

Presented pursuant to c.23, section 78 of the Judicature (Northern Ireland) Act 1978.

---

# Funds in Court in Northern Ireland Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 27 MARCH 2006

The National Audit Office  
scrutinises public spending  
on behalf of Parliament.

The Comptroller and Auditor General,  
Sir John Bourn, is an Officer of the  
House of Commons. He is the head of the  
National Audit Office, which employs some  
800 staff. He, and the National Audit Office,  
are totally independent of Government.

He certifies the accounts of all Government  
departments and a wide range of other public  
sector bodies; and he has statutory authority  
to report to Parliament on the  
economy, efficiency and effectiveness  
with which departments and other bodies  
have used their resources.

Our work saves the taxpayer millions of  
pounds every year. At least £8 for every  
£1 spent running the Office.

This account can be found on the National Audit Office web site at  
[www.nao.org.uk](http://www.nao.org.uk)

# Contents

	Page
Foreword	2
Statement of Accountant General's responsibilities	3
Statement on Internal Control	4
The Certificate and Report of the Comptroller and Auditor General	7
Receipts and Payments Account	9
Statement of Balances	10
Statement of Liabilities and Assets	11
Supreme Court Funds - Notes to the Accounts	12
Receipts and Payments Account	14
Statement of Balances	15
Statement of Liabilities and Assets	16
County Court Funds - Notes to the Account	17

# Foreword

## General

The Accountant General is required to keep accounts in respect of funds held in Court. As part of this responsibility these Accounts of Funds in Court have been prepared, as required by section 78 of the Judicature (Northern Ireland) Act 1978.

Funds are brought under the control of the Court in the following instances

- i as a result of a settlement in a civil action in respect of minors. Such settlements arise both in the Supreme Court and county courts;
- ii where a person is deemed to be incapable of managing their own affairs due to mental illness or on behalf of wards of Court. Such cases relate predominately to the Supreme Court;
- iii where monies are lodged in Court in satisfaction or against costs as a token of intention to proceed with civil litigation. Such settlements arise both in the Supreme Court and county courts; and
- iv in support of the Chancery Division of the Supreme Court which acts as a receiver of last resort for the assets of individuals, partnerships or companies.

## Dealing with funds

Funds held in Court include both money and securities. The securities held are predominately government stocks, deposit holdings with the Commissioners for the Reduction of the National Debt (CRND) and equity-based investments. All funds held in Court are vested in the name of the Accountant General and invested by him in accordance with orders of the Court or in securities designated in statutory rules.

## Accounting period

These Accounts reflect the money and securities dealt with by the Accountant General in respect of proceedings in the Supreme Court and the county courts for the year ended 31 March 2005.

## Bank accounts held

The Accountant General is required by section 79(1) of the 1978 Act to maintain accounts with the Bank of Ireland for the receipt and payment of Supreme Court and county court monies. A working balance of £300,000 is maintained in these accounts, which enables the Accountant General to meet the Bank's costs of servicing the accounts. Monies in excess of the amount required to satisfy current demands are transferred to the CRND for investment, drawings being made when additional money is required to meet payments out of Court.

*DA Lavery*  
Accountant General of the Supreme Court  
of Judicature of Northern Ireland

9 February 2006

## Statement of Accountant General's responsibilities

Under section 78(1)(b) of the Judicature (Northern Ireland) Act 1978 the Accountant General is required to prepare a statement of accounts for each financial year in a form directed by the Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at year-end.

The Treasury has appointed the Accountant General as Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the funds and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by Treasury and published in Government Accounting.

# Statement on Internal Control

## Scope of responsibility

As Accountant General of the Supreme Court of the Judicature in Northern Ireland, I have responsibility, as a statutory officer, for Funds in Court. I have delegated the administrative responsibilities for Funds in Court to the Court Funds Office. The Court Funds Office is a discrete business unit within the Northern Ireland Court Service, which is itself a unified and distinct civil service of the Crown. Managerial responsibility for the Court Funds Office rests with the Head of Corporate Services and Modernisation and is managed within the Resource Management Branch. As departmental Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Court Service's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Northern Ireland Court Service for the year ended 31 March 2005 and up to the date of approval of the accounts, and accords with Treasury guidance.

