

Representative Church Body – Report 2003

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

FINANCIAL STATEMENTS – PAGE 1

YEAR ENDED 31 DECEMBER 2002

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND
FINANCIAL STATEMENTS 2002 **PAGE 2**

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

CHAIRMAN

- DG Perrin

MEMBERS (ex officio)

- The Archbishop of Armagh
- The Archbishop of Dublin
- GC Richards
(Allocations Committee)
- JRB Hewat
(Investment Committee)
- S Gamble
(Property Committee)
- HJ Saville
(Stipends Committee)

MEMBERS (elected)

- The Bishop of Meath
- Ven DR Chillingworth
- Ven GCS Linney
- Ven CT Pringle
- RW Benson
- RH Kay
- HT Morrison
- 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 & Secretary
DC Reardon
- Head of Investments
PM Talbot
- Head of Finance
A Clements
- Head of Property and Trusts
TJ Stacey
- Head of Synod Services and Communications
JM Maxwell
- Senior Solicitor
J O'Shea

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

The general funds statement of recognised gains and losses on page 9 shows losses of €21.7m compared to losses of €5.4m for 2001. In 2002 this reflects currency translation losses of €7m, unrealised losses on the revaluation of investments of €18.4m and a surplus of €4m from general revenue.

General funds and reserves now stand at €151.6m compared to €177m at the end of 2001. On the whole, however, the management of investments has out performed that of the market and other investors. Nevertheless the continuing downturn in investment markets has taken its toll on the market valuations of investments.

The continuing market downturn has had a similar effect on the pension and other trust funds. In particular the Clergy Pension Funds have decreased by some €21.7m. This, together with lower interest rates, longer life expectancy and additional legislative requirements, means that the pension plans are now under-funded. This is the case with many other defined benefit pension plans in both Northern Ireland and the Republic of Ireland. In line with all other good pension plans we have, however, begun to address what needs to be done to rectify this situation and over what period of time.

During the year there have been a number of staff changes in Church House, two of which should be noted here: the retirement of Robert H Sherwood as Chief Officer and Secretary after 42 years' service and John Buttimore as Assistant Secretary after 48 years' service. Both these individuals contributed greatly to the work of the RB over their time and for this we are especially grateful. The continuing commitment of all the staff of the RCB has also to be acknowledged with thanks.

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.

11 March 2003

DG Perrin (Chairman, Executive Committee)

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

We have audited the financial statements on pages 6 to 21.

Respective responsibilities of Trustee and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland.

We report to you our opinion as to:

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Representative Church Body's affairs at 31 December 2002 and of its result and cashflows for the year then ended. 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

11 March 2003

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. Bond valuations at year end include accrued interest from last gale 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 all dividends receivable and interest received 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, € = £0.6505 (2001 €1 = £0.6085) or the € 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%; 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. At the last actuarial review on 1 January 2002, the Actuary advised that the assets secured to date, based on the long term funding rate and the controlled funding methods and assumptions, are adequate to cover accrued benefits and deferred pensions.

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 2002 **PAGE 7**

	Notes	2002 €'000	2001 €'000
INCOME			
Investments		5,424	5,555
Property and Loans		167	230
Deposit Interest		315	592
Sundries		153	152
Interest on Reserves		151	148
		6,210	6,677
EXPENDITURE			
Operating Expenses	10	1,682	1,504
Professional Fees (including investment management costs)		247	284
Audit Fees (including Unit Trusts)		62	68
Pension Liabilities		192	189
		2,183	2,045
Surplus of Income over Expenditure		4,027	4,632
Allocations			
- Recommended	11	(4,261)	(4,294)
- Prior Year Unexpended		216	81
(Deficit)/Surplus after Allocations		(18)	419
Transfers			
- from/(to) Allocations Reserve		24	(413)
- from Building Development Reserve		85	85
- (to) Staff Pensions Reserve		(6)	(6)
- (to) General Funds		(85)	(85)
		-	-
		-	-

*Signed: DG Perrin
S Gamble
Date: 11 March 2003*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

BALANCE SHEET

31 DECEMBER 2002

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	Notes	2002 €'000	2001 €'000
EMPLOYMENT OF FUNDS			
CURRENT ASSETS			
Debtors		787	1,098
Cash on Short Term Deposit		21,591	21,590
Bank Balances		1,131	543
		<u>23,509</u>	<u>23,231</u>
CURRENT LIABILITIES			
Current Account Income Balances	2	6,545	6,188
Recommended Allocations	11	4,261	4,294
Bank Balances		1,169	1,338
Creditors		1,054	921
		<u>13,029</u>	<u>12,741</u>
NET CURRENT ASSETS		10,480	10,490
INVESTMENTS			
Tangible Fixed Assets	3	3,063	2,439
Loans		2,655	2,317
General Funds	4	146,319	171,755
Specific Trusts	5	269,760	309,735
		<u>432,277</u>	<u>496,736</u>
FUNDS EMPLOYED			
General Funds	6	146,328	171,892
General Reserves	7	5,266	5,199
		<u>151,594</u>	<u>177,091</u>
Pensions and Related Funds	8	98,073	123,480
Other Trust Funds	9	182,610	196,165
		<u>432,277</u>	<u>496,736</u>

