



serving  
the community  
through the  
administration  
of justice

Northern Ireland Court Service

# Resource Accounts

2004-2005



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Northern Ireland Court Service

# Resource Accounts

2004-2005 for the year ended 31 March 2005

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# Annual Report for the year ended 31 March 2005

## 1. Basis of Accounts

The Northern Ireland Court Service ("the Department") presents its accounts for the financial year ended 31 March 2005. The Accounts have been prepared in accordance with directions given by HM Treasury in pursuance of the Government Resources and Accounts Act 2000.

## 2. Establishment of the Northern Ireland Court Service

The Department was established by the Judicature (Northern Ireland) Act 1978 as a "unified and distinct Civil Service of the Crown" and is a department for which the Lord Chancellor has ministerial responsibility. Our core business is to provide administrative support for the Northern Ireland courts.

Further information about the Court Service can be found at [www.courtsni.gov.uk](http://www.courtsni.gov.uk)

## 3. Departmental Boundary

The departmental boundary incorporates only the core department of the Northern Ireland Court Service.

During the year the Department held responsibility for the granting of funds to the Northern Ireland Legal Services Commission (NILSC). As an executive NDPB the NILSC is outside the departmental boundary for the purposes of these resource accounts.

The funds invested by the Court Funds Office are specifically excluded from the departmental boundary, following HM Treasury guidance. Third party monies are similarly excluded.

The Northern Ireland Legal Services Commission and Court Funds Office publish audited financial accounts.

## 4. Departmental Report

The 2004-05 Northern Ireland Court Service Annual Report provides detail about the Department that is additional to that shown in these accounts. The report for the year covered by these accounts will be published in Autumn 2005.

## 5. Operating and Financial Review

### 5.1 Principal Aim and Objectives

The Department's vision is:

*Serving the community through the administration of justice.*

The Department's purpose is:

- to facilitate the conduct of the business of the Supreme Court, county courts, magistrates' courts, coroners' courts and certain tribunals;
- to give effect to judgments to which the Judgments Enforcement (Northern Ireland) Order 1981 applies; and
- to provide the Lord Chancellor with policy advice and legislative support relating to his ministerial responsibilities in Northern Ireland.

Within this overall framework there were fourteen corporate strategic objectives, during this financial year. The corporate objectives are grouped into four themes namely:

#### *Reform*

- to promote confidence in the Criminal Justice System;
- to promote a modern and efficient Civil Justice System;
- to reform publicly funded legal services;
- to modernise the Coroners' Service;

#### *Modernisation*

- to deliver e-business and give effect to the Government's modernisation targets;
- to improve value for money in service delivery;
- to improve corporate governance;
- to improve the management of funds in Court;

#### *Responsiveness*

- to increase the efficiency of case management;
- to support the Northern Ireland Legal Services Commission to improve the targeting and efficiency of publicly funded legal services;
- to improve customer service;
- to become a more community-facing organisation;

#### *Empowerment*

- to have the right staff with the right skills;
- to achieve a workforce that is reflective of the community it serves.

The utilisation of resources towards achieving these objectives is further detailed in Schedule 5.

## **5.2 Operating Review**

The year under review was one of continuous progress and achievements in terms of business performance and saw the Court Service consolidate and build upon the significant developments that had taken place in the previous year, which was the first year of our Corporate Plan 2003-2006. Full details of our performance against business targets will be provided in our Annual Report 2004-2005 which will be published in Autumn 2005. This can be viewed on our website at [www.courtsni.gov.uk/publications](http://www.courtsni.gov.uk/publications)

#### *Reform Programme*

The Court Service remains committed to promoting confidence in the criminal justice system through a range of reforms designed to respond to the needs of the wider community. Throughout the year we continued to work with other criminal justice agencies in Northern Ireland to deliver the modernisation of the criminal justice system as set out in the Government's Implementation Plan for the Northern Ireland Criminal Justice Review (2000). The Court Service collaborated with key stakeholders to secure the passage of the Justice (Northern Ireland) Act 2002 as amended which, amongst other things, provided for the establishment of a Northern Ireland Judicial Appointments Commission in June 2005.



The establishment of a new office of Lay Magistrate, designed to facilitate greater community involvement in the courts, was also progressed during the year. A high-profile campaign was launched in May 2004 and attracted 5,000 applications for approximately 300 posts. The new Lay Magistrates have completed their initial training and have taken up duties in April 2005.

Working closely with the Northern Ireland Legal Services Commission on the administration of legal aid in Northern Ireland, significant progress was made on the introduction of new arrangements for remuneration paid to lawyers who undertake publicly funded defence work in Crown Court cases. The new arrangements came into force at the end of the financial year and will aid budgetary predictability, cost control and value for money. Work on corresponding arrangements for magistrate's court cases is under way.

The Court Service, in partnership with HM Treasury, initiated a Fundamental Legal Aid Review in Northern Ireland. This work will be completed by the summer of 2005 and will be used to shape the future development of new civil legal services and criminal defence services in Northern Ireland, alongside other policy initiatives being taken forward by the Northern Ireland Legal Services Commission.

In early 2004 the Court Service published a consultation paper "The Coroners Service in Northern Ireland – Proposals for Administrative Redesign". In April 2005, following the analysis of the responses received during the consultation process, the document "Modernising the Coroners Service in Northern Ireland – The Way Forward" was published, setting out the plans for taking forward the proposed reforms during 2005-06 which will give effect to the recommendations of the Luce Review on the inquest system.

During the year we continued to support the Secretary of State for Constitutional Affairs and Lord Chancellor, in his programme of constitutional reform, most notably through our contribution to the Constitutional Reform Bill. This will transfer a number of the Lord Chancellor's judiciary-related functions to the Lord Chief Justice of Northern Ireland.

#### *Modernisation Programme*

The Court Service continues to support the Government's modernisation agenda and consider the use of private finance arrangements, where this represents best value in the delivery of services to the public. While we did not enter into any new public finance initiative (PFI) agreements this year, 2004-2005 saw the sixth year of our 10-year PFI contract for Information Systems and Information Technology Services with Fujitsu.

Within our Business Modernisation Strategy there are 4 major Programmes,

- Integrated Court Operations System & Causeway
- Electronic Service Delivery Programme;
- Courtroom Technology Programme; and
- Electronic Documents & Record Management System.

Our Integrated Court Operations System (ICOS) is being developed to support civil, criminal and family court operations. ICOS will support the delivery of efficiencies in processing of court business. During 2004-05 the following ICOS modules became operational,

- County Court Civil Business;
- Fees Collection;

- High Court Queens Bench Division;
- High Court Chancery Division;
- High Court Family Division; and
- County Court Divorce.

The Court Service is a partner in the Causeway Programme which will underpin electronic communication and information sharing between the criminal justice agencies in Northern Ireland when fully implemented in 2006.

The first elements of the Electronic Service Delivery Programme were delivered during 2004-05. These facilitate IT delivery of:

- Publication of Court Lists;
- Public Searching of Bankruptcy & Chancery Register;
- Public Searching of Probate Register; and
- Public Searching of Divorce Register.

In August 2004 the Court Service became one of the few departments in the United Kingdom to achieve ISO 7799 Security of Information Accreditation. A critical element of this accreditation was the creation and testing of province wide Business Continuity and Disaster Recovery Plans.

#### *Responsiveness Programme*

Continuous improvement in customer service is central to the delivery of our core business of running the courts. During 2004, eight of our courthouses successfully achieved Charter Mark accreditation with best practice being recognised in many areas of customer service. A further nine court venues and our Court Funds Office have been successfully accredited in 2005. All remaining court venues will be applying for accreditation by March 2006.

Her Majesty's Magistrates' Courts Service Inspectorate has undertaken an inspection of all aspects of customer service within the Court Service, including support for the judiciary. A final inspection report will be published in the summer of 2005.

A Customer Service Board was established during 2004 to co-ordinate and drive forward the work on customer service improvement. The Board has responsibility for taking forward a Customer Services Strategy for the Court Service.

Court visits by schools and colleges remain a popular element of the Court Service's outreach programme with over 90 visits facilitated during 2004-05, 38 of which involved members of the judiciary. Work experience placements also continued to be a popular element of our education programme with over 150 placements facilitated.

A Court Service Education Online website was introduced in November 2004. This award winning website is designed to support the delivery of the citizenship module of the Northern Ireland schools curriculum. The website is at [www.courtsni.gov.uk](http://www.courtsni.gov.uk).

The effective and efficient daily management of court business across all of our court venues remains the cornerstone of our service delivery and each year challenging targets are set for the delivery of business across the criminal, civil and family courts. Performance to corporate targets is published in the Northern Ireland Court Service Annual Report, which will be available in Autumn 2005.

#### *Empowerment Programme*

We have been an accredited Investors in People organisation since 1999. During 2004-05 we implemented a staff development programme for staff at Executive Officer and Administrative Officer levels, providing opportunities for staff to undertake national vocational qualifications.

The Court Service has an Employment Equality Plan in place which outlines how the Court Service will secure a workforce reflective of the community. This plan has been endorsed by the Equality Commission for Northern Ireland and contains timetables of action and an annual employer of choice programme.

As well as statutory compliance the plan contains initiatives designed to improve participation of people with disabilities and people with dependants as well as maintaining and improving the working environment.

At the year-end there were no potential environmental liabilities. The Court Service was committed to capital expenditure as detailed in note 23 to these accounts.

### **5.3 Financial Review**

The majority of funding for the Northern Ireland Court Service comes from Parliament through HM Treasury. However, fees from civil court work form a supplementary source of income, and are included in these financial statements as appropriations in aid, or AinA. There is a cap on the level of fees that may be retained by the Department; surplus fees are returned to HM Treasury.

