756)	(26,936)
Balance at 1 January		54,590	81,526
Balance at 31 December	15	49,834	54,590

15 ANALYSIS OF CASH BALANCES

		2010	2009
		€'000	€'000
Cash on short term deposit		42,632	46,287
Due (to)/from bankers		(117)	938
Cash held for RCB managed funds		5,978	5,565
Cash held by investment managers	4	1,341	1,800
		49,834	54,590

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.

16 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 scheme is closed to new 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.

The figures for the year ending 31 December 2010 (and comparatives for 31 December 2009) show that the fair value of the assets of the scheme to be €7.674m (€6.861m), and that this represents 73.1% of the value of benefits that had accrued to members as at that date. The market value of assets has improved by €0.813m (11.8%) during the year. This compares to an average increase of 11.4% for Irish pension funds in the year. The present value of scheme liabilities as calculated by the actuary has increased from €9.113m to €10.869m in 2010.

Amongst 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 5.4%.

Actuarial calculation of the amounts to be recognised in the general revenue account is shown in note 16c 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

	2010 €'000	2009 €'000
Present value of funded obligations	(10,869)	(9,113)
Fair value of plan assets	7,674	6,861
Pension Liability in the balance sheet	(3,195)	(2,252)

16 RETIREMENT BENEFITS - CONTINUED

(c)

	2010 €'000	2009 €'000
Interest cost	548	542
Expected return on plan assets	(460)	(372)
Net finance expense	88	170
Current service cost - included in operating expenses	177	205
	265	375
Actual return on plan assets	867	1,251

(d)

	2010 €'000	2009 €'000
Actual less expected return on scheme assets	407	879
Experience gains on liabilities	91	257
Change in assumptions underlying the present value of the scheme liabilities	(1,441)	426
Actuarial (losses)/gains recognised in the STRGL	(943)	1,562

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses up to and including the financial year ended 31 December 2010 is €3.701m.

(e) Movement in Scheme Assets and Liabilities	Pension Assets €'000	Pension Liabilities €'000	2010 Pension Deficit €'000	2009 Pension Deficit €'000
At 31 December 2009	6,861	(9,113)	(2,252)	(3,699)
Current Service Cost	-	(177)	(177)	(205)
Interest on scheme liabilities	-	(548)	(548)	(542)
Expected return on scheme assets	460	-	460	372
Actual less expected return on scheme assets	407	-	407	879
Experience gains on liabilities	-	91	91	257
Changes in assumptions	-	(1,441)	(1,441)	426
Benefits paid	(337)	337	-	-
Premiums paid	(46)	46	-	-
Contributions by plan participants	63	(63)	-	-
Employer contributions paid	265	-	265	260
At 31 December 2010	7,673	(10,868)	(3,195)	(2,252)

16 RETIREMENT BENEFITS - CONTINUED

(f)

At 31 December 2010 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities and properties. The fair values of the scheme assets as a percentage of total scheme assets and target allocations are set out below:

(as a percentage of total scheme assets)	Planned 2010 %	2009 %	2008 %
Equities	73	69	64
Bonds	14	19	24
Property	4	5	9
Cash	9	7	3

(g)

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 has 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 2010 is 6.88% (2009: 6.73%).

(h)

	2010 %	2009 %
Discount rate	5.40	6.00
Future salary increases	3.00	3.00
Future pension increases	2.00	2.00
Inflation rate	2.00	2.00

16 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:

	2010	2009
		As restated
Male	22.8	20.7
Female	24.4	23.8

	2010	2009	2008	2007	2006
Present value of the defined benefit obligation (€'000)	(10,869)	(9,113)	(9,376)	(8,755)	(9,032)
Fair value of plan assets (€'000)	7,674	6,861	5,677	9,044	9,371
Pension (deficit)/surplus (€'000)	(3,195)	(2,252)	(3,699)	289	339
Experience adjustments on plan liabilities as a percentage of scheme liabilities at the balance sheet date	0.84%	2.8%	(15.2%)	(1.4%)	(4.1%)
Experience adjustments on plan assets as a percentage of scheme assets at the balance sheet date	5.30%	12.8%	(67.1%)	(10.2%)	5.8%

17 EXCEPTIONAL ITEMS

a The costs of a voluntary severance programme are shown as reorganisation costs, net of expected rebate from the state.

b A special contribution of €5m was made in 2010 to support the solvency of the Church of Ireland Clergy Pension Fund.

c Profit on the sale of a property has been recognised in 2010 following resolution of trust ownership issues.