Signed: DG Perrin

S Gamble

Date: 11 March 2003

Representative Church Body – Report 2003

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 2002 **PAGE 9**

	2002 €'000	2001 €'000
Surplus from General Revenue	4,027	4,632
Currency Translation Movement	(7,036)	3,337
Unrealised Deficit on revaluation of Investments and Property	(18,412)	(15,635)
Surplus on Investment Sales	(254)	2,218
Total Recognised Losses	<u>(21,675)</u>	<u>(5,448)</u>
Recommended Allocations	(4,261)	(4,294)
Prior year unexpended allocations	216	81
Capital changes and other movements	223	58
(Decrease) in Funds Employed	<u>(25,497)</u>	<u>(9,603)</u>
Balance 1 January	177,091	186,694
Balance 31 December	<u><u>151,594</u></u>	<u><u>177,091</u></u>

*Signed: DG Perrin
S Gamble
Date: 11 March 2003*

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2002

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	Notes	2002 €'000	2001 €'000
NET CASH FLOW FROM OPERATING ACTIVITIES	12	4,405	4,938
ALLOCATIONS OF INCOME PAID		(4,078)	(4,008)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of Investments		(74,745)	(99,480)
Sale of Investments		71,881	101,098
Advances of Glebe, Miscellaneous and Car Loans		(720)	(1,372)
Repayment of Glebe, Miscellaneous and Car Loans		384	378
Purchase of fixed assets		(745)	(365)
Net Cash flow (to)/from capital expenditure and financial investments		(3,945)	259
FINANCING			
Net Cash Inflow to Specific Trusts		1,750	2,590
Net Cash flow from financing		1,750	2,590
(DECREASE)/INCREASE IN CASH	13	(1,868)	3,779

Signed: DG Perrin

S Gamble

Date: 11 March 2003

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS

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1 SPECIFIC TRUSTS FUND INCOME AND COVENANTS

	2002 €'000	2001 €'000
INCOME		
Investments	9,158	9,145
Deposit Interest	588	876
Underwriting Commission	8	1
	<u>9,754</u>	<u>10,022</u>
COVENANTS		
Income Tax Refund on Gift Aid Donations	1,948	2,152
	<u>11,702</u>	<u>12,174</u>
Less Administration Expenses	(737)	(748)
	<u>10,965</u>	<u>11,426</u>
Applied or paid to Specific Trusts or parishes	<u>(10,965)</u>	<u>(11,426)</u>

A portion of the specific trusts income is applied to the payment of stipends, allowances and pensions which in total amounted to €18.6m in the year ended 31 December 2002 (2001, €19.1m). The balance of the cost of remuneration and pensions is funded by

2 CURRENT ACCOUNT INCOME BALANCES

	2002 €'000	2001 €'000
Diocesan Stipend & General Funds	4,761	4,219
Parochial Endowments	25	34
Miscellaneous Diocesan Trusts	252	230
General Synod Trusts	52	98
Other Trust Income & Suspense Balances	1,399	1,544
Clergy Pensions & Related Funds	56	63
	<u>6,545</u>	<u>6,188</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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3 TANGIBLE FIXED ASSETS

	Premises	Office Furniture	Office Equipment	Total
	€'000	€'000	€'000	€'000
<u>Cost</u>				
At beginning of year	2,304	255	213	2,772
Additions	713	8	24	745
Currency adjustment	(23)			(23)
At end of year	<u>2,994</u>	<u>263</u>	<u>237</u>	<u>3,494</u>
<u>Depreciation</u>				
At beginning of year	95	59	179	333
Charge for year	55	21	24	100
Currency adjustment	(2)			(2)
At end of year	<u>148</u>	<u>80</u>	<u>203</u>	<u>431</u>
<u>Net book value</u>				
At beginning of year	2,209	196	34	2,439
At end of year	<u>2,846</u>	<u>183</u>	<u>34</u>	<u>3,063</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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4 GENERAL FUNDS – ANALYSIS OF FUND ASSETS