It is government policy that the provision of services for civil court proceedings must be self-financing, so the fees earned from this type of work must cover the cost of that provision. Note 6 shows the level of civil court costs, and the associated income generated. As the recovery level was short of the 100% target, the Department implemented a fee increase of 3% in September 2004. A further increase will be necessary and a major review of the structure and level of civil fees is currently underway.

A large portion of the department's expenditure, £64,960k (48%), was allocated to publicly funded legal services, or Legal Aid. The administration of publicly funded legal services is carried out by the Northern Ireland Legal Services Commission (NILSC). The NILSC is an executive Non-Departmental Public Body, and subject to the relevant governmental and accounting guidelines. Details of operational and financial performance of the NILSC can be found on their website at [www.nilsc.org.uk](http://www.nilsc.org.uk).

The remainder of the Department's funding is allocated to supporting the administration of justice.

The continuing development of Integrated Court Operations System (ICOS) has again featured heavily in the activities of the finance department over the year. Members of the finance staff were involved in helping ensure that appropriate financial controls and interfaces were incorporated into the new system. This collaborative approach to system development continues to be a priority. The roll out of the civil fee collection module has modernised processes for the collection of fee income across court tiers. Development

continues on modules in respect of criminal work. As well as improving the efficiency of case management, these modules will facilitate the payment of fees and fines at any court location throughout Northern Ireland.

During 2004-05, significant progress was made towards the establishment of the accounting arrangements for the new Northern Ireland Judicial Appointments Commission (NIJAC). This executive NDPB was established under the provisions of the Justice (Northern Ireland) Act 2002 as amended and commenced operation in June 2005. The NIJAC will be financed by grant in aid.

During 2004-05 major refurbishments at the Royal Courts of Justice in Belfast were further advanced, and substantial improvements were made to the courthouse in Banbridge. As part of the accommodation strategy 2001-2010, Cookstown courthouse was sold during the year. The proceeds from this sale have been allocated to further enhance our programme of estate maintenance.

Through the Court Funds Office, the Department administers a banking and investment service for funds deposited in court. Examples of the types of funds include monies held for minors, certain assets of some mental health patients, and payments in court in satisfaction of a claim. A formal review of administrative and investment processes has commenced under the chairmanship of a High Court judge with a view to improving the efficiency and effectiveness of this service. The performance of these funds is outside the departmental boundary and further details may be found in the published white paper accounts for Funds in Court in Northern Ireland.

During the year the Department completed a pilot programme of financial awareness training, leading to a CIPFA accredited Certificate in Management Practice (Financial Skills). This practical based training programme was primarily provided for staff from an operational rather than financial background, and served a dual purpose of providing a development opportunity and raising awareness of the financial impact of operational decisions. There was a high success rate for those enrolled in this programme.

## **6. Pensions and Early Departure Costs**

Details about the Department's pensions and early departure costs policies are included in the notes to these accounts.

## **7. Ministers and the Management Board**

### **7.1 The following held ministerial office during the year;**

The Lord Chancellor, The Right Honourable The Lord Falconer of Thoroton:

The Right Honourable Lord Filkin CBE: Parliamentary Secretary to the Lord Chancellor's Department until 9 September 2004.

Baroness Ashton of Upholland: Parliamentary Under Secretary at the Department of Constitutional Affairs from 9 September 2004.

### **7.2 The composition of the Departmental Management Board during the year was as follows:**

D A Lavery	Director NI Court Service
G Keatley	Head of Operations Division

H L McAlpine Head of Policy and Legislation Division  
(Seconded to the Office of the First Minister and Deputy First Minister from 26 October 2004)

G Fee Head of Policy and Legislation Division  
(Appointed 1 November 2004)

A Carleton Head of Corporate Services and Modernisation Division  
(Appointed 22 April 2004, previously Acting Head of Corporate Services and Modernisation)

L Devlin Head of Publicly Funded Legal Services Division  
(Seconded from the Office of the First Minister and Deputy First Minister from 3 November 2003)

H A Hunter Head of Judicial Services Division

K King Non-executive Director

S Ball Non-executive Director  
(Appointed 4 April 2004. Resigned 14 January 2005)

Executive members of the Management Board were appointed in accordance with the Civil Service Management Code.

#### **8. Remuneration of members of the Management Board**

The remuneration of the Management Board is detailed in note 2 to the accounts. The Department is not responsible for the remuneration of any ministers. The remuneration of the members of the Management Board is determined in accordance with the recommendations of the Senior Salaries Review Body as implemented by the Court Service Senior Civil Service Pay Committee. K King, non-executive director, is remunerated by means of a daily attendance fee. S Ball, non-executive director, did not receive remuneration from the Department. He received remuneration from the Department of Constitutional Affairs. As non-executive directors there are no entitlements to pension or other contributions from the Court Service.

#### **9. Employment of Disabled Persons**

The Department follows the Civil Service Code of Practice on the Employment of Disabled People that aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement in the Department is based solely on ability, qualifications and suitability for the post.

The Department has in place a Code of Practice on the Employment of People With Disabilities and a Good Practice Guide for Managers. A Disability Liaison Officer has been designated to support people with disabilities in their employment. The Department aims to ensure that people with disabilities have equality of opportunity and fair participation in all aspects of their employment, and that discrimination does not take place.

#### **10. Equal Opportunities and Diversity**

The Department is an equal opportunities employer. Policies are in place to guard against discrimination, ensure compliance with legal requirements and aim to ensure that there are no unfair or illegal discriminatory barriers to employment and advancement in the Department. The Department employs a designated Diversity Officer who has responsibility for promoting awareness of diversity and equality policies, monitoring the uptake of policies and conducting regular reviews of workforce composition. The role

includes acting as an inter-departmental liaison officer with the Cabinet Office and the Northern Ireland Home Civil Service Network.

The Department has in place an Equal Opportunities Policy which guards against discrimination in employment, a Diversity Strategy, which values difference and an Equality Scheme which ensures that all 9 groups contained in Section 75 of the Northern Ireland Act 1998 are protected. An Employment Equality Plan has been put in place to draw together all the proposed activity, which will take place in relation to these policies within the life of the corporate plan. The Equal Opportunities policy states that there shall be no discrimination against staff on grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or background. Employment and promotion are based solely on merit. Staff who work reduced hours are assessed on exactly the same basis as those working full time. A Dignity and Harmony at Work policy is in place and provides systems and procedures to enable and support staff to challenge harassment and bullying.

### **11. Employee Involvement**

The Department attaches considerable importance to ensuring the involvement of employees in delivering its aims and objectives. The Whitley Council within the Court Service provides the means for communication and negotiation with Trade Union Side. The Whitley Executive Committee meets quarterly and is chaired by the Head of Corporate Services and Modernisation. The vice-chairperson is appointed by Trade Union Side.

In addition to using the Whitley forum for communication with staff, a central focus of the development and review of policy within the department includes staff consultation. This is achieved through policy review focus groups to which staff may nominate themselves.

A Workplace Health Committee meets throughout the year to discuss health and safety matters of concern to staff and management.

The Court Service has a well established internal communications system, which meets the requirements of the Information and Consultation of Employees Regulations (NI) 2005, which includes for example team briefing sessions, focus groups, the staff handbook, staff notice board, intranet site, staff notices and staff attitude surveys. The departmental magazine of the Court Service, "Open Court" is circulated quarterly to all members of staff.

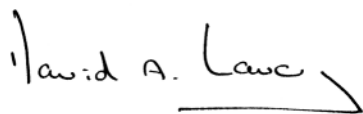
### **12. Payment of Suppliers**

The Department is committed to the prompt payment of suppliers and has signed up to the Government's Prompt Payment Charter. A prompt payment survey for the financial year 2004-2005 shows that 95% (2004: 97%) of invoices were paid in accordance with the terms of the Charter.

### **13. Auditors**

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act 2000. He is head of the National Audit Office. He and his staff are wholly independent of the Northern Ireland Court Service, and he reports his findings to Parliament.

The audit of the financial statements for 2004-2005 resulted in an audit fee of £60,720 (2004: £64,000). This fee is included in non staff administration costs, as disclosed in note 3 to these accounts. The C&AG did not provide any non-audit services during the year.

A handwritten signature in black ink that reads "David A. Lavery". The signature is written in a cursive style and ends with a long horizontal stroke that curves upwards at the right end.

D A Lavery  
Accounting Officer

1 July 2005

# Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, the department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.

HM Treasury has appointed the Director of the Northern Ireland Court Service, being the Permanent Head of Department, as Accounting Officer of the department, with responsibility for preparing the department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting.



# Statement on internal control

## Scope of responsibility

As 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. As Accounting Officer for the sponsoring department of the Northern Ireland Legal Services Commission, I have designated its Chief Executive as Accounting Officer. The relationship between the Court Service and the Legal Services Commission has been agreed and is formally recognised in the management statement and the financial memorandum.

## 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 annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

Risk management constitutes a standing item on Branch and Divisional meeting agendas and senior managers are required to formally sign off Stewardship Statements for Heads of Division on a quarterly basis, with Heads of Division completing 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 2004-05 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 now 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.

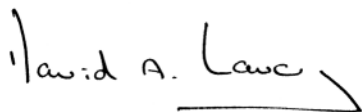
A review of corporate governance is currently being concluded and work has also taken place during the year to ensure that the internal control, risk and governance arrangements of the Northern Ireland Judicial Appointments Commission, a non-departmental public body sponsored by the Northern Ireland Court Service established in June 2005, are sufficiently robust.

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.



D A Lavery  
Accounting Officer

1 July 2005

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 19 to 50 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 25 to 28.

