



Northern Ireland
Law Commission

promoting law reform in Northern Ireland

Annual Report and Accounts

For the year ended 31 March 2009

Annual Report and Accounts

For the year ended 31 March 2009

Northern Ireland Law Commission Annual Report and Statement of Accounts 2008-09 together with the report of the Comptroller and Auditor General.

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Northern Ireland Law Commission Annual Report 2008-2009

I am pleased to present this report which covers the period April 2008 to the end of March 2009.

The primary task of the Commission during this period has been to prepare a Work Programme for your approval. Like the Law Commission in London we have decided that the period of the programme should match the Comprehensive Spending Review and in this instance the proposed programme will cover the period until the end of March 2011. The public consultation period for the draft Programme began in August 2008 and ended in November 2008. The Commission was very pleased with the large number of responses received. Commentators put forward 45 proposals for projects in addition to those already proposed by the Commission in the draft Programme. All the proposals were carefully considered and by March 2009 the Commission had established a short list of 17. A final recommendation will be submitted to you in May 2009 setting out what I believe will be a reform agenda that is substantial and deliverable within the timeframe envisaged and the resources available to the Commission. Some of the projects not included in the final selection will be strong candidates for later programmes.

In addition to the preparation of the Programme good progress was made during the reporting period on the land law project (referred to the Commission by the Department of Finance and Personnel in April 2007). A consultation paper has been drafted and was published in June 2009. The Commissioners have also been involved in carrying out detailed preparatory work on three other projects: bail law, environmental law and the law relating to the protection of vulnerable witnesses in civil cases.

We have used the development of the programme and the other preparatory work as an opportunity to begin our engagement with the community. The bail and vulnerable witnesses projects have enabled us to meet a wide range of organisations. Many of them are specifically interested in the benefits these projects can bring to the criminal justice system and areas of community concern such as domestic violence. The land law project has introduced the Commission to academics, the legal community and the wide range of those affected by domestic and commercial property reform. Our first annual conference on this topic secured widespread interest from across Northern Ireland.

At the launch of the Commission I indicated that we would actively seek out the views of those who might not otherwise be heard. We consider that we have made a good start in that direction but intend to develop our consultation procedures for the next programme. We expect to start that work early in 2010 in order to have a second programme approved to start in April 2011.

We look forward to a steady stream of consultation papers and reports beginning with the first land law consultation paper in June 2009.

The Honourable Mr Justice Morgan
Chairman

THE NORTHERN IRELAND LAW COMMISSION ANNUAL REPORT AND ACCOUNTS 2008-2009

Chief Executive's Report

Introduction

I am pleased to present this second Annual Report and Accounts of the Northern Ireland Law Commission.

The Northern Ireland Law Commission (the Commission) was established in April 2007 under the Justice (Northern Ireland) Act 2002 following on from the recommendations of the Criminal Justice Review Group. (The Review Group reported in March 2000: *Review of the Criminal Justice System in Northern Ireland*. The Review Group stated in its report that “*although the terms of reference required it [the review group] to focus on the criminal law, the nature of the topic is such that it cannot properly be examined without some reference to civil law matters.*” The report therefore made recommendations in respect of both civil and criminal law reform arrangements in Northern Ireland.)

The Commission was set up as an independent body whose aim is to consider the law of Northern Ireland with a view to making proposals to and advising government on the law's systematic reform.

Devolution of policing and justice functions

On 9 March 2010, the political parties in Northern Ireland agreed that policing and justice functions should devolve to the Northern Ireland Assembly on 12 April 2010. During the period up to the date of devolution, the Northern Ireland Law Commission (the Commission) complied with the corporate governance and accountability framework arrangements issued by the Northern Ireland Office and also the guidance issued by HM Treasury, including *Managing Public Money*.

The Annual Report and Accounts of the Commission for the year ended 31 March 2009 relate entirely to the period before devolution and will be laid in Parliament and the Northern Ireland Assembly in accordance with relevant legislation. References continue to be made in this report to the Northern Ireland Office as the parent Department during the reporting period. Further details are contained in note 15 to the accounts.

When policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly on 12 April 2010, the Department of Justice was established as a new Northern Ireland Department by the Department of Justice Act (Northern Ireland) 2010.

