

The Representative Church Body – Report 2007

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

FINANCIAL STATEMENTS – PAGE 1

YEAR ENDED 31 DECEMBER 2006

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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
- Ven AJ Forster
- Ven CT Pringle
- Ven REB White
- Mr RW Benson
- Mr JRB Hewat
- Mr DG Perrin
- Mrs CH Thomson

BANKERS

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

AUDITORS

- PricewaterhouseCoopers
George's Quay, Dublin 2

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 A Clements
- Mr TJ Stacey
- Mrs JM Maxwell
- Mrs J O'Shea

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

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EXECUTIVE COMMITTEE REPORT **PAGE 4**

The performance of the investment markets, and the positioning of the General Funds portfolio within that context, have combined to produce very satisfactory results for 2006 in terms of the income generated and also the increase in value of funds under management. Income attributable to the General Fund revenue account has increased by €27k, and the value of General Funds employed has increased by €3 million. The value of Specific Funds has increased by €72 million to a total of €504 million, and the total value of funds employed has now passed €750 million.

This is a landmark of note, but in general the year end market value of the invested funds is regarded as being of less significance than their capacity to produce sustainable income.

After providing for allocations payments in 2007 which will amount to €5.6 million, an increase of €89,000 over 2006, there is a small surplus of €78,000 which will be added to reserves.

Following discussions during the year the staff pension scheme has been converted to a contributory scheme for existing members and was closed at 1 January 2007 to new members. A capital sum of €2.4 million was transferred to the staff pension fund, and as a result of this, and also of better than projected investment performance, the funding position as calculated at 31 December 2006 has converted from a deficit of €2.8 million to a surplus of €39,000, and this is reflected in the reserves shown at note 7.

Statement of Trustee's Responsibilities

The Representative Body is required to prepare financial statements for each financial year which give a true and fair view of its state of affairs and of its financial activities for that period. In preparing those financial statements, the Representative Body, as a trustee, 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.

As a trustee, the Representative Body 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 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.

13 March 2007

S Gamble (Chairman, Executive Committee)

The Representative Church Body – Report 2007



PricewaterhouseCoopers
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George's Quay
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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 Profits and Losses, the Cash Flow Statement and the 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 the Trustee and auditors

The responsibilities of the Representative Church Body, as Trustee, for preparing the Annual Report and the financial statements in accordance with applicable legislation and accounting standards generally accepted in Ireland are set out on page 4 in the statement of Trustee's responsibilities.

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, and
- proper books of account have been kept by the Trustee.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Representative Church Body's affairs as at 31 December 2006 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
Chartered Accountants and Registered Auditors
Dublin

13 March 2007

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

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

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

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

- (iv) **Income** – Income includes interest and dividends receivable during the financial year and, in the case of the General Fund, reflects bought and sold interest on bond transactions in the accounting period.
- (v) **Foreign currencies** – Balances in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. Transactions are translated at year end rate, €1 = £0.6715 (2005 €1 = £0.6853) 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 are secured by contributions to a defined benefits scheme administered by Irish Pensions Trust. An actuarial valuation is carried out at intervals of not more than three years.

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

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

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
GENERAL FUND REVENUE ACCOUNT
YEAR ENDED 31 DECEMBER 2006 **PAGE 7**

	Notes	2006 €000	2005 €000
INCOME			
Investments		7,208	6,421
Property and loans		160	154
Deposit interest		387	342
Sundries		156	153
Interest on reserves		139	153
		8,050	7,223
EXPENDITURE			
Operating expenses	10	1,833	1,699
Professional fees (including investment management costs)		319	279
Audit fees (including Unit Trusts)		81	69
Pension liabilities		168	187
		2,401	2,234
Surplus of income over expenditure		5,649	4,989
Allocations			
- Recommended		(5,644)	(5,055)
- Prior year unexpended		73	120
Surplus after allocations		78	54
Transfers			
- (to) allocations reserve		(73)	(46)
- from building development reserve		85	84
- from computer development reserve		75	75
- (to) staff pensions reserve		(5)	(8)
- (to) general funds		(160)	(159)
		-	-
		-	-

Signed: *S Gamble*
GC Richards
Date: *13 March 2007*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