## **Respective responsibilities of the Accounting Officer and Auditor**

As described on page 14, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Annual Report. 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 give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 15 and 16 reflects the Department's 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 Accounting Officer's statements on internal control cover all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's 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 significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department's circumstances, consistently applied and adequately disclosed.

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 expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 give a true and fair view of the state of affairs of the Northern Ireland Court Service at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**  
**Comptroller and Auditor General**

12 July 2005

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

# Schedule 1

## Summary of Resource Outturn

### 2004-2005

	2004-05						2003-04	
	Estimate			Outturn			Net Total Outturn compared with Estimate saving/ (excess)	Prior Year Outturn
	Gross expenditure	A-in-A	Net Total	Gross expenditure	A-in-A	Net Total		
£000	£000	£000	£000	£000	£000	£000	£000	
Request for Resources 1 (Notes 6 and 10)	132,147	(13,942)	118,205	130,193	(13,942)	116,251	1,954	103,437
<b>Total Resources</b>	<b>132,147</b>	<b>(13,942)</b>	<b>118,205</b>	<b>130,193</b>	<b>(13,942)</b>	<b>116,251</b>	<b>1,954</b>	<b>103,437</b>
Non-Operating Cost A-in-A (Note 6)	-	(1,000)	(1,000)	-	(740)	(740)	(260)	(1,400)
<b>Net Cash Requirement</b>	<b>-</b>	<b>-</b>	<b>115,500</b>	<b>-</b>	<b>-</b>	<b>109,328</b>	<b>6,172</b>	<b>92,535</b>

#### Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the department and is payable to the Consolidated Fund

	Note	2004-2005 Forecast		2004-2005 Outturn	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Excess appropriations-in-aid	6	-	-	2,465	2,465
Court imposed fines		5,150	5,150	5,577	5,577
Externally imposed fines		-	-	3,903	3,903
Other Miscellaneous		350	350	193	193
<b>Total</b>	<b>5</b>	<b>5,500</b>	<b>5,500</b>	<b>12,138</b>	<b>12,138</b>

In previous years income disclosed in the summary of income payable to the Consolidated Fund was overstated by £1,649k and receipts were understated by £263k. These differences have no effect on the income and receipts disclosed for 2004-05. The actual income and receipts in previous years were properly reflected in the primary statements to the departmental resource accounts.

The Department accepts payment for fines imposed in the Magistrates and Crown courts for onward transmission to the Consolidated Fund. Fines imposed in court can be cleared either by payment or by means other than payment, including committal to prison. Fines are deemed to be outside the scope of the Department's activities until paid. On collection of fines the receipts are accounted for as a creditor to the Consolidated Fund until paid over. For 2004-05, the balance of fines outstanding was:

Court imposed Fines	£000
Balance at 31 March 2004	5,381
Amounts imposed	8,592
Fines cleared by payment	(5,577)
Fines cleared by means other than payment	(1,977)
<b>Balance at 31 March 2005</b>	<b>6,419</b>

# Schedule 1

## continued

### Reconciliation of Resources to Cash Requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate saving/ (excess) £000
<b>Net total resources</b>		<b>118,205</b>	<b>116,251</b>	<b>1,954</b>
<b>Capital:</b>				
Acquisition of fixed assets	11-13	9,000	7,688	1,312
Investments		–	–	–
<b>Non-Operating Cost A-in-A</b>				
Proceeds of fixed asset disposals	6	(1,000)	(740)	(260)
<b>Accruals adjustments:</b>				
Non-cash items	3a	(10,705)	(15,123)	4,418
Changes in working capital other than cash	14	–	1,419	(1,419)
Changes in creditors falling due after more than one year	17	–	104	(104)
Use of Provision	18	–	231	(231)
Transitional Adjustment	20	–	(502)	502
<b>Net Cash Requirement (Schedule 4)</b>		<b>115,500</b>	<b>109,328</b>	<b>6,172</b>

## Schedule 2

### Operating Cost Statement for the year ended 31 March 2005

		2004-2005		2003-2004	
	Note	£000	£000	£000	£000
<b>Administration Costs</b>					
Staff costs	2	5,445		4,979	
Non-staff administration costs	3	9,998		9,497	
<b>Gross administration costs</b>			<b>15,443</b>		<b>14,476</b>
Operating income	6		(16,407)		(16,502)
<b>Net administration costs</b>			<b>(964)</b>		<b>(2,026)</b>
<b>Programme costs</b>					
<b>Request for Resources 1</b>					
Staff costs	2	13,170		11,793	
Expenditure	4	107,968		99,170	
Less: income		—		—	
			121,138		110,963
<b>Net Programme Costs</b>			<b>121,138</b>		<b>110,963</b>
<b>Net Operating Cost</b>	<b>8 &amp; 9</b>		<b>120,174</b>		<b>108,937</b>
<b>Net Resource Outturn</b>	<b>8</b>		<b>116,251</b>		<b>103,437</b>

All income and expenditure are derived from continuing operations.

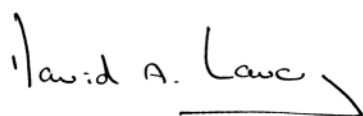
## Statement of Recognised Gains and Losses for the year ended 31 March 2005

	Note	2004-2005	2003-2004
		£000	£000
Net gain on revaluation of tangible fixed assets	21	14,674	23,022
Receipt of donated assets	21	—	33
<b>Total recognised gains and losses for the financial year</b>		<b>14,674</b>	<b>23,055</b>

# Schedule 3

## Balance Sheet as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	12		194,786		181,809
Intangible assets	13		204		34
<b>Current Assets</b>					
Debtors	15	6,570		5,055	
Cash at bank and in hand	16	2,557		1,469	
		<u>9,127</u>		<u>6,524</u>	
Creditors (amounts falling due within one year)	17	(10,621)		(9,231)	
Net current assets			<u>(1,494)</u>		<u>(2,707)</u>
<b>Total assets less current liabilities</b>			<b>193,496</b>		<b>179,136</b>
Creditors (amounts falling due after more than one year)	17		(25,452)		(25,556)
Provisions for liabilities and charges	18		(1,107)		(853)
Pension liability	19		(282)		–
			<u>166,655</u>		<u>152,727</u>
<b>Taxpayers' Equity</b>					
General fund	20		88,934		89,606
Revaluation reserve	21		77,694		63,091
Donated asset reserve	21		27		30
			<u>166,655</u>		<u>152,727</u>



**D A Lavery**  
Accounting Officer

1 July 2005



# Schedule 4

## Cash Flow Statement for the year ended 31 March 2005

	2004-05 £000	2003-04 £000
<b>Net cash outflow from operating activities <sup>a</sup></b>	<b>(106,805)</b>	<b>(95,713)</b>
Capital expenditure and financial investment <sup>b</sup>	(6,948)	(2,322)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	9,673	8,380
Payments of amounts due to the Consolidated Fund	(9,838)	(14,644)
Financing <sup>c</sup>	<u>115,006</u>	<u>103,105</u>
<b>(Decrease)/Increase in cash in the period (Note 16)</b>	<b><u>1,088</u></b>	<b><u>(1,194)</u></b>

Notes a –See the table below giving a reconciliation of operating cost to operating cash flows  
b –See the table below giving an analysis of capital expenditure and financial investment.  
c –See the table below giving an analysis of financing and a reconciliation to the net cash requirement

<b>Reconciliation of operating cost to operating cash flows</b>	<b>2004-05 £000</b>	<b>2003-04 £000</b>
<b>Net operating cost</b>	<b>120,174</b>	<b>108,937</b>
Adjustments for non-cash transactions (note 3)	(15,123)	(13,454)
Adjustments for movements in working capital other than cash (note 14)	1,523	187
Use of Provisions (note 18)	231	43
<b>Net cash outflow from operating activities</b>	<b><u>106,805</u></b>	<b><u>95,713</u></b>

<b>Analysis of capital expenditure and financial investment</b>	<b>2004-05 £000</b>	<b>2003-04 £000</b>
Intangible fixed asset additions (note 13)	253	23
Tangible fixed assets additions (note 12)	7,435	3,699
Proceeds of disposal of fixed assets	(740)	(1,400)
<b>Net cash outflow from investing activities</b>	<b><u>6,948</u></b>	<b><u>2,322</u></b>

<b>Analysis of financing and reconciliation to net cash requirement</b>	<b>2004-05 £000</b>	<b>2003-04 £000</b>
From Consolidated Fund (supply) – current year	108,948	92,865
From Consolidated Fund (supply) – prior year	–	4,180
To Consolidated Fund (supply) – prior year	(330)	–
From Consolidated Fund (non-supply)	6,388	6,060
Advances from the Contingencies Fund	–	6,000
Repayments to the Contingencies Fund	–	(6,000)
<b>Net financing</b>	<b><u>115,006</u></b>	<b><u>103,105</u></b>
<b>Decrease / (Increase) in cash</b>	<b><u>(1,088)</u></b>	<b><u>1,194</u></b>
<b>Net cash flows other than financing</b>	<b><u>113,918</u></b>	<b><u>104,299</u></b>

<b>Adjustments for payments and receipts not related to Supply:</b>		
Amounts due to Consolidated Fund – received in a prior year and paid over	(1,216)	(6,920)
Amounts due to Consolidated Fund – received and not paid over	3,516	1,216
Consolidated Fund standing services	(6,388)	(6,060)
Transitional adjustment	(502)	–
<b>Add: Supply financed repayment of financing</b>		
Capital element of payments in respect of finance leases and on balance sheet PFI contracts	–	–
<b>Net cash requirement (Schedule 1)</b>	<b><u>109,328</u></b>	<b><u>92,535</u></b>