## Capacity to handle risk

Risk management constitutes a standing item on Branch and Divisional meeting agendas. Senior managers are required to formally sign off Stewardship Statements for Heads of Division on a quarterly basis. Court Funds Office management actively participate in the preparation of the stewardship statement for Resource Management Branch. Heads of Division complete stewardship statements for submission to me on a twice-yearly basis. Risk Management is also considered formally at Management Board meetings on a quarterly basis through the review of the Corporate Risk Register and Corporate Plan monitoring reports. These reports include a section on attendant risks thus ensuring that risk management has been incorporated fully into the corporate planning and decision-making processes of the Department.

## The risk and control framework

Risks are considered in tandem with objectives at all levels in the organisation and formally reported on Branch, Divisional and Corporate risk registers. Risks are assessed in terms of their probability of occurrence and impact on the achievement of objectives, and scored and reported on accordingly. Responsibility for the management of each risk is assigned and recorded, along with controls in place to mitigate the risk, monitoring arrangements in place, and any action taken or planned in order to enhance the level of control. Risk registers are formally reviewed on a quarterly basis and documentation updated. The updated risk registers record any movement in terms of impact and probability of occurrence.

The Risk Management Committee is responsible for the maintenance and development of the risk management and review processes through, for example, ensuring compliance with the structured quarterly review points and twice yearly formal stewardship reporting in order to ensure continued alignment with planning and monitoring at corporate, divisional and branch level. In challenging risks identified by executive management the Committee ensures that there is ongoing consideration of the impact of both external and internal initiatives on the planned work of the Department.

## Review of effectiveness

During 2004-2005 the structure and composition of both the Audit and Risk Management Committees were revised in order to enhance departmental corporate governance arrangements. The Audit Committee is chaired by a non-executive director and the Risk Management Committee is no longer a sub-committee of the Audit Committee. The Risk Management Committee is required to submit regular reports for consideration by the Audit Committee and to be in attendance to provide briefings in respect of relevant agenda items. A review of corporate governance is currently being concluded.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The Board receives regular reports from the Audit Committee concerning internal control, risk and governance. At the end of the reporting period, Heads of Division reviewed the stewardship statements completed by Business Managers in order to create a series of divisional statements from which I have been able to take assurance in respect of the management of risk and the achievement of objectives.

The Department has an Internal Audit Service which operates to the Government Internal Audit Standards. It submits regular reports, including an independent opinion by the Head of Internal Audit on the adequacy and effectiveness of the Department's system of risk management, control and governance.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Northern Ireland Court Service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The review processes outlined ensure that there is continuous improvement in the system of internal control.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Risk Management Committee and no significant weaknesses have been identified, other than in the area of unclaimed sums, as identified below.

## Unclaimed sums

In response to the Comptroller and Auditor General Report on the Funds in Court in Northern Ireland Statement of Accounts 1998-1999 and 1999-2000, the Department

- has undertaken a comprehensive analysis of unclaimed balances disclosed as per Note 2 of the Supreme and County Courts Accounts. This analysis has been summarised in the following tables

### Supreme Court

Security	Identified unclaimed balances	Unidentified unclaimed balances	Post 1995 Interest and dividends received	Total value of unclaimed balances
Monies on deposit	£297,768	£6,625	£114,575	£418,968
Government stocks	£142	£69,819	-	£69,961
Equities	-	£5,394	-	£5,394
Foreign equities	-	-	-	-

### County Court

Security	Identified unclaimed balances	Unidentified unclaimed balances	Post 1995 Interest and dividends received	Total value of unclaimed balances
Monies on Deposit	£67,106	£4,836	£45,178	£117,120

The unclaimed balance has been attributed to individual cases with the exception of the two points noted below

- 1 included in the unclaimed balances in Note 2 of the Supreme and County Court Accounts are some balances which cannot be attributed to individual cases and these have been classified in the tables above as unidentified.
- 2 included within Monies on Deposit is £114,575 of interest and dividends received since 1995 in respect of the Supreme Court and £45,178 in respect of the County Court. Interest and dividends received since 1995 have been 'pooled' as it was not considered practical to allocate these to individual cases at present.