BALANCE SHEET

31 DECEMBER 2006

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	Notes	2006 €000	2005 €000
EMPLOYMENT OF FUNDS			
CURRENT ASSETS			
Debtors		1,512	1,654
Cash on short term deposit		59,205	49,475
Bank balances		1,693	2,346
		<u>62,410</u>	<u>53,475</u>
CURRENT LIABILITIES			
Current account income balances	2	9,297	7,837
Recommended allocations	11	5,719	5,130
Creditors		1,142	1,195
		<u>16,158</u>	<u>14,162</u>
NET CURRENT ASSETS		46,252	39,313
LONG TERM ASSET/ (LIABILITY)			
Staff pension scheme surplus/(deficit)	15	339	(2,812)
		<u>46,591</u>	<u>36,501</u>
TANGIBLE FIXED ASSETS	3	3,914	3,953
INVESTMENTS			
Loans		1,868	2,271
General funds	4	238,170	209,487
Specific trusts	5	459,511	392,741
		<u>750,054</u>	<u>644,953</u>
FUNDS EMPLOYED			
General funds	6	239,514	209,779
General reserves	7	6,704	3,486
		<u>246,218</u>	<u>213,265</u>
Pensions and related funds	8	138,399	128,245
Other trust funds	9	365,437	303,443
		<u>750,054</u>	<u>644,953</u>

Signed: *S Gamble*
GC Richards
Date: *13 March 2007*

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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 2006 **PAGE 9**

	2006 €000	2005 €000
Surplus from general revenue	5,649	4,989
Currency translation movement	2,195	2,502
Unrealised surplus on revaluation of investments and property	10,358	19,848
Profit on investment sales	19,514	10,943
Actuarial gain on staff pension scheme	938	92
Total recognised gains	38,654	38,374
Recommended allocations	(5,644)	(5,055)
Prior year unexpended allocations	73	120
Capital changes and other movements	(130)	163
Increase in funds employed	32,953	33,602
Balance 1 January	213,265	181,185
Prior year adjustment	-	(1,522)
Balance 31 December	246,218	213,265

Signed: *S Gamble*
 GC Richards
Date: *13 March 2007*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

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	Notes	2006 €000	2005 €000
NET CASH FLOW FROM OPERATING ACTIVITIES	12	6,203	5,121
ALLOCATIONS OF INCOME PAID		(4,933)	(4,652)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of investments		(52,397)	(64,954)
Sale of investments		59,551	66,175
Advances of glebe, miscellaneous and car loans		(36)	(560)
Repayment of glebe, miscellaneous and car loans		439	340
Purchase of fixed assets		(186)	(417)
Pension related capital payments		(2,539)	-
Net cash flow from capital expenditure and financial investments		4,832	584
FINANCING			
Net cash inflow for specific trusts		6,745	24,480
Net cash flow from financing		6,745	24,480
INCREASE IN CASH	13	12,847	25,533

Signed: *S Gamble*
GC Richards
Date: *13 March 2007*

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

1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

	2006	2005
	€000	€000
INCOME		
Investments	11,849	10,522
Deposit interest	1,803	997
	<u>13,652</u>	<u>11,519</u>
COVENANTS		
Income tax refund on Gift Aid donations	1,940	1,913
	<u>15,592</u>	<u>13,432</u>
Less related administration charges	(634)	(577)
	<u>14,958</u>	<u>12,855</u>
Applied or paid to specific trusts or parishes	<u>(14,958)</u>	<u>(12,855)</u>

A portion of specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €22.1m in the year ended 31 December 2006 (2005, €1.2m). 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

	2006	2005
	€000	€000
Diocesan stipend & general funds	5,502	4,423
Parochial endowments	307	121
Miscellaneous diocesan trusts	342	261
General Synod trusts	88	67
Other trust income & suspense balances	2,978	2,925
Clergy pensions & related funds	80	40
	<u>9,297</u>	<u>7,837</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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3 TANGIBLE FIXED ASSETS

