

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

Funds in Court in Northern Ireland Account 2003-2004

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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 2004.

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

21 December 2005

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 2004 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

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	£276,035	£6,625	£95,739	£378,399
Government stocks	£140	£70,459	-	£70,599
Equities	-	£6,522	-	£6,522
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	£67,193	£4,836	£40,455	£112,484

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 £95,739 of interest and dividends received since 1995 in respect of the Supreme Court and £40,455 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 (£175) 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

21 December 2005

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

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Victoria
London SW1W 9SP

Supreme Court Funds - Receipts and Payments Account for the year ended 31 March 2004

		Cash	Securities Nominal value	
			Sterling	Foreign
		£	£	
Receipts and transfers into Court				
Cash	Lodgements by Suitors, etc.	48,212,259		
	Sales of Securities	58,147,553		
	Dividends and Interest	2,553,562		
	Interest on Special Account	9,098		
Securities	Lodged		2,221,944	€ 9,144 RM28,000 R - SFr 729
	Purchased		74,256,534	
		108,922,472	76,478,478	€ 9,144 RM28,000 R - SFr 729
Payments and transfers out of Court				
Cash	Payments to Suitors, etc.	26,077,254		
	Purchases of Securities	82,820,327		
	Payments of Special Account Interest to Consolidated Fund	9,098		
Securities	Transferred or delivered		18,474,375	€ 6,958 RM28,000 R 1.60 SFr 150
	Sold		50,484,516	
		108,906,679	68,958,891	€ 6,958 RM28,000 R 1.60 SFr 150
	Net movement in year	15,793	7,519,587	€ 2,186 RM - R -1.60 SFr 579

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

Statement of Balances as at 31 March 2004

	Cash £	Securities Nominal value	
		Sterling £	Foreign
Opening balance at 1 April 2003	204,237	78,312,637	€ - RM 28,000 R 1.60 SFr 150
Add/(less) Net movement in year	15,793	7,519,587	€ 2,186 RM - R -1.60 SFr 579
Closing balance at 31 March 2004	220,030	85,832,224	€ 2,186 RM 28,000 R - SFr 729

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

Supreme Court Funds - Statement of Liabilities and Assets as at 31 March 2004

	Cash £	Securities nominal value £
Liabilities		
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	220,030	85,832,224
Directions to pay not cashed and transfers out not completed	<u>878,528</u>	<u>NIL</u>
	<u>1,098,558</u>	<u>85,832,224</u>
Foreign securities	€	2,186
	RM	28,000
	SFr	729
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	1,096,952	85,832,224
Assets		
Directions to receive not completed and transfers in not completed	<u>1,606</u>	<u>NIL</u>
	<u>1,098,558</u>	<u>85,832,224</u>
Foreign securities	€	2,186
	RM	28,000
	SFr	729

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 2004 were held by the Bank of Ireland and comprised

	£
Cash held in Special Account	208,406
Other cash	11,624
	<u>220,030</u>

- 2 The Nominal and Market Values of Sterling Securities held at 31 March 2004 consisted of

	Nominal £	Market £
Government Stocks	20,951,604	35,399,084
Monies on Deposit	62,125,354	62,125,354
Equities	1,573,137	31,777,529
Personal Equity Plans	212,292	3,877,883
Individual Savings Accounts	206,359	3,579,142
Others	763,478	894,913
Total	<u>85,832,224</u>	<u>137,653,905</u>

Included in the Market Value of £137,653,905 are unclaimed balances of £378,399 Monies on Deposit, £70,599 Government Stocks and £6,522 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 £136,508.

- 5 In addition to the balances of Cash and Securities held on 31 March 2004, 37,704 units in various unit trusts were held, with a value of £98,535.

- 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 2004 were £1,082,213 which represents 0.53 % 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	676,000
Costs of managing the investments including stockbroker fees, transaction charges and stamp duty	365,013
Management of monies held on deposit with the Commissioners for the Reduction of the National Debt	41,200
	1,082,213

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

21 December 2005

County Court Funds - Receipts and Payments Account for the Year Ended 31 March 2004

		Cash £	Securities Nominal value Sterling £
Receipts and transfers into Court			
Cash	Lodgements by Suitors, etc	28,778,084	
	Sales of Securities	20,726,024	
	Dividends and Interest	542,872	
	Interest on Civil Bill Account	14,625	
Securities	Lodged		1,940,309
	Purchased		29,903,605
		<u>50,061,605</u>	<u>31,843,914</u>
Payments and transfers out of Court			
Cash	Payments to Suitors, etc.	19,254,075	
	Purchases of Securities	30,908,582	
	Payments of Interest on Civil Bill Accounts	14,625	
Securities	Transferred or delivered		10,865,941
	Sold		19,990,032
		<u>50,177,282</u>	<u>30,855,973</u>
Net movement in year		<u>(115,677)</u>	<u>987,941</u>

The notes on page 17 form part of this Account.

County Court Funds - Statement of Balances as at 31 March 2004

	Cash £	Securities Nominal value Sterling £
Opening balance at 1 April 2003	516,329	55,801,390
Add/(less)		
Net movement in year	<u>(115,677)</u>	<u>987,941</u>
Closing balance at 31 March 2004	<u>400,652</u>	<u>56,789,331</u>

The notes on page 17 form part of this Statement.

County Court Funds - Statement of Liabilities and Assets as at 31 March 2004

	Cash £	Securities nominal value £
Liabilities		
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	400,652	56,789,331
Directions to pay not cashed and transfers out not completed	<u>627,818</u>	<u>NIL</u>
	<u>1,028,470</u>	<u>56,789,331</u>
Assets		
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	1,028,470	56,789,331
Directions to receive not completed and transfers in not completed	<u>NIL</u>	<u>NIL</u>
	<u>1,028,470</u>	<u>56,789,331</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 2004 were held by the Bank of Ireland and comprised

	£
Cash held in County Court accounts	37,931
Cash held in Civil Bill accounts	362,721
Total	<u>400,652</u>

- 2 The Nominal and Market Values of Sterling Securities held at 31 March 2004 consisted of

	Nominal £	Market £
Government Stocks	4,646,617	9,089,798
Monies on Deposit	51,781,792	51,781,792
Equities	310,922	5,142,561
Others	50,000	61,809
Total	<u>56,789,331</u>	<u>66,075,960</u>

Included in the Market Value of £66,075,960 are unclaimed balances of £112,484 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 2004 were £1,082,213 which represents 0.53 % 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	676,000
Costs of managing the investments including stockbroker fees, transaction charges and stamp duty	365,013
Management of monies held on deposit with the Commissioners for the Reduction of the National Debt	41,200
	<u>1,082,213</u>

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

21 December 2005

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