From this date, the Commission became an independent advisory non-departmental public body (NDPB) of the Department of Justice. As such, it now complies with the corporate governance and accountability framework arrangements issued by the Department of Justice and also the guidance issued by the Department of Finance and Personnel, including *Managing Public Money Northern Ireland*.

Mission Statement of the NI Law Commission

The Northern Ireland Law Commission will provide the Northern Ireland Office (NIO) and the Northern Ireland Executive with independent and well researched proposals and advice on law reform. It will also provide for the people of Northern Ireland an effective means of simplifying and modernising the law and making it more accessible to them. In carrying out its law reform function the Commission supports the premise that in a modern system of justice each citizen has rights and duties under the law. The Commission – alongside other bodies responsible for developing aspects of the law – will respect, safeguard and promote those rights and duties.

The operation of the NI Law Commission

The Commission was established on 16 April 2007 in accordance with sections 50 to 52 and Schedule 9 to the Justice (Northern Ireland) Act 2002. Commissioners were appointed during 2008 (see page 6). The Commission is not regarded as the servant or agent of the Crown or enjoying any status, immunity or privilege of the Crown

The 2002 Act provides that the new Commission must consider any proposals for the reform of the law of Northern Ireland referred to it and it must submit to the Secretary of State programmes for the examination of different branches of the law with a view to reform. The Secretary of State must consult with the Lord Chancellor, the First Minister and deputy First Minister and the Attorney General before approving any programme submitted by the Commission.

The Commission must submit its law reform proposals to the Secretary of State who will lay the Commission's reports before each House of Parliament (after devolution of policing and justice matters it is proposed that this role would fall to the Minister of Justice). The Commission must also forward its reports to the Office of the First Minister and deputy First Minister who must lay the reports before the Northern Ireland Assembly.

Working Methods

A legal team headed by a Commissioner is created for each project. The Commissioner has responsibility for providing the strategic project leadership along with a level of detailed legal and policy work commensurate with his or her part-time commitment. Teams are encouraged to exchange information freely across the project boundaries and governance mechanisms will ensure that Commissioners have a degree of involvement across all projects. The aim of such mechanisms will be to build a corporate policy approach for the Commission and to ensure that any inter-dependencies or linkages between projects is recognised and reflected in the Commission's considerations.

The standard process by which the Commission will deliver its recommendations will be through a Consultation Paper published for public consultation (in some cases this may be preceded by public consultation on an Issues paper). In the Consultation Paper the law as it currently stands is set out, the perceived weaknesses/defects in the law and its operation are discussed and possible options for reform are set out. The responses to the public consultation will be analysed and the Commission will take account of these responses as part of its final considerations. A Report with recommendations and, where appropriate, draft legislation will be drawn up and presented to government.

Financial Statements – Accounts Direction

Under Schedule 9 paragraph 6 of the Justice (Northern Ireland) Act 2002, the Commission is required to:

- (a) keep proper accounts and proper financial records in relation to the accounts; and
- (b) prepare a statement of accounts in respect of each financial year of the Commission.

The accounts have been prepared in accordance with a direction issued by the Northern Ireland Office on behalf of the Secretary of State with the approval of Treasury under Schedule 9, paragraph 6 (2) of the 2002 Act. The accounts incorporate an income & expenditure account, balance sheet and cash flow statement.

Events after the Balance Sheet Date

Other than as disclosed in note 15 to the accounts, there were no events which required disclosure or adjustment of the Accounts.

Funding

The Commission is financed jointly by the Northern Ireland Office (NIO) and the Department of Finance and Personnel (DFP). The Account below relates to the year ending on 31 March 2009.

Results for the Period

The results for the Commission for the period are set out in detail in our Financial Statements at pages 29 to 41.

The deficit for the financial year was £874,742 (2007/08: £336,932). The budget for the year was £1m (2007/08: £1.2m). Funding covers operational expenditure and capital procurement.

Total net book value of fixed assets was £567,115 (2007/08: £602,102) at the year end.

Membership of the Commission

Chairman, Commissioners and Chief Executive

The Commission's Chairman (Mr Justice Morgan) was appointed in April 2007 by the Secretary of State after consultation with the Lord Chancellor, the First Minister and deputy First Minister, and the Attorney General for Northern Ireland. The appointment is for a period of 3 years and may be extended for a further 2 years.