# Schedule 5

## Resources by Departmental Aim and Objectives for the year ended 31 March 2005

Aim	2004-2005			2003-04		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
<b>Strategic Objective 1</b>						
To promote confidence in the Criminal Justice System	5,936	125	5,811	3,455	87	3,368
<b>Strategic Objective 2</b>						
To promote a modern and efficient Civil Justice System	590	14	576	332	7	325
<b>Strategic Objective 3</b>						
To reform publicly funded legal services	1,359	7	1,352	6,529	28	6,501
<b>Strategic Objective 4</b>						
To modernise the Coroners' Service	576	–	576	283	6	277
<b>Strategic Objective 5</b>						
To deliver e-business and give effect to the Government's modernisation targets	826	2	824	555	4	551
<b>Strategic Objective 6</b>						
To improve value for money in service delivery	114	–	114	1,753	–	1,753
<b>Strategic Objective 7</b>						
To improve corporate governance	3,925	41	3,884	2,942	91	2,851
<b>Strategic Objective 8</b>						
To improve the management of funds in Court	43	1	42	45	–	45
<b>Strategic Objective 9</b>						
To increase the efficiency of case management	57,177	15,612	41,565	51,121	14,585	36,536
<b>Strategic Objective 10</b>						
To support the Northern Ireland Legal Services Commission to improve the targeting and efficiency of publicly funded legal services	4,633	24	4,609	4,020	–	4,020
<b>Strategic Objective 11</b>						
To improve customer service	593	486	107	2,172	1,523	649
<b>Strategic Objective 12</b>						
To become a more community facing organisation	206	–	206	449	–	449
<b>Strategic Objective 13</b>						
To have the right staff with the right skills	1,159	95	1,064	1,053	171	882
<b>Strategic Objective 14</b>						
To achieve a workforce that is reflective of the community it serves	83	–	83	373	–	373
Publicly funded legal services	59,361	–	59,361	50,357	–	50,357
<b>Net Operating Costs</b>	<b>136,581</b>	<b>16,407</b>	<b>120,174</b>	<b>125,439</b>	<b>16,502</b>	<b>108,937</b>

See note 22

# Notes to the Departmental Resource Accounts

## 1.0 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2004–2005 Resource Accounting Manual (RAM) issued by HM Treasury. The accounting policies contained in the RAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, where material, at their value to the business by reference to their current costs.

### 1.2 Basis of Consolidation

These accounts incorporate the core activity of the Department.

The Northern Ireland Legal Services Commission (NILSC), an executive non-departmental public body (NDPB), has been excluded from the Departmental boundary for the purposes of these resource accounts. The NILSC was established on 1 November 2003 to operate the legal aid system, a function previously performed by the Legal Aid Department (LAD). It operates in accordance with guidance contained in "Non-Departmental Public Bodies: A Guide for Departments".

The funds invested by the Court Funds Office (Funds in Court) are specifically excluded from the departmental accounts following HM Treasury guidance. Third party monies are similarly excluded. The Funds held on behalf of third parties by the Court Funds Office are detailed in note 30.

Financial information about the Northern Ireland Legal Services Commission and the Funds in Court may be obtained from their separately published annual accounts.

### 1.3 Tangible Fixed Assets

The Department holds title to the freehold and leasehold land and buildings shown in the accounts.

Freehold and leasehold land has been included within the balance sheet on the basis of open market value for existing use. Due to the specialised nature of courthouses they are included within the balance sheet at depreciated replacement cost. Other buildings are included within the balance sheet on the basis of existing use value. Land and buildings surplus to requirements are valued on the basis of open market value less any directly attributable selling costs. Antiques are professionally valued every five years. All other assets are included at depreciated replacement cost.

Professional valuations of land and buildings take place at least once every five years in accordance with FRS 15 and appropriate indices are applied to revalue in intervening years. Land and buildings were valued by the Valuation and Lands Agency of the Department of Finance and Personnel at 31 March 2004. Indices used to update land and buildings were provided by the Valuation and Lands Agency.

Other tangible fixed assets have been stated at their value to the business by reference to Office of National Statistics (ONS) indices. The indices for other tangible fixed assets were obtained from ONS MM17 Price Index Numbers for Current Cost Accounting as at March 2005.

Assets costing more than the prescribed capitalisation level of £1,000 are treated as capital assets. For furniture and certain categories of printers the individual assets are recorded on a pooled basis.

### 1.4 Intangible Fixed Assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

### 1.5 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use. A further adjustment is made for any backlog depreciation arising from the Treasury requirement to value fixed assets by reference to current costs. No depreciation is

provided on freehold land since it has unlimited or very long estimated useful life. Useful lives are normally in the following ranges:

Land	- Freehold	Not depreciated
	- Leasehold	Not depreciated
Buildings	- Freehold	Individually assessed
	- Leasehold	Period of lease
Furniture and Fittings		10 years
Plant and machinery		5 years
Computer equipment		3-7 years
Intangible Assets – Software licence		3 years
Computer Software		3 years
Motor vehicles		3 years
Antiques (non-operational)		Not depreciated

Additions to fixed assets will be depreciated from the month of acquisition where material. Disposals from fixed assets will not be depreciated in the month of disposal.

### 1.6 Donated Assets

Donated tangible fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement.

### 1.7 Stocks

Stocks of consumable stores held by the Department are not considered material and are written off in the operating cost statement as they are purchased.

Assets seized by the Enforcement of Judgments Office are not included in stocks on the basis that they are not owned by the Department, but are held for resale in settlement of third party creditors. Third party assets held by the Enforcement of Judgments Office at the year-end are disclosed in note 30.

### 1.8 Operating Income

Operating income is income that relates directly to the operating activities of the department. Operating income comprises fees and charges for services provided to external customers, rents receivable, and miscellaneous receipts. It includes operating income appropriated in aid of the Estimate.

Income is accrued and accounted for in the period in which it is earned in the operating cost statement. Operating income is stated net of VAT.

### 1.9 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, can be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which can not. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, including judicial salaries and front line business salary costs. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

### 1.10 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities except for:

- tangible and intangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
  - additions at cost
  - disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
  - impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
  - depreciation of tangible and amortisation of intangible fixed assets.
- amounts to be surrendered to the Consolidated Fund, cash holdings with the Paymaster General and donated assets, where the charge is nil.

### 1.11 Operating Leases

Rentals under operating leases are charged to the operating cost statement on a straight line basis over the lease term.

### 1.12 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes that are described at Note 2. The defined benefit elements of the schemes are unfunded and are non-contributory, except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis, over the period during which it benefits from employees' services, by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

The Department is responsible for the administration of an individual personal pension in respect of one judicial office-holder. The defined benefit element of the pension is unfunded and non-contributory, except in respect of dependants' benefits. In 2004-05, the Department has recognised the expected cost of benefits accruing, arising from services received from the judicial office-holder in the current and previous years. Liability for payment of future benefits will be met by the Department.

### 1.13 Early Departure Costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS, over the period between early departure and normal retirement date. The Department provides for this in full, when the early retirement programme becomes binding on the Department, by establishing a provision for the estimated payments discounted by the Treasury discount rate of 3.5% in real terms.

Pension liabilities may arise in respect of provisions for lump sum early departure costs and the balance of any unpaid ASLC. Such liabilities will normally be disclosed within creditors (falling due within one year).

### 1.14 Value Added Tax (VAT)

Most of the activities of the Department are outside the scope of VAT; in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.15 Private Finance Initiative (PFI) Transactions.

PFI transactions have been accounted for in accordance with Technical Note No.1 (Revised), entitled "How to account for PFI Transactions", as required by the RAM. Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract.

Where the balance of risks and rewards of ownership of the PFI property is borne by the Department, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

Further details of current ongoing agreements are shown in note 25 to the accounts.

### 1.16 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Receipt of a claim for funding acts as the underlying event in normal circumstances.

### 1.17 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5%).

### 1.18 Post Balance Sheet events / Prior year adjustments

There were no post balance sheet events, nor prior year adjustments, for the year ended 31 March 2005.

### 1.19 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to the Department entering into the arrangement;
- all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Resource Accounting Manual to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities, which must be disclosed under FRS 12, are stated at discounted amounts and the amounts reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

### 1.20 Third Party Assets

The Department holds as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government has a direct beneficial interest in them.

### 1.21 Change to the estimation technique

There were no material changes in estimating techniques introduced during the financial year.

## 2. Staff Numbers and Costs

### 2.1 Staff Costs consist of:

	Total	2004-05			Special Advisers	2003-04 Total
		Permanently employed staff	Others	Ministers		
	£000	£000	£000	£000	£000	£000
Wages and Salaries	15,200	14,671	529	—	—	13,844
Social Security Costs	941	935	6	—	—	885
Other Pension Costs	2,148	2,148	—	—	—	1,749
<b>Sub Total</b>	<b>18,289</b>	<b>17,754</b>	<b>535</b>	<b>—</b>	<b>—</b>	<b>16,478</b>
Inward secondments	430	430	—	—	—	395
<b>Total</b>	<b>18,719</b>	<b>18,184</b>	<b>535</b>	<b>—</b>	<b>—</b>	<b>16,873</b>
Recoveries in respect of outward secondments	(104)	(104)	—	—	—	(101)
<b>Total Net Costs</b>	<b>18,615</b>	<b>18,080</b>	<b>535</b>	<b>—</b>	<b>—</b>	<b>16,772</b>

The Principal Civil Service Pension Schemes (PCSPS) is an unfunded multi-employer defined benefit scheme but the Northern Ireland Court Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004-2005, employers' contributions of £1,874K were payable to the PCSPS (2003/04 - £1,749K) at one of four rates in the range 12% – 18.5% (2003-04:12% to 18.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Employer contribution rates will increase from 2005-06. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3% to 12.5% (2003-04 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% of pensionable pay are payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. During 2004-05, no employees of the Department opted for a partnership pension account.