	2002 €'000	2001 €'000
<u>Investments at Valuation</u>		
Ireland		
Trustee	5,814	5,322
Bonds	361	429
Preference	338	328
Equities - Financial	13,814	12,908
Equities - Commercial (includes convertibles)	7,796	9,912
United Kingdom		
Trustee	7,544	15,329
Bonds	1,390	1,420
Equities	54,894	68,446
Unit Trusts	14,324	17,553
Europe		
Bonds	16,832	8,899
Unit Trusts	972	1,277
Equities	16,139	20,894
North America		
Equities	14	256
	<u>140,232</u>	<u>162,973</u>
<u>Other Assets</u>		
Cash	3,188	5,814
	<u>143,420</u>	<u>168,787</u>
General Reserves – Investments	2,899	2,968
	<u>146,319</u>	<u>171,755</u>

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

	2002	2001
<u>Investments at Valuation</u>	€'000	€'000
Ireland		
Trustee	2,173	2,815
Bonds	714	645
Equities	6,326	44,948
Convertibles	6,491	4,360
Unit Trusts (excluding RB)	6,587	4,805
United Kingdom		
Trustee	4,450	8,197
Bonds	4,425	1,364
Preference	17	27
Equities	30,489	40,201
Convertibles	22	21
Unit Trusts (excluding RB)	14,364	20,224
North America		
Bonds	938	890
Equities	14,276	19,791
Unit Trusts	1,070	1,777
Europe		
Bonds	1,425	1,777
Unit Trusts	8,400	8,775
Equities	10,558	14,110
Pacific Basin		
Trustee	-	397
Bonds	166	-
Equities	1,983	2,702
Japan		
Equities	2,012	2,832
	<u>116,886</u>	<u>180,658</u>
<u>Other Assets</u>		
Cash	2,003	3,168
RB Unit Trust	22,256	21,116
RB General Unit Trusts	128,615	104,793
	<u>269,760</u>	<u>309,735</u>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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6 GENERAL FUNDS

	Balance at 1.1.02	Currency Translation Movements	Capital Changes/ Movement	Deficit on Investment Sales	Revaluation Movement	Balance at 31.12.02
	€'000	€'000	€'000	€'000	€'000	€'000
Realised Profits on Investment Sales	151,451	(6,731)	305	(203)	-	144,822
Unrealised Surplus/ (Deficit) on Revaluation of Investments	20,074	(281)	-	-	(18,654)	1,139
Unrealised Surplus on Revaluation of Property	367	-	-	-	-	367
	<u>171,892</u>	<u>(7,012)</u>	<u>305</u>	<u>(203)</u>	<u>(18,654)</u>	<u>146,328</u>

7 GENERAL RESERVES

	Balance at 1.1.02	Currency Translation Movements	Capital Changes/ Movement	Deficit on Investment Sales	Revaluation Movement	Balance at 31.12.02
	€'000	€'000	€'000	€'000	€'000	€'000
Allocations Reserve	3,456	(24)	(24)	(47)	231	3,592
Building Development Reserve	1,564	-	(84)	-	-	1,480
Staff Pensions Reserve	179	-	6	(4)	11	194
	<u>5,199</u>	<u>(24)</u>	<u>(102)</u>	<u>(51)</u>	<u>242</u>	<u>5,266</u>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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8 PENSIONS AND RELATED FUNDS

	Balance at 1.1.02	Currency Translation Movements	Capital Changes/ Movement	Surplus on Investment Sales	Revaluation Movement	Balance at 31.12.02
	€'000	€'000	€'000	€'000	€'000	€'000
Clergy Pensions Fund	120,064	(4,255)	(766)	(3,886)	(16,079)	95,078
Widows and Orphans Funds	2,091	(11)	20	465	(670)	1,895
Supplemental Fund	928	(49)	-	1	(192)	688
Clergy Pensions Fund (AVC Scheme)	397	(11)	26	-	-	412
	<u>123,480</u>	<u>(4,326)</u>	<u>(720)</u>	<u>(3,420)</u>	<u>(16,941)</u>	<u>98,073</u>

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

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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9 OTHER TRUST FUNDS