	Premises	Furniture and fittings	Office equipment	Total
	€000	€000	€000	€000
<u>Cost</u>				
At beginning of year	3,487	427	902	4,816
Additions	-	8	177	185
Currency adjustment	6	-	1	7
At end of year	3,493	435	1,080	5,008
<u>Depreciation</u>				
At beginning of year	331	162	370	863
Charge for year	65	35	130	230
Currency adjustment	1	-	-	1
At end of year	397	197	500	1,094
<u>Net book value</u>				
At beginning of year	3,156	265	532	3,953
At end of year	3,096	238	580	3,914

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 13**

4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS	2006	2005
	€000	€000
<u>Investments at valuation</u>		
Ireland		
Trustee	1,504	3,552
Bonds	1,442	2,511
Equities - financial	24,015	20,231
Equities - commercial (includes convertibles)	20,544	15,731
United Kingdom		
Equities	91,678	82,578
Unit trusts	20,341	16,622
Europe		
Bonds	23,377	22,460
Unit trusts	2,508	1,836
Equities	40,432	34,564
Rest of the world		
North America equities	33	35
	225,874	200,120
<u>Other assets</u>		
Cash	10,157	6,389
	236,031	206,509
General reserves – investments	2,139	2,978
	238,170	209,487

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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5 SPECIFIC TRUSTS – ANALYSIS OF FUND ASSETS

	2006	2005
<u>Investments at valuation</u>	€000	€000
Ireland		
Bonds	928	-
Equities	14,735	11,926
Unit trusts (excluding RB)	8,948	7,414
United Kingdom		
Trustee	2,664	2,557
Bonds	2,678	3,032
Equities	37,610	36,352
North America		
Equities	16,600	21,645
Unit trusts	534	765
Latin America		
Equities	315	251
Europe		
Unit trusts	7,713	8,277
Equities	25,034	17,352
Pacific Basin		
Trustee	-	174
Equities	6,503	5,586
Australia		
Equities	184	-
Japan		
Equities	8,003	6,854
	132,449	122,185
<u>Other assets</u>		
Cash	1,891	1,551
RB General Unit Trusts	325,171	269,005
	459,511	392,741

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

6 GENERAL FUNDS

	Balance at 1.1.06	Currency translation movements	Capital changes/ movements	Profit on investment sales	Revaluation movements	Balance at 31.12.06
	€000	€000	€000	€000	€000	€000
Realised value	149,807	1,709	(2,231)	19,496	-	168,781
Unrealised surplus on revaluation of investments	59,605	469	-	-	10,292	70,366
Unrealised surplus on revaluation of property	367	-	-	-	-	367
	<u>209,779</u>	<u>2,178</u>	<u>(2,231)</u>	<u>19,496</u>	<u>10,292</u>	<u>239,514</u>

7 GENERAL RESERVES

	Balance at 1.1.06	Surplus/ (deficit)	Currency translation movements	Capital changes/ actuarial gains	Profit on investment sales	Revaluation movements	Balance at 31.12.06
	€000	€000	€000	€000	€000	€000	€000
Allocations reserve	4,185	260	17	-	18	64	4,544
Building development reserve	1,226	-	-	(85)	-	-	1,141
Computer development reserve	675	-	-	(75)	-	-	600
Staff pensions reserve	212	5	-	(139)	-	2	80
Staff pension deficit	(2,812)	(187)	-	3,338	-	-	339
	<u>3,486</u>	<u>78</u>	<u>17</u>	<u>3,039</u>	<u>18</u>	<u>66</u>	<u>6,704</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 16**

8 PENSIONS AND RELATED FUNDS

	Balance at 1.1.06	Currency translation movements	Capital changes/ movements	Investment sales surplus	Revaluation movements	Balance at 31.12.06
	€000	€000	€000	€000	€000	€000
Clergy Pensions Fund	123,924	1,268	(304)	6,680	1,752	133,320
Widows and Orphans Funds	2,840	3	-	-	518	3,361
Supplemental Fund	994	15	-	-	162	1,171
Clergy Pensions Fund (AVC scheme)	487	4	56	-	-	547
	<u>128,245</u>	<u>1,290</u>	<u>(248)</u>	<u>6,680</u>	<u>2,432</u>	<u>138,399</u>

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

The Representative Church Body – Report 2007

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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9 OTHER TRUST FUNDS