The Department is responsible for the administration of an individual personal pension determination in respect of one judicial office-holder. Defined benefits accrue broadly in line with the PCSPS enhanced by one third. The pension provision is unfunded and non-contributory, except in respect of dependants benefits.

The amount charged to other pension costs in respect of this scheme during 2004-05 included,

	<b>2004-05</b>
	<b>£000</b>
Current service costs	28
Past service costs	253
Contributions from judicial office-holder	(7)
<b>Total</b>	<b>274</b>

An actuarial valuation of the determination was completed in April 2005 for the contribution rate and past service liability calculations as at 31 March 2005 by the Government Actuaries Department (GAD). Further details are disclosed at note 19.

Judicial office holders are mainly covered by the provisions of the Judicial Pensions Scheme. The terms of most of the pension arrangements are set out in (or in some cases are analogous to), the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA).

The Judicial Pension Scheme (JPS) is an unfunded public service scheme, providing pensions and related benefits for members of the judiciary. Participating Judicial Appointing or Administering Bodies make contributions known as accruing superannuation liability charges (ASLCs), to cover the expected cost of benefits under the JPS. ASLCs are assessed regularly by the Scheme's Actuary – The Government Actuary's Department.

The contribution rate required from the Judicial Appointing or Administering Bodies to meet the cost of benefits accruing in the year 2004-05 has been assessed as 29.25% of the relevant judicial salaries. This includes an element of 0.25% as a contribution towards the administration costs of the scheme.

The liability for future payment is not chargeable to the Northern Ireland Court Service but is a charge on the JPS. The Northern Ireland Court Service is unable to identify its share of the underlying assets and liabilities. There is a separate scheme statement for the JPS as a whole and a full actuarial valuation as at 31 March 2005 is being carried out. Details of the Resource Accounts of the Department for Constitutional Affairs: Judicial Pensions Scheme can be found on the Department for Constitutional Affairs website ([www.dca.gov.uk](http://www.dca.gov.uk)).

## 2.2 The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

Objective	Total	Permanently employed staff	2004-05			2003-04 Total
			Others	Ministers	Special Advisers	
1	75	71	4	–	–	38
2	7	7	–	–	–	4
3	18	17	1	–	–	70
4	7	7	–	–	–	3
5	11	10	1	–	–	6
6	1	1	–	–	–	20
7	50	47	3	–	–	32
8	1	1	–	–	–	1
9	539	507	32	–	–	565
10	60	56	4	–	–	3
11	1	1	–	–	–	23
12	3	3	–	–	–	5
13	14	13	1	–	–	12
14	1	1	–	–	–	4
<b>Total</b>	<b>788</b>	<b>742</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>786</b>

## 2.3 Salary and pension entitlements

### A. Remuneration

The Department is not responsible for the remuneration of any Ministers or Special Advisers. Ministerial salaries are accounted for in the financial statements of the Department for Constitutional Affairs.

The following sections provide details of the remuneration and pension interests of the most senior officials of the Department.

Name and title	Age at 31 March 2005	2004-05		2003-04	
		Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Mr DA Lavery Director	48	105-110	–	100-105	–
Mr G Keatley Head of Division	53	60-65	–	Consent to disclosure withheld	
Mrs H L McAlpine Head of Division	41	70-75	–	70-75	–
Ms G Fee Head of Division	40	20-25	–	N/A	N/A
Mr A Carleton Head of Division	42	60-65	–	50-55	–
Mr HA Hunter Head of Division	43	60-65	–	55-60	–
Mr TJ O'Reilly Head of Division	47	Consent to disclosure withheld			
Mr K King Non Executive Director	47	15-20	–	5-10	–

#### Salary

'Salary' includes gross salary; performance pay or bonuses; and any other allowance to the extent that it is subject to UK taxation.

#### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. None of the above has received benefits in kind.



## B. Pension Benefits

Name and title	Real increase in pension and related lump sum at age 60 £000	Accrued Pension at age 60 at 31 March 2005 and related lump sum £000	CETV at 31 March 2005 £000	CETV at 31 March 2004 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Mr DA Lavery Director	0-2.5 plus 5.0-7.5 lump sum	30-35 plus 90-95 lump sum	441	390	31	–
Mr G Keatley Head of Division	0-2.5 plus 0-2.5 lump sum	25-30 plus 75-80 lump sum	444	407	11	–
Mrs HL McAlpine Head of Division	0-2.5 plus 0-2.5 lump sum	10-15 plus 40-45 lump sum	182	166	4	–
Ms G Fee Head of Division	0-2.5 plus 2.5-5.0 lump sum	5-10 plus 20-25 lumps sum	96	77	13	–
Mr A Carleton Head of Division	0-2.5 plus 2.5-5.0 lump sum	15-20 plus 45-50 lump sum	195	165	19	–
Mr HA Hunter Head of Division	0-2.5 plus 0-2.5 lump sum	10-15 plus 30-35 lump sum	144	131	3	–
Mr TJ O'Reilly Head of Division	Consent to disclosure withheld					

### Civil service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### 3. Non Staff Administration Costs

	2004-05		2003-04
	£000	£000	£000
<b>Rentals under operating leases:</b>			
Hire of plant & machinery		11	8
<b>Rentals for accommodation</b>		489	444
<b>Interest charges:</b>			
Finance Leases		—	—
On-Balance Sheet PFI contracts		—	—
<b>PFI service charges</b>			
Off-balance sheet contracts		1,141	1,210
<b>Non cash items:</b>			
Depreciation and amortisation of fixed assets	2,363		2,080
Cost of capital charge	1,573		1,432
Auditor's remuneration and expenses	61		64
(Profit)/Loss on disposal of assets	(440)		22
Increase in provisions	133		261
Permanent Diminution in value	470		486
Unwinding of discount on provisions	36	4,196	79
		4,161	3,411
<b>Other expenditure</b>		4,161	3,411
<b>TOTAL</b>		<b>9,998</b>	<b>9,497</b>

**Note a** – the total of non-cash transactions included in the Reconciliation of Resources to Net Cash Requirement in Schedule 1 and in the Reconciliation of Operating Costs to Operating Cashflows in Schedule 4 comprises:

	2004-05
	£000
Other administration costs – non-cash items (as above)	4,196
Add: other non-cash amounts charged to operating expenditure	
– Programme costs	10,645
– Staff costs	282
<b>Total non-cash transactions</b>	<b>15,123</b>

#### 4. Net Programme Costs

	2004-05 £000	2003-04 £000
<b>Current grants and other current expenditure</b>		
Publicly funded legal services:		
Grant	59,361	50,357
Grant in Aid	5,599	7,246
(Enabling the Legal Services Commission for Northern Ireland to provide timely, accurate and cost effective legal aid administration and expenditure control)		
Queen's University of Belfast: Grant in Aid	25	25
Rentals Under Operating Leases	30	29
Rentals for accommodation	360	347
PFI Service Charges:		
Off Balance Sheet Contracts	3,421	3,630
Service element of on-balance-sheet contracts	3,626	3,850
Non Cash Items:		
Depreciation	6,077	5,348
Cost of Capital Charge	4,046	3,682
Increase in provisions	522	—
Other expenditure	12,426	12,686
<b>Judicial Costs (Non-consolidated fund)</b>		
Judicial costs	4,122	3,972
Judicial pension costs	1,913	1,837
<b>Consolidated Fund standing services</b>		
Judicial wages and salaries	5,724	5,427
Judicial social security costs	664	633
<b>Capital Grant</b>		
Legal Services Commission: Grant in Aid	—	—
Capital charged to OCS	52	101
	<b>107,968</b>	<b>99,170</b>

#### 5. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	2004-2005 Forecast		2004-2005 Outturn	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts - excess A in A	6	—	—	2,465	<i>2,465</i>
Non-operating income and receipts – excess A in A	6	—	—	—	—
Subtotal		—	—	2,465	<i>2,465</i>
Other operating income and receipts not classified as A in A		—	—	—	—
Other non-operating income and receipts not classified as A in A		—	—	—	—
Other amounts collectable on behalf of the Consolidated Fund		5,500	<i>5,500</i>	9,673	<i>9,673</i>
Excess cash surrenderable to the Consolidated Fund		—	—	—	—
<b>Total</b>		<b>5,500</b>	<b><i>5,500</i></b>	<b>12,138</b>	<b><i>12,138</i></b>

## 6. Income and Appropriations in Aid (See also note 1.8)

### Operating Income

Operating income not appropriated in aid (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not. In 2004–05 all operating income not classified as Appropriations in Aid was within public expenditure.