18 FINANCIAL INSTRUMENTS

The main risks to the Representative Church Body (RCB) relating to its holding of financial instruments are market price, foreign currency, interest rate and liquidity.

(a) Market Price Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the RCB might suffer through holding market positions in the face of price movements. The Investment Committee considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the RCB's investment objective. Derivative instruments to hedge the investment portfolio against market price risk have not been used.

(b) Foreign currency risk

A portion of the financial assets/net assets of the RCB is denominated in currencies other than Euro with the effect that the balance sheet and total return can be affected by currency movements. The RCB does not hedge against foreign currency risk.

The following sets out the RCB's total exposure to foreign currency risk.

Currency	2010 Total €'000	2009 Total €'000
Sterling	71,956	67,612
Swiss Francs	4,097	4,681
Danish Krones	1,759	1,308
Czech Krones	275	-
Norwegian Krones	935	934
Swedish Krones	49	-
Polish Zloty	86	-
US Dollars	13	14
	79,170	74,549

The following sets out the rates of exchange used at 31 December 2010.

Sterling	0.86
Swiss Francs	1.25
Danish Krones	7.45
Czech Krones	25.06
Norwegian Krones	7.80
Sweedish Krones	9.02
Polish Zloty	3.98
US Dollars	1.34

18 FINANCIAL INSTRUMENTS (Contd)

(c) Interest Rate Risk

The RCB has interest bearing assets but does not have interest bearing liabilities. The majority of the RCB's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

The interest profile of the RCB's interest bearing financial assets at 31 December 2010 was:

	2010		2009	
	Total €'000	Fixed rate interest €'000	Total €'000	Fixed rate interest €'000
Sterling	-	-	626	626
Euro	30,102	30,102	31,936	31,936
Total	30,102	30,102	32,562	32,562

	Fixed rate financial assets			
	2010		2009	
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average interest rate	Weighted average period for which rate is fixed
Sterling	-	-	8.25	5.32
Euro	5.77	7.40	5.83	8.74

(d) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The RCB invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

18 FINANCIAL INSTRUMENTS (Contd)

(e) Credit Risk

The RCB will be exposed to a credit risk in relation to parties with whom it trades and will bear the risk of settlement default. The RCB minimises concentrations of credit risk by undertaking transactions with a number of brokers and counterparties on recognised and reputable exchanges.

(f) Fair values of financial assets and financial liabilities

All of the financial assets of the RCB are shown at fair value.

(g) Gains and losses on financial assets and financial liabilities held or issued for trading

The net gains/(losses) from trading in financial assets are shown in the statement of total return.

19 PRIOR YEAR COMPARATIVES

In recognition of the nature of the terms of trust of the Sundry Projects and Auxiliary Funds, being funds disposable at the discretion of the Representative Church Body, they are shown as RCB Funds which is a new balance sheet classification in the 2010 financial statements. As a consequence certain 2009 comparative amounts have been restated to maintain comparability with current period disclosures. The effect of these restatements is summarised as follows:

	2009	Adjustment to prior year	2009 as restated
	€'000	€'000	€'000
Current account income balances	(8,791)	146	(8,645)
Investments			
Specific trusts	268,582	(3,668)	264,914
RCB funds	-	3,668	3,668
Funds employed			
RCB funds	-	(3,814)	(3,814)
Other trust funds	(204,566)	3,668	(200,898)

See notes 2, 5, 9 and 10.