	Balance at 1.1.06	Currency translation movements	Capital changes/ movements	Surplus on investment sales	Revaluation movements	Balance at 31.12.06
	€000	€000	€000	€000	€000	€000
Parochial trusts and glebe sales	177,150	656	9,343	263	28,021	215,433
Diocesan stipend and general funds	33,296	174	277	-	5,931	39,678
Diocesan miscellaneous trusts	14,260	49	30	-	2,560	16,899
Diocesan episcopal funds	6,816	35	-	-	1,207	8,058
Less: diocesan car loans	(568)	(5)	54	-	-	(519)
	<u>230,954</u>	<u>909</u>	<u>9,704</u>	<u>263</u>	<u>37,719</u>	<u>279,549</u>
Sundry trusts	58,039	158	2,850	-	7,773	68,820
General Synod funds	12,531	37	62	-	2,167	14,797
Church of Ireland auxiliary funds	1,919	4	-	-	348	2,271
	<u>303,443</u>	<u>1,108</u>	<u>12,616</u>	<u>263</u>	<u>48,007</u>	<u>365,437</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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10 OPERATING EXPENSES

	2006	2005
	€000	€000
<u>General administration</u>		
Salaries and wages	1,699	1,592
PRSI	177	166
Pension - inc actuarially calculated cost (note 15)	467	377
Other staff costs	122	69
Office supplies	117	88
Light, heat and power	26	25
Postage and telephones	45	48
Maintenance and repairs	24	19
Insurance, rates and taxes	77	78
Banking and other charges	6	10
Depreciation	230	202
	<u>2,990</u>	<u>2,674</u>
<u>Less costs recovered</u>		
Specific trusts	(523)	(437)
Legal fees	(231)	(212)
Other charges	(711)	(644)
	<u>1,525</u>	<u>1,381</u>
Library	192	182
Central committees	112	136
Episcopal electors	4	-
	<u>1,833</u>	<u>1,699</u>

11 RECOMMENDED ALLOCATIONS

	2006	2005
	€000	€000
Balance sheet provision		
Maintenance of the stipendiary ministry	1,613	1,567
Retired clergy and surviving spouses	1,328	1,217
Training of ordinands	1,227	1,044
General Synod activities	1,515	1,273
Miscellaneous financing	36	29
	<u>5,719</u>	<u>5,130</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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12 CASH FLOW RECONCILIATION

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

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

	2006	2005
	€000	€000
Surplus of income over expenditure	5,649	4,989
Change in other debtors	79	(261)
Change in creditors	244	196
Amortisation of fixed assets	230	202
Effect of foreign exchange rate changes	1	(5)
Net cash flow from operating activities	<u>6,203</u>	<u>5,121</u>

13 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	2006	2005
	€000	€000
Balance at 1 January	58,209	32,676
Net cash inflow	12,342	25,150
Effect of foreign exchange rate changes	505	383
Balance at 31 December	<u>71,056</u>	<u>58,209</u>

14 ANALYSIS OF THE BALANCES OF CASH AS SHOWN IN THE BALANCE SHEET

	2006	2005
	€000	€000
Cash on short term deposit	59,205	49,475
Due from bankers	1,694	2,345
Cash held by investment managers	10,157	6,389
	<u>71,056</u>	<u>58,209</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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15 RETIREMENT BENEFITS

(a) The Representative Body operates a defined benefit pension scheme with assets held in a separately administered fund. Contributions to the scheme are charged to the general fund revenue account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method of funding. The most recent valuation was at 1 January 2005 and is available for inspection by the scheme members.

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

An update on this valuation as at 31 December 2006 shows that the market value of the assets of the scheme has increased to €9.371m, and that this represents 103.8% of the value of benefits that had accrued to members as at that date. The increase in market value of assets was as a result of a capital amount input of €2.4 million by the RCB at 31 December, 2006, and also of better than forecast investment performance. The present value of scheme liabilities as calculated by the actuary has increased from €9.018m to €9.032m in the year.

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 FRS17, is based on the market yield at the valuation date of high quality corporate bonds, and was set at 4.60%.

The pension charge for the year as calculated under the guidelines of FRS17 is €95,000 (2005: €393,000). Part of this charge is included in operating expenses as Pension Funding, and the balance is in respect of pension charges for the Library.