2004-05	Reconciliation to Operating Cost Statement				Operating Cost Statement
	Resource Outturn	Netted off gross expenditure in sub-head	Payable to Consolidated Fund	Transactions between requests for resources	Income
	A in A				
	£000	£000	£000	£000	£000
Administration income:					
Fees and charges to external customers	13,750	–	2,465	–	16,215
Fees and charges to other departments	192	–	–	–	192
Estimate cover AinA	13,942	–	2,465	–	16,407
Programme income:	–	–	–	–	–
<b>Total</b>	<b>13,942</b>	<b>–</b>	<b>2,465</b>	<b>–</b>	<b>16,407</b>

2003-04	Reconciliation to Operating Cost Statement				Operating Cost Statement
	Resource Outturn	Netted off gross expenditure in sub-head	Payable to Consolidated Fund	Transactions between requests for resources	Income
	A in A				
	£000	£000	£000	£000	£000
Administration income:					
Fees and charges to external customers	15,119	–	560	–	15,679
Fees and charges to other departments	823	–	–	–	823
Estimate cover AinA	15,942	–	560	–	16,502
Programme income:	–	–	–	–	–
<b>Total</b>	<b>15,942</b>	<b>–</b>	<b>560</b>	<b>–</b>	<b>16,502</b>

An analysis of income from services provided to external and public sector customers is as follows:

	2004-05			2003-04		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Court Service						
-Civil Business	16,407	21,134	(4,727)	16,502	20,936	(4,434)
	<b>16,407</b>	<b>21,134</b>	<b>(4,727)</b>	<b>16,502</b>	<b>20,936</b>	<b>(4,434)</b>

Income shown is in respect of civil fee earning business and has been accounted for in accordance with HM Treasury Fees and Charges Guide.

## Non – operating appropriations in aid

	2004-05 £000	2003-04 £000
Disposals of fixed assets	740	1,400

## 7. Administration cost limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2004-05		2003-04	
	Outturn £000	Limits £000	Outturn £000	Limits £000
Request for Resources 1 (Gross limit)	15,500	23,005	14,531	20,005
Total within Administration cost control	<u>15,500</u>	<u>23,005</u>	<u>14,531</u>	<u>20,005</u>
Administration Expenditure excluded from Administration cost limit:				
Administration Income Allowable within the administration cost limit	(57)	–	–	–
	–	–	–	–
<b>Total administration outturn</b>	<u>15,443</u>	<u>23,005</u>	<u>14,531</u>	<u>20,005</u>

(See also note 1.9)

## 8. Reconciliation of net operating cost and net resource outturn

	2004-05 £000	2003-04 £000
<b>Net operating cost</b>	<b>120,174</b>	<b>108,937</b>
Judicial salaries paid from Consolidated Fund (non-supply expenditure)	(6,388)	(6,060)
Surplus income to be CFERed	2,465	560
<b>Net resource outturn (subject to supply procedures)</b>	<u><b>116,251</b></u>	<u><b>103,437</b></u>

Net operating cost is the total of expenditure and income appearing in the operating cost statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1).

## 9. Analysis of Net Operating Cost by spending body

This note analyses funding by the department to the relevant spending body:

Spending Body	2004-05		2003-04
	Budget £000	Outturn £000	Outturn £000
Core department	54,492	55,189	51,309
Publicly funded legal services	63,688	64,960	57,603
Queen's University of Belfast	25	25	25
	<u>118,205</u>	<u>120,174</u>	<u>108,937</u>

10. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement.

2004-05

	Admin	Other Current	Grants	Gross resource expenditure	A-in-A	Net Total	Estimate	Net Total Outturn compared with Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1</b>								
Supporting the effective and efficient administration of justice in Northern Ireland								
<b>The functions of the court service are:-</b>								
Operation of the Courts	15,443	49,765	–	65,208	(13,942)	51,266	54,492	3,226
Publicly Funded Legal Services	–	–	64,960	64,960	–	64,960	63,688	(1,272)
Grants to sundry bodies	–	–	25	25	–	25	25	–
<b>Total</b>	<b>15,443</b>	<b>49,765</b>	<b>64,985</b>	<b>130,193</b>	<b>(13,942)</b>	<b>116,251</b>	<b>118,205</b>	<b>1,954</b>
<b>Resource Outturn</b>	<b>15,443</b>	<b>49,765</b>	<b>64,985</b>	<b>130,193</b>	<b>(13,942)</b>	<b>116,251</b>	<b>118,205</b>	<b>1,954</b>
<b>Reconciliation to Operating cost Statement</b>								
Non-Supply expenditure:								
Consolidated Fund Judicial Salaries				6,388		6,388		
Non AinA operating income					(2,465)	(2,465)		
<b>Gross operating expenditure</b>				<b>136,581</b>				
<b>Operating income</b>					<b>(16,407)</b>			
<b>Net Operating Cost</b>						<b>120,174</b>		

2003-04

	Admin	Other Current	Grants	Gross resource expenditure	A-in-A	Net Total	Estimate	Net Total Outturn compared with Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1</b>								
Supporting the effective and efficient administration of justice in Northern Ireland								
<b>The functions of the court service are:-</b>								
Operation of the Courts	14,476	47,275	–	61,751	(15,942)	45,809	46,813	1,004
Publicly Funded Legal Services	–	–	57,603	57,603	–	57,603	59,668	2,065
Grants to sundry bodies	–	–	25	25	–	25	25	–
<b>Total</b>	<b>14,476</b>	<b>47,275</b>	<b>57,628</b>	<b>119,379</b>	<b>(15,942)</b>	<b>103,437</b>	<b>106,506</b>	<b>3,069</b>
<b>Resource Outturn</b>	<b>14,476</b>	<b>47,275</b>	<b>57,628</b>	<b>119,379</b>	<b>(15,942)</b>	<b>103,437</b>	<b>106,506</b>	<b>3,069</b>
<b>Reconciliation to Operating Cost Statement</b>								
Non-Supply expenditure:								
Consolidated Fund Judicial Salaries				6,060		6,060		
Non AinA operating income					(560)	(560)		
<b>Gross operating expenditure</b>				<b>125,439</b>				
<b>Operating Income</b>					<b>(16,502)</b>			
<b>Net Operating Cost</b>						<b>108,937</b>		

Functions represent the disaggregation of requests for resources for control purposes and Parliamentary approval. They may not correspond to departmental objectives, which in turn reflect a disaggregation of departmental aims for the management of activities. (For analysis of AinA, see note 6.)

#### 11. Analysis of Capital Expenditure, Financial Investment and associated A-in-A

	Capital Expenditure £000	Loans etc. £000	A-in-A £000	Net Total £000
Request for Resources 1	7,688	–	–	7,688
<b>Total 2004-05</b>	<b>7,688</b>	<b>–</b>	<b>–</b>	<b>7,688</b>
<b>Total 2003-04</b>	<b>3,722</b>	<b>–</b>	<b>–</b>	<b>3,722</b>

## 12. Tangible Fixed Assets

	Land and Buildings	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
At 1 April '04	197,517	7,750	707	3,773	276	210,023
Additions	3,102	3,224	30	210	869	7,435
Disposals	(466)	(4)	(65)	(1,171)	–	(1,706)
Reclassification	1,145	–	–	–	(1,145)	–
Revaluation	16,312	(899)	22	133	–	15,568
<b>At 31 March'05</b>	<b>217,610</b>	<b>10,071</b>	<b>694</b>	<b>2,945</b>	<b>–</b>	<b>231,320</b>
<b>Depreciation</b>						
At 1 April '04	21,827	3,742	397	2,248	–	28,214
Charged in year	5,673	2,329	120	245	–	8,367
Disposals	(166)	(4)	(65)	(1,171)	–	(1,406)
Reclassification	–	–	–	–	–	–
Revaluation	1,725	(434)	11	57	–	1,359
<b>At 31 March'05</b>	<b>29,059</b>	<b>5,633</b>	<b>463</b>	<b>1,379</b>	<b>–</b>	<b>36,534</b>
<b>Net book value at 31 March'05</b>	<b>188,551</b>	<b>4,438</b>	<b>231</b>	<b>1,566</b>	<b>–</b>	<b>194,786</b>
<b>at 31 March'04</b>	<b>175,690</b>	<b>4,008</b>	<b>310</b>	<b>1,525</b>	<b>276</b>	<b>181,809</b>
<b>Asset financing</b>						
Owned	157,522	4,438	231	1,566	–	163,757
Finance leased	–	–	–	–	–	–
On-balance sheet PFI contracts	31,029	–	–	–	–	31,029
PFI residual interests	–	–	–	–	–	–
<b>Net book value at 31 March'05</b>	<b>188,551</b>	<b>4,438</b>	<b>231</b>	<b>1,566</b>	<b>–</b>	<b>194,786</b>

### Notes:

Freehold and leasehold land and buildings were valued as at 31 March 2004 by the Valuation and Lands Agency. The valuation was carried out in accordance with the RICS Appraisal and Valuation Manual. All tangible assets were revalued on the basis of indices, dated March 2005. Indices for land and buildings were obtained from the Valuation and Lands Agency and those for other assets from the Office for National Statistics: MM17 Price Index Numbers for Current Cost Accounting.

Included within the net book value of land and buildings is £31,029k relating to assets recognised under an on-balance sheet PFI contract. Included within the depreciation charge for the year is an amount of £663k relating to this PFI asset.



### 13. Intangible Fixed Assets

The department's intangible fixed assets comprise purchased software licences.