	Balance at 1.1.02	Currency Translation Movements	Capital Changes/ Movement	Surplus on Investment Sales	Revaluation Movement	Balance at 31.12.02
	€'000	€'000	€'000	€'000	€'000	€'000
Parochial and Glebe Sales	120,347	(1,848)	1,614	21,930	(33,093)	108,950
Diocesan Stipend and General Funds	25,466	(473)	178	1,255	(4,465)	21,961
Diocesan Miscellaneous Trusts	10,573	(180)	19	2,121	(3,255)	9,278
Diocesan Episcopal Funds	5,429	(123)	-	927	(1,600)	4,633
Less: Diocesan Car Loans	(1,148)	38	153	-	-	(957)
	<u>160,667</u>	<u>(2,586)</u>	<u>1,964</u>	<u>26,233</u>	<u>(42,413)</u>	<u>143,865</u>
Sundry Trusts	24,567	(488)	8,557	4,170	(7,537)	29,269
General Synod Funds	9,459	(135)	(15)	2,247	(3,363)	8,193
Church of Ireland	1,472	(10)	-	88	(267)	1,283
	<u>196,165</u>	<u>(3,219)</u>	<u>10,506</u>	<u>32,738</u>	<u>(53,580)</u>	<u>182,610</u>

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THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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10 OPERATING EXPENSES

	2002 €'000	2001 €'000
<u>General Administration</u>		
Salaries and Wages	1,363	1,310
PRSI	139	134
Pension Funding	223	205
Other Staff Costs	62	83
Office Supplies	61	50
Light, Heat and Power	36	31
Postage and Telephones	47	46
Maintenance and Repairs	25	6
Insurance, Rates and Taxes	43	38
Banking and Other Charges	33	32
Depreciation	100	93
	<u>2,132</u>	<u>2,028</u>
<u>Less Costs Recovered</u>		
Specific Trusts	(331)	(340)
Legal Fees	(9)	(56)
Other Charges	(406)	(408)
	<u>1,386</u>	<u>1,224</u>
Library	163	160
Central Committees	120	117
Episcopal Electors' Expenses	13	3
	<u>1,682</u>	<u>1,504</u>

11 RECOMMENDED ALLOCATIONS

	2002 €'000	2001 €'000
Maintenance of the Stipendiary Ministry	1,401	1,286
Retired Clergy and Surviving Spouses	1,140	1,142
Training of Ordinands	1,018	914
General Synod Activities	675	716
Miscellaneous Financing	27	236
	<u>4,261</u>	<u>4,294</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:

	2002 €'000	2001 €'000
Surplus of income over expenditure	4,027	4,632
Change in other debtors	15	(185)
Change in creditors	44	499
Amortisation of fixed assets	100	93
Effect of foreign exchange rate changes	219	(101)
Net Cash flow from operating activities	<u>4,405</u>	<u>4,938</u>

13 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	2002 €'000	2001 €'000
Balance at 1 January	26,609	22,830
Net cash inflow	(959)	3,519
Effect of foreign exchange rate changes	(909)	260
Balance at 31 December	<u>24,741</u>	<u>26,609</u>

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

	2002 €'000	2001 €'000
Cash on short term deposit	21,591	21,590
Due to bank	(1,169)	(1,338)
Due from bankers	1,131	543
Cash held by Investment Managers	3,188	5,814
	<u>24,741</u>	<u>26,609</u>

THE REPRESENTATIVE BODY OF THE CHURCH OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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 2002 and is available for inspection by the scheme members.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in pensionable salaries. It was assumed that the investment returns would be 7% per annum and that pensionable salary increases would average 5% per annum over the long term.

The most recent valuation showed that the market value of the assets of the scheme was €5.65m which represented 105% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The pension charge for the year was €238,851 (2001: €220,605) of which nil (2001: nil) was payable at the year end.

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

The Representative Body operates a defined benefit scheme. A full actuarial valuation was carried out at 1 January 2002 and updated to 31 December 2002 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation at 31 December 2002 were:

Rate of increase in salaries	4.0%
Rate of increase in pensions in payment	2.5%
Discount rate	5.5%
Inflation assumption	2.5%

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

	Long-term rate of return expected at 31 December 2002	Market value at 31 December 2002
	%	€'000
Equities	8	2,927
Bonds	5	1,176
Property	6	386
		<u>4,489</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

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15 RETIREMENT BENEFITS - CONTINUED

The following amounts at 31 December 2002 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2002 €'000	2001 €'000
Total market value of assets	4,489	5,619
Present value of scheme liabilities	(6,181)	(5,616)
Pension (liability)/asset	<u>(1,692)</u>	<u>3</u>

If the above amounts had been recognised in the financial statements, the net assets and profit and loss reserve at 31 December 2002 would be as follows:

	2002 €'000	2001 €'000
Net assets excluding pension (liability)/asset	151,594	177,091
Pension (liability)/asset	(1,692)	3
Net assets including pension (liability)/asset	<u>149,902</u>	<u>177,094</u>
Funds and reserves excluding pension (liability)/asset	151,594	177,091
Pension (liability)/asset	(1,692)	3
Funds and reserves including pension (liability)/asset	<u><u>149,902</u></u>	<u><u>177,094</u></u>