The Department will allocate the interest and dividends when the client makes a claim on an identified balance. As a result of this it has not been possible to establish the element of post 95 interest and dividends which are attributable to the unidentified cases.

As part of the ongoing exercise to locate those who may be due the unclaimed monies a small amount of money (£87) has been taken from the interest earned on unclaimed sums to pay to the Registrar of Births, Deaths and Marriages for search fees.

It is unlikely that the cases making up the unidentified unclaimed balances will be identified and therefore the Department does not intend to pursue the balances further but will discuss with Treasury the possibility of write-off, which we understand may require legislative change;

- has now publicised unclaimed balances, held by the Court Funds Office, on their website; and
- is currently investigating the need to review the format and information contained within the Funds in Court in Northern Ireland Statement of Accounts and will take this forward in conjunction with England and Wales. In particular, the cessation of using nominal value is being investigated as a beneficial interim measure.

*DA Lavery*  
Accountant General of the Supreme Court  
of Judicature of Northern Ireland

9 February 2006

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 9 to 17 under the Judicature (Northern Ireland) Act 1978.

## Respective responsibilities of the Accountant General and Auditor

As described on page 3, the Accountant General is responsible for the preparation of financial statements in accordance with the Judicature (Northern Ireland) Act 1978 and direction of Treasury and for ensuring the regularity of financial transactions. The Accountant General is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements properly present the receipts and payments of the Funds in Court in Northern Ireland in accordance with the Judicature (Northern Ireland) Act 1978 and Treasury directions, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities that govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if proper accounting records have not been kept, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 4 to 6 reflects compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accountant General's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion

- the financial statements properly present the receipts, payments and transactions in securities in respect of the Funds in Court in Northern Ireland for the year ended 31 March 2004 and the balances held at that date, and have been properly prepared in accordance with section 78(1)(b) of the Judicature (Northern Ireland) Act 1978 and the directions made thereunder by Treasury; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General  
15 March 2006

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Supreme Court Funds - Receipts and Payments Account for the year ended 31 March 2005

		Cash	Securities	
			Nominal value	
			Sterling	Foreign
		£	£	
<b>Receipts and transfers into Court</b>				
Cash	Lodgements by Suitors, etc.	34,926,815		
	Sales of Securities	76,012,517		
	Dividends and Interest	2,626,183		
	Interest on Special Account	23,320		
Securities	Lodged		2,674,561	€ 50
				RM 0
				SFr 0
	Purchased		71,360,737	
		113,588,835	74,035,298	€ 50
				RM 0
				SFr 0
<b>Payments and transfers out of Court</b>				
Cash	Payments to Suitors, etc.	32,239,936		
	Purchases of Securities	80,197,256		
	Payments of Special Account Interest to Consolidated Fund	23,320		
Securities	Transferred or delivered		996,743	€ 0
				RM 0
	Sold			SFr 203
			64,713,475	
		112,460,512	65,710,218	€ 0
				RM 0
				SFr 203
Net movement in year		1,128,323	8,325,080	€ 0
				RM 0
				SFr -203

The notes on pages 12-13 form part of this Account.