	<b>Software Licences £000</b>
<b>Cost or valuation</b>	
At 1 April '04	57
Additions	253
Disposals	-
Revaluation	(8)
<b>At 31 March '05</b>	<b>302</b>
<b>Depreciation</b>	
At 1 April '04	23
Charged in year	78
Disposals	-
Revaluations	(3)
<b>At 31 March '05</b>	<b>98</b>
<b>Net book value at 31 March '05</b>	<b>204</b>
<b>at 31 March '04</b>	<b>34</b>

### 14. Movements in Working Capital other than Cash

The movements in working capital used in the reconciliation of resources to cash requirement comprise:

	<b>2004-05 £000</b>	<b>2003-04 £000</b>
Increase in debtors falling due within one year	1,135	904
(Increase) in creditors falling due within one year	(1,390)	4,815
	(255)	5,719
Adjustment : movement in working capital not related to net operating costs		
Amounts due to the Consolidated Fund	1,468	(5,374)
Transfer from provisions	206	208
<b>Net increase in working capital other than cash (Schedule 1)</b>	<b>1,419</b>	<b>553</b>

The movements in working capital other than cash used in the cash flow statement comprise:

	<b>2004-05 £000</b>	<b>2003-04 £000</b>
Increase in debtors falling due within one year	1,135	904
(Increase)/Decrease in creditors falling due within one year	(1,390)	4,815
	(255)	5,719
Remove increase in creditors due in more than one year	104	(366)
Adjustment : movement in working capital not related to voted resource consumption (net)		
Amounts due to the Consolidated Fund	1,468	(5,374)
Transfer from provisions	206	208
<b>Net decrease/increase in working capital other than cash (Schedule 4)</b>	<b>1,523</b>	<b>187</b>

**15. Debtors**

	2004-05 £000	2003-04 £000
<b>Amounts falling due within one year:</b>		
Deposits and advances	7	7
Value Added Tax	1,258	1,207
Other debtors	1,348	1,521
Prepayments and accrued income	3,577	2,320
Amount due from Consolidated Fund in respect of Supply	380	–
	<u>6,570</u>	<u>5,055</u>

There were no debtor amounts falling due after more than one year.

There are no amounts included within debtors that will be due to the Consolidated Fund once the debts are collected.

**16. Cash at Bank and in Hand**

	2004-05 £000	2003-04 £000
Balance at 1 April	1,469	2,663
Net change in cash balances	1,088	(1,194)
<b>Balance at 31 March</b>	<u>2,557</u>	<u>1,469</u>

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances are held at 31 March:

Office of HM Paymaster General	1,625	631
Commercial banks and cash in hand	932	838
	<u>2,557</u>	<u>1,469</u>

**The balance at 31 March comprises:**

Cash due to be paid to the Consolidated Fund:

Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund	2,937	1,139
Amount due (from)/to Consolidated Fund in respect of Supply	(380)	330
	<u>2,557</u>	<u>1,469</u>

**17. Creditors:**

	2004-05 £000	2003-04 £000
<b>Amounts falling due within one year</b>		
Deferred fee income	(2,175)	(2,511)
Taxation and Social Security	(436)	(39)
Trade creditors	(2,803)	(2,926)
Other creditors	(365)	(118)
Early departure costs	(206)	(208)
Accruals	(1,699)	(1,960)
Consolidated fund extra receipts received and due to be paid to the consolidated fund	(2,937)	(1,139)
Amount payable to Consolidated fund in respect of supply	–	(330)
<b>Total</b>	<u>(10,621)</u>	<u>(9,231)</u>
<b>Amounts falling due after more than one year</b>		
Imputed Finance lease element of on-balance sheet PFI contracts	(25,452)	(25,556)
<b>Total</b>	<u>(25,452)</u>	<u>(25,556)</u>

## 18. Provisions for Liabilities and Charges

	Early departure costs	Legal Claims	Other	Total
	£000	£000	£000	£000
Balance at 1 April '04	(595)	(258)	–	(853)
(Increase) in provision (see notes 3, 4)	(96)	(37)	(522)	(655)
Provisions not required written back	–	–	–	–
Payable within one year	206	–	–	206
Utilised in year	10	221	–	231
Discount Unwind	(36)	–	–	(36)
<b>Balance at 31 March '05</b>	<b>(511)</b>	<b>(74)</b>	<b>(522)</b>	<b>(1,107)</b>

### Early departure costs

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 3.5% in real terms.

### Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. Expenditure is likely to be incurred over a period of 5 years. The provision is based on the estimated cash flow. No reimbursement will be received in respect of any of these claims. Legal claims, which may succeed but are less likely to do so or cannot be estimated reliably, are disclosed as contingent liabilities in Note 27.

### Other

Provision has been made for coroners' severance arising from proposals outlined in the paper on "The Coroners Service of Northern Ireland: Proposals for Administrative Redesign."

## 19. Pension Liability

	2004-05 £000
Balance at 1 April '04	–
Increase in provision	(282)
<b>Balance at 31 March '05</b>	<b>(282)</b>

The Department is responsible for the administration of an individual personal pension determination in respect of one judicial office-holder. Defined benefits accrue in line with the PCSPS in an approved scheme. These benefits are then enhanced by one third through an unapproved scheme. The pension provision is unfunded and non-contributory, except in respect of dependants benefits.

An actuarial valuation of the determination was completed in April 2005 for the contribution rate and past service liability calculations as at 31 March 2005 by the Government Actuaries Department (GAD).

The value of the pension liability has been assessed assuming an inflation rate of 2.5%, increase in earnings of 1.5% in excess of inflation, an investment return rate of 2.0% per annum in excess of general earnings increases and has been discounted at a real rate of 3.5%. On this basis, the capitalised value of the liabilities is assessed at £281,500 comprising £190,490 for the approved scheme and £91,010 for the unapproved scheme. The Department has recognised the full cost of the pension provision within other pension costs in the current year.

The employer contribution rate, calculated using the projected unit method, required to meet the cost of benefits accruing has been assessed as 28.8% of the relevant salary, comprising of 18.7% to the approved arrangement and 10.1% to the top up arrangement.

## 20. Reconciliation of Net Operating Cost to Changes in General Fund

	2004-05 £000	2003-04 £000
Net operating cost for the year (Schedule 2)	(120,174)	(108,937)
Surplus appropriations in aid payable to Consolidated Fund (note 6)	(2,465)	(560)
Judicial costs paid from the Consolidated Fund (note 4)	6,388	6,060
	<u>(116,251)</u>	<u>(103,437)</u>
Transitional adjustment	502	–
Net Parliamentary funding	108,948	92,865
Transferred to general fund of realised element of revaluation reserve (note 21)	69	967
Consolidated fund creditor for cash unspent	–	(330)
Consolidated Fund debtor in respect of Supply (note 15)	380	–
<b>Non-cash charges:</b>		
Cost of capital (notes 3, 4)	5,619	5,114
Auditor's remuneration (note 3)	61	64
	<u>5,680</u>	<u>5,178</u>
<b>Net increase / (decrease) in general fund</b>	<b>(672)</b>	<b>(4,757)</b>
General Fund at 1 April '04	89,606	94,363
<b>General fund at 31 March '05 (Schedule 3)</b>	<b>88,934</b>	<b>89,606</b>

Adjustment has been made to the general fund for the sum of £502k. This relates to an amount no longer due to the Consolidated Fund.

## 21. Reserves

	2004-05 Revaluation Reserve £000	2003-04 Revaluation Reserve £000
Balance at 1 April	63,091	41,036
Arising on revaluation during the year (net)	14,672	23,022
Transferred to general fund in respect of realised element of revaluation reserve	(69)	(967)
<b>Balance at 31 March</b>	<b>77,694</b>	<b>63,091</b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2004-05 Donated Assets Reserve £000	2003-04 Donated Assets Reserve £000
Balance at 1 April	30	–
Additions during the year	–	33
Revaluations	2	–
Release to Operating cost statement	(5)	(3)
<b>Balance at 31 March</b>	<b>27</b>	<b>30</b>

The donated asset reserve reflects the net book value of assets donated to the department.

## 22. Notes to Schedule 5

Resources per cost centre have been allocated to strategic objectives based on information obtained from managers within the department. Common overheads have been apportioned to departmental cost centres on the basis of staff numbers.

Programme grants and other current expenditures have been allocated as follows:

	2004-05 £000	2003-04 £000
Aim:		
Objective 1	-	-
Objective 2	-	-
Objective 3	200	3,313
Objective 4	522	-
Objective 5	-	-
Objective 6	-	-
Objective 7	-	-
Objective 8	-	-
Objective 9	55,459	53,335
Objective 10	5,571	3,933
Objective 11	-	-
Objective 12	25	25
Objective 13	-	-
Objective 14	-	-
Publicly funded legal services	59,361	50,357
	<b>121,138</b>	<b>110,963</b>

	2004-05 Capital Employed £000	2003-04 Capital Employed £000
At 31 March		
Aim:		
Objective 1	15,929	8,781
Objective 2	1,578	846
Objective 3	3,705	16,949
Objective 4	1,577	723
Objective 5	2,259	1,437
Objective 6	312	4,570
Objective 7	10,643	7,434
Objective 8	117	118
Objective 9	113,908	95,258
Objective 10	12,630	10,480
Objective 11	292	1,691
Objective 12	564	1,170
Objective 13	2,914	2,299
Objective 14	227	971
	<b>166,655</b>	<b>152,727</b>

### 23. Capital Commitments

	2004-05 £000	2003-04 £000
Contracted capital commitments at 31 March for which no provision has been made	1,371	5,330

### 24. Commitments under Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2004-05 £000	2003-04 £000
<b>Obligations under operating leases comprise:</b>		
Land and buildings:		
Expiry within 1 year	50	46
Expiry after 1 year but not more than 5 years	108	137
Expiry thereafter	595	563
	<u>753</u>	<u>746</u>
Other:		
Expiry within 1 year	–	6
Expiry after 1 year but not more than 5 years	39	27
Expiry thereafter	–	–
	<u>39</u>	<u>33</u>

### 25. Commitments under PFI contracts.

The department has entered into the following PFI contracts.

#### Off Balance Sheet

##### IS/IT Services

In January 2000, the Department entered into a 10 year IS/IT Service Provision Agreement with Fujitsu Services. The estimated capital value of the agreement is £8m at 1999 prices. The agreement is based on Private Finance Initiative and will enable the Court Service to develop modern information systems to support the administration of justice. To date the following services have been successfully delivered -

- a new IT network and infrastructure
- corporate desktop service with Internet and e-mail access to all user staff
- a Court Service Intranet
- the migration to the new infrastructure and continued support for 9 existing legacy systems
- the development of a static website
- application databases to support the operations of the Office of Care & Protection and the Enforcement of Judgments Office.