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

The actuarial valuation as at 1 January 2005 was updated at 31 December 2006 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations over the last three years were:

	2006	2005	2004
Rate of increase in salaries	3.75%	3.75%	3.75%
Rate of increase in pensions in payment	2.25%	2.25%	2.25%
Discount rate	4.60%	4.15%	4.75%
Inflation assumption	2.25%	2.25%	2.25%

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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15 RETIREMENT BENEFITS - CONTINUED

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

	Long-term rate of return expected at 31/12/06 %	Market value at 31/12/06 €000	Long-term rate of return expected at 31/12/05 %	Market value at 31/12/05 €000	Long-term rate of return expected at 31/12/04 %	Market value at 31/12/04 €000
Equities	7.5	7,159	7.1	4,717	7.3	3,823
Bonds	3.9	1,115	3.5	807	3.8	838
Property	6.5	600	6.1	434	5.3	367
Other	2.5	497	2.0	248	3.0	210
		<u>9,371</u>		<u>6,206</u>		<u>5,238</u>

The following amounts at 31 December 2006, 2005 and 2004 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2006 €000	2005 €000	2004 €000
Total market value of assets	9,371	6,206	5,238
Present value of scheme liabilities	(9,032)	(9,018)	(8,015)
Pension liability	<u>339</u>	<u>(2,812)</u>	<u>(2,777)</u>

The pension liability amounts calculated above are recognised in the financial statements for 2006, and as illustrated below, also showing the comparative figures for 2005 and 2004.

	2006 €000	2005 €000	2004 €000
Net assets excluding pension asset/(liability)	245,879	216,077	182,440
Pension asset/(liability)	339	(2,812)	(2,777)
Net assets	<u>246,218</u>	<u>213,265</u>	<u>179,663</u>
Funds/reserves excluding pension	245,879	216,077	182,440
Pension asset/(liability)	339	(2,812)	(2,777)
Funds and reserves	<u>246,218</u>	<u>213,265</u>	<u>179,663</u>

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15 RETIREMENT BENEFITS - CONTINUED

The following amounts are recognised in the performance statements for the year ended 31 December 2006, also showing comparative figures for the previous two years:

	2006	2005	2004
	€000	€000	€000
Surplus/(deficit) after allocations	78	54	(267)
Current service cost for the year	(360)	(345)	(239)
Current service charge reflected in surplus/(deficit) after allocations	(360)	(345)	(256)
Other finance income			
Expected return on pension scheme assets	340	331	350
Interest on pension scheme liabilities	(375)	(379)	(351)
	(35)	(48)	(1)
Statement of total recognised gains and losses			
Actual return less expected return on pension scheme assets	542	805	(210)
Experience losses and gains arising on the scheme liabilities	(371)	225	(632)
Changes in assumptions underlying the present value of the scheme liabilities	767	(938)	(429)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	938	92	(1,271)
Movement in year			
(Deficit) in scheme at beginning of year	(2,812)	(2,777)	(1,522)
Movement in year:			
Current service cost (inc Library)	(360)	(345)	(239)
Contributions paid (inc Library)	2,608	266	256
Other finance income	(35)	(48)	(1)
Actuarial gain/(loss)	938	92	(1,271)
Surplus/(deficit) in scheme at year end	339	(2,812)	(2,777)

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 23**

15 RETIREMENT BENEFITS - CONTINUED	2006	2005	2004
	€000	€000	€000
Experience gains and losses for the years ended 31 December			
Difference between the expected and actual return on scheme assets	542	805	(210)
Percentage of scheme assets	5.8%	13.0%	(4.0%)
	<u>542</u>	<u>805</u>	<u>(210)</u>
Experience gains and losses on scheme liabilities	371	225	(632)
Percentage of the present value of the scheme liabilities	4.1%	0.2%	(7.8%)
	<u>371</u>	<u>225</u>	<u>(632)</u>
Changes in assumptions	767	(938)	(429)
Percentage of present value of scheme liabilities	8.5%	(10.4%)	(5.4%)
	<u>767</u>	<u>(938)</u>	<u>(429)</u>
Total recognised in statement of total recognised gains and losses	938	92	(1,271)
Percentage of the present value of the scheme liabilities	10.4%	1.0%	(16.0%)
	<u>938</u>	<u>92</u>	<u>(1,271)</u>