## Statement of Balances as at 31 March 2005

	Cash £	Securities Nominal value		
		Sterling £	Foreign	
Opening balance at 1 April 2004	220,030	85,832,224	€ 2,186	RM 28,000
			SFr 729	
Add/(less)				
Net movement in year	1,128,323	8,325,080	€ 50	RM -
			SFr -203	
Closing balance at 31 March 2004	1,348,353	94,157,304	€ 2,236	RM 28,000
			SFr 526	

*The notes on pages 12-13 form part of this Statement.*

## Supreme Court Funds - Statement of Liabilities and Assets as at 31 March 2005

	Cash £	Securities Nominal value £
<b>Liabilities</b>		
Amount of cash and securities standing to the credit of the accounts of suitors in the books of the Accountant General of the Supreme Court of Judicature in Northern Ireland	1,348,353	94,157,304
Directions to pay not cashed and transfers out not completed	<u>727,266</u>	<u>NIL</u>
	<u>2,075,619</u>	<u>94,157,304</u>
Foreign securities	€ 2,236 RM 28,000 SFr 526	
Amounts of cash held by the Bank of Ireland and other securities standing in the name of the Accountant General of the Supreme Court of Judicature in Northern Ireland in the books of the Bank of Ireland and other companies	2,071,088	94,157,304
<b>Assets</b>		
Directions to receive not completed and transfers in not completed	<u>4,531</u>	<u>NIL</u>
	<u>2,075,619</u>	<u>94,157,304</u>
Foreign securities	€ 2,236 RM 28,000 SFr 526	

*The notes on pages 12-13 form part of this Statement.*

## Notes to the Account

- 1 The Cash Balances for which the Accountant General was liable in respect of Funds in the Supreme Court at 31 March 2005 were held by the Bank of Ireland and comprised

	£
Cash held in Special Account	1,308,184
Other cash	40,169
	<u>1,348,353</u>

- 2 The Nominal and Market Values of Sterling Securities held at 31 March 2005 consisted of

	Nominal £	Market £
Government Stocks	28,626,167	42,350,910
Monies on Deposit	63,185,560	63,185,560
Equities	1,502,536	33,880,273
Personal Equity Plans	181,461	3,785,886
Individual Savings Accounts	205,587	4,130,876
Others	455,993	531,348
Total	<u>94,157,304</u>	<u>147,864,853</u>

Included in the Market Value of £147,864,853 are unclaimed balances of £418,968 Monies on Deposit, £69,961 Government Stocks and £5,394 Equities.

- 3 Prefixes to the Foreign Securities entries mean

€ – Euro, RM – Malaysian Ringgit, R – South African Rand, SFr – Swiss Francs.

- 4 Personal Equity Plans and Individual Savings Accounts are held in the name of the Accountant General by a registered Plan Manager who has custody of the stock. The accumulated cash balance as at 31 March 2004 associated with these stocks was £418,177.

- 5 In addition to the balances of Cash and Securities held on 31 March 2005, 56,804 units in various unit trusts were held, with a value of £196,408.

- 6 The Accountant General holds the following warrants to subscribe in respect of Marconi Corp. (New) Wts.

	110
7 The Accountant General also holds the following Unsecured Loan Notes	
RMC Group Plc Floating Rate Unsecured Loan Notes 2005	5,400

- 8 Commissions and fees have already been deducted at source from the funds in court. The total charges for the year to 31 March 2005 were £1,113,602 which represents 0.52 % of the total market value of the funds held in court at year end.

The charges were made up of Court Funds Office administration costs	674,000
Costs of managing the investments including stockbroker fees, transaction charges and stamp duty	359,602
Management of monies held on deposit with the Commissioners for the Reduction of the National Debt	80,000
	<b>1,113,602</b>

The above charges relate to both Supreme Court funds and County Court funds. It is not practicable to separately apportion fees to the Supreme Court and County Court.