Significant progress has been made in the development of the Integrated Court Operations System (ICOS) that will support the business processes across all court tiers. The application is being rolled out in a modular and incremental manner; with the following modules becoming operational

- Small Claims- November 2002
- Jurors Notice - February 2003
- Jurors Management - July 2003
- County Court Civil - July 2004
- Fees Collection – July 2004
- High Court Queens Bench Division - July 2004
- Chancery Division - November 2004
- Probate Office - November 2004
- Matrimonial Office - January 2005
- County Court Divorce - February 2005
- Wardship & Adoption - February 2005.

Implementation of the final ICOS application modules is planned to complete by July 2006.

The scheme also includes the provision of hardware and software support services, training services, legacy support services and help desk support services.

The agreement provides for technology refresh between years 3 and 5.

The PFI property is not an asset of the department. This contract is treated as a contract for services and the operating cost statement will be charged with the service costs in the period to which they relate.

The computer equipment assets held by the Department were transferred to the provider and therefore were treated as a disposal in the 1999-2000 financial statements.

## **On Balance Sheet**

### **Laganside Complex**

During February 1999, the Department entered into a Public Private Partnership (PPP) agreement with a private sector provider for the provision and maintenance of a high quality new court complex in Belfast.

In accordance with the agreement, service charges became payable with effect from February 2002 to December 2026 and these are charged to the operating cost statement. The new court complex has been accounted for as an asset of the Department.

The PFI property is included in the Department's accounts as a fixed asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements, imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:-

	2004-05 £000	2003-04 £000
<b>Imputed finance lease obligations under on-balance sheet PFI contracts comprises:</b>		
Rentals due within 1 year	2,510	2,553
Rentals due within 2-5 years	10,051	10,238
Rentals due thereafter	42,240	46,065
	<u>54,801</u>	<u>58,856</u>
Less interest element	(29,349)	(33,300)
	<u>25,452</u>	<u>25,556</u>

#### Charge to the Operating Cost Statement and future commitments

The total amount charged in the operating cost statement in respect of off-balance sheet PFI transactions and the service element of on-balance sheet PFI transactions was £8,187,901.21 (2003-04 £8,690,283.74); and the payments to which the Department is committed during 2005-06, analysed by the period during which the commitment expires, are as follows.

	2004-05 £000	2003-04 £000
<b>At 31 March the department was committed to making the following payments during the next year where the commitment expires:</b>		
Expiry within 1 year	–	–
Expiry within 2 to 5 years	5,921	–
Expiry within 6 to 10 years	–	4,387
Expiry within 11 to 15	–	–
Expiry within 16 to 20	–	–
Expiry within 21 to 25	3,787	3,696
	<u>9,708</u>	<u>8,083</u>

#### 26. Other Financial Commitments

As in 2003-04, there are no contracted non-capital commitments at 31 March for which no provision has been made.

#### 27. Contingent Liabilities disclosed under FRS 12

There is an estimated contingent liability of £1,081,720.

	2004-05 £000
Legal cases pending	273
Criminal appeals	809
	<u>1,082</u>



The amount for criminal appeals represents the amount of claims before the Taxing Master pending judicial direction. The Taxing Master is a Supreme Court judge and has complete discretion in deciding how much should be paid out in respect of claims put before him. As each case is assessed on an individual basis, it is not possible to predict the financial outcome of these claims. The department has therefore treated these as contingent liabilities in accordance with FRS 12.

There are further contingent liabilities upon which it is not possible to put a value. In particular, claims have been made under past contracts. It is the Department's assertion that these claims are unsubstantiated.

## **28. Related Party Transactions**

During the year the Department provided funding to the Northern Ireland Legal Services Commission (NILSC). The NILSC is regarded as a related party with which the Department has had various material transactions during the year. The Department has had a small number of transactions with other Government Departments and other central Government Bodies.

For part of the year, Kevin King was a director of Vision Information Consulting Limited and of KVK Consulting. During 2004-05 the department did not transact with either business. In 2003-04 consultancy services with a value of £80,662.58 were purchased from Vision Information Consulting Limited. No other member of senior management has undertaken any material transactions with the Court Service during the year.

## **29. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of the Department's activities and the way in which Government Departments are financed, the Court Service is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and except for relatively insignificant purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS 13, the Department has elected to exclude from disclosure all debtors and creditors which mature or become payable within 12 months from the balance sheet date.

### **Liquidity risk**

The Department's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.

### **Interest rate risk**

The department's financial assets and its financial liabilities carry no rates of interest, and the Court Service is not therefore exposed to interest rate risks.

## Interest rate profile

The following two tables show the interest rate and currency profiles of the department's financial liabilities and assets.

### Financial Liabilities

	Total	Floating-Rate Financial Liabilities	Fixed-Rate Financial Liabilities	Non-Interest Bearing Financial Liabilities	Fixed-Rate Financial Liabilities	Non-Interest Bearing Financial Liabilities
	£000	£000	£000	£000	Weighted- Average Interest Rate	Weighted-Average Period for which Rate is Fixed
					%	Years
<b>Currency</b>						
<b>At 31 March '05</b>						
Sterling	(1,107)	-	-	(1,107)	-	-
Other	-	-	-	-	-	-
<b>Gross financial liabilities</b>	<b>(1,107)</b>	<b>-</b>	<b>-</b>	<b>(1,107)</b>	<b>-</b>	<b>-</b>
<b>At 31 March '04</b>						
Sterling	(853)	-	-	(853)	-	-
Other	-	-	-	-	-	-
<b>Gross financial liabilities</b>	<b>(853)</b>	<b>-</b>	<b>-</b>	<b>(853)</b>	<b>-</b>	<b>-</b>

### Financial Assets

	Total	Floating-Rate Financial Assets	Fixed-Rate Financial Assets	Non-Interest Bearing Financial Assets	Fixed-Rate Financial Assets	Non-Interest Bearing Financial Assets
	£000	£000	£000	£000	Weighted- Average Interest Rate	Weighted-Average Period for which Rate is Fixed
					%	Years
<b>Currency</b>						
<b>At 31 March '05</b>						
Sterling	2,557	-	-	2,557	-	Note a
Other	-	-	-	-	-	-
<b>Gross financial assets</b>	<b>2,557</b>	<b>-</b>	<b>-</b>	<b>2,557</b>	<b>-</b>	<b>-</b>
<b>At 31 March '04</b>						
Sterling	1,469	-	-	1,469	-	Note a
Other	-	-	-	-	-	-
<b>Gross financial assets</b>	<b>1,469</b>	<b>-</b>	<b>-</b>	<b>1,469</b>	<b>-</b>	<b>-</b>

Note a - The departments non-interest bearing financial assets comprise cash at bank and in hand. Cash at bank and in hand is available on demand.

## Foreign Currency Risk

The department's exposure to foreign currency risk is not significant. Foreign currency income and expenditure is negligible.

## Fair values

Set out below is a comparison by category of book values and fair values of the Department's financial assets and liabilities at 31 March 2005.

	Book value £000	Fair value £000	Basis of of fair valuation
<b>Primary financial instruments</b>			
<b>Financial assets:</b>			
Cash at bank	2,557	2,557	
<b>Financial liabilities:</b>			
Finance lease obligations including on balance sheet PFI imputed finance lease obligations			Note a
Provisions	(1,107)	(1,107)	Note b

- a. Cash flows have been discounted at prevailing market interest rates for finance leases for a similar term
- b. Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 3.5 per cent in real terms.

## 30. Third party assets

The Department holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the Department nor Government has a direct beneficial interest in them.

The Court Service, through the Court Funds Office, continues to provide a banking and investment service for funds that are deposited in court. Examples of the types of funds include monies held for minors until they attain the majority, certain assets of some mental health patients, payments into court in satisfaction of a claim as well as statutory deposits and unclaimed balances in court.

The assets held at the balance sheet date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances, monies on deposit, and listed securities are set out in the table below.

	31 March 2004 £ 000	Net Inflow/ (Outflow) £ 000	31 March 2005 £ 000
Monetary assets	115,641	(160)	115,481
Listed Securities	89,961		100,809

The Official Solicitor may be appointed to act as a financial controller for persons deemed by the courts to be incapable of managing their financial affairs and assets. In such capacity the Official Solicitor acts as custodian of a number of property assets. Title deeds for property may also be held by the court service as security or bails in relation to legal actions.

Other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values comprised:

-physical assets, being by number and asset category as listed below:

	31 March 2005	31 March 2004
	Number	Number
Property assets	66	88
Motor vehicles, boats and caravans	3	–

### 31. Intra-government balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	2,424	–	3,912	–
Balances with local authorities	–	–	6	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Balances with bodies external to government	4,146	–	6,703	25,452
<b>At 31 March 2005</b>	<b>6,570</b>	<b>–</b>	<b>10,621</b>	<b>25,452</b>
Balances with other central government bodies	2,265	–	1,629	–
Balances with local authorities	–	–	1	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Balances with bodies external to government	2,790	–	7,601	25,556
<b>At 31 March 2004</b>	<b>5,055</b>	<b>–</b>	<b>9,231</b>	<b>25,556</b>





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Northern Ireland Court Service  
Information Centre  
Windsor House  
Bedford Street  
Belfast BT2 7LT

Telephone 028 9032 8594  
Facsimile 028 9042 2390  
Telephone 028 9041 2920  
Email [informationcentre@courtsni.gov.uk](mailto:informationcentre@courtsni.gov.uk)  
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