*D A Lavery*  
Accountant General of the Supreme Court  
of Judicature of Northern Ireland

9 February 2006

## County Court Funds - Receipts and Payments Account for the Year Ended 31 March 2005

		Cash £	Securities Nominal value Sterling £
<b>Receipts and transfers into Court</b>			
Cash	Lodgements by Suitors, etc	14,438,631	
	Sales of Securities	19,434,387	
	Dividends and Interest	490,653	
	Interest on Civil Bill Account	18,125	
Securities	Lodged		2,120,654
	Purchased		15,302,713
		<b>34,381,796</b>	<b>17,423,367</b>
<b>Payments and transfers out of Court</b>			
Cash	Payments to Suitors, etc.	18,200,407	
	Purchases of Securities	16,079,785	
	Payments of Interest on Civil Bill Accounts	18,125	
Securities	Transferred or delivered		133,744
	Sold		19,020,870
		34,298,317	19,154,614
<b>Net movement in year</b>		<b>83,479</b>	<b>-1,731,247</b>

*The notes on page 17 form part of this Account.*

## County Court Funds - Statement of Balances as at 31 March 2005

	Cash £	Securities Nominal value Sterling £
Opening balance at 1 April 2004	400,652	56,789,331
Add/(less)		
Net movement in year	<u>83,479</u>	<u>-1,731,247</u>
Closing balance at 31 March 2005	<u>484,131</u>	<u>55,058,084</u>

*The notes on page 17 form part of this Statement.*

## County Court Funds - Statement of Liabilities and Assets as at 31 March 2005

	Cash £	Securities Nominal value £
<b>Liabilities</b>		
Amount of cash and securities standing to the credit of the accounts of suitors in the books of the Accountant General of the Supreme Court of Judicature in Northern Ireland	484,131	55,058,084
Directions to pay not cashed and transfers out not completed	<u>490,117</u>	<u>NIL</u>
	<u>974,248</u>	<u>55,058,084</u>
<b>Assets</b>		
Amounts of cash held by the Bank of Ireland and other securities standing in the name of the Accountant General of the Supreme Court of Judicature in Northern Ireland in the books of the Bank of Ireland and other companies	969,329	55,058,084
Directions to receive not completed and transfers in not completed	<u>4,919</u>	<u>NIL</u>
	<u>974,248</u>	<u>55,058,084</u>

*The notes on page 17 form part of this Statement.*

## County Court Funds - Notes to the Account

- 1 The Cash Balances for which the Accountant General was liable in respect of Funds in the county courts at 31 March 2005 were held by the Bank of Ireland and comprised

	£
Cash held in County Court accounts	53,104
Cash held in Civil Bill accounts	431,027
<b>Total</b>	<b><u>484,131</u></b>

- 2 The Nominal and Market Values of Sterling Securities held at 31 March 2005 consisted of

	Nominal £	Market £
Government Stocks	5,593,359	10,172,756
Monies on Deposit	49,146,722	49,146,722
Equities	318,003	5,668,504
Others	0	0
<b>Total</b>	<b><u>55,058,084</u></b>	<b><u>64,987,982</u></b>

Included in the Market Value of £64,987,982 are unclaimed balances of £117,120 Monies on Deposit.

- 3 Commissions and fees have already been deducted at source from the funds in court. The total charges for the year to 31 March 2005 were £1,113,602 which represents 0.52 % of the total market value of the funds held in court at year end

The charges were made up of

Court Funds Office administration costs	674,000
Costs of managing the investments including stockbroker fees, transaction charges and stamp duty	359,602
Management of monies held on deposit with the Commissioners for the Reduction of the National Debt	80,000
	<b><u>1,113,602</u></b>

The above charges relate to both Supreme Court funds and County Court funds. It is not practicable to separately apportion fees to the Supreme Court and County Court.

*DA Lavery*  
Accountant General of the Supreme Court  
of Judicature of Northern Ireland

9 February 2006

For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

DG Ref: D84710 6713RC

Printed in the UK for The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office  
06/06







Published by TSO (The Stationery Office) and available from:

**Online**

[www.tso.co.uk/bookshop](http://www.tso.co.uk/bookshop)

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline

Lo-call 0845 702 3474

E-mail [book.orders@tso.co.uk](mailto:book.orders@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-328619-5



9 780103 286198