The Chief Executive (Ms Judena Goldring) was appointed in August 2007. The Chief Executive Officer post is a direct recruitment permanent post and is subject to performance management procedures and arrangements

The Commissioners Professor Sean Doran, Mr Robert Hunniford and Mr Neil Faris were appointed on 10 March 2008 by the Secretary of State after consultation with the Lord Chancellor, the First Minister and deputy First Minister, and the Attorney General for Northern Ireland. The fourth Commissioner Dr Venkat Iyer was appointed following a similar process in September 2008. (See remuneration report for salary payments made and details of the pension provision.)

The Commissioners' appointments are for a period of 3 years and may be extended for a further 2 years.

The Chairman and Commissioners posts are subject to performance management procedures as decided by the Secretary of State.

A full list of the membership of the Commission is attached at Annex A on page 15.

Business Review

The year under review was the period of development of the Commission's First Programme of Law Reform. A public consultation on the programme was launched in August 2008 and was open until end November 2008. The Commission was gratified to receive a large response to the consultation. Respondents came forward with some 45 proposed law reform topics. The Commission researched the proposals and carefully considered them against the Commission's selection criteria.

The Commission's project selection criteria are:

1. Importance:

- the extent to which the law is unsatisfactory (for example, unfair, unduly complex, unclear, inaccessible or outdated);
- the scale of the problem, whether the area of law affects a wide section of the public or whether it has a particular impact on a narrower section of the public;
- the potential benefits and costs likely to accrue to the community from undertaking reform, consolidation or repeal of the law.

2. Suitability:

- whether changes and improvements in the law can appropriately be put forward by a body such as the Commission after research and consultation. This would tend to exclude subjects where the considerations are shaped primarily by political judgements; or
- whether another body is better placed to undertake the project.

3. Resources:

- the qualification and experience of the Commissioners and their legal staff;
- the funding likely to be available to the Commission; and
- the need for a good mix of projects in terms of the scale and timing in order to achieve a balanced workload among Commissioners and to facilitate effective management of the Programme.

Set against these criteria a list of 5 projects were selected to go forward for approval to the Secretary of State for Northern Ireland.

Work also continued on developing governance and operational procedures for the new Commission. One of the key areas of work was the development of an Equality Scheme. A Communications strategy was also developed. In drawing up its template and guidelines for Commission publications the Commission was greatly assisted by the publications guidelines drawn up by the Law Commission (England & Wales).

A number of recruitment and procurement exercises were carried out during the reporting period. These proved to be lengthy and resource intensive exercises for the Commission's small secretariat staff.

The land law project progressed well during this period and the consultation paper was drafted during the reporting period. The land law team found their discussions of the draft paper with a number of academics and legal practitioners very helpful. The extensive and detailed work of listing all obsolete and affected land law related legislation progressed well during this period and was completed for inclusion in the consultation paper.

Initial scoping work was carried out on a number of potential projects including the law relating to bail, special measures for vulnerable witnesses in civil cases and aspects of environmental law:

The bail project team, headed by two Commissioners, carried out extensive stakeholder work to establish the range of issues involved. The team found that the subject of bail excited a lot of interest across a wide range of groups and individuals and there were a number of common issues of concern. These stakeholder discussions have indicated to the Commission that reform may require not only the drafting of a unified and simplified piece of legislation to govern core decision making, but also the development of administrative solutions to complement the legal framework. The issues surrounding the operation of bail in this jurisdiction are likely to go wider than law and legislation considerations and involve implementation, resource management and community involvement.

The project team on vulnerable witnesses was able to carry out useful research and stakeholder work during this period. Because of the often common issues involved the project team utilised the resources within the Commission well by working alongside the bail team in its stakeholder work.

In October 2008 the Commission agreed with the Department of the Environment that the Commission would undertake a scoping paper on a number of environmental law areas. The drafting of the environmental law scoping paper was completed during the period. The paper examined 4 areas of environmental law and practice – consolidation of waste, water and air legislation; the use of civil penalties; a single permitting regime and rationalisation/unification of enforcement powers - to establish whether there was a strong case for reform in those areas. The paper was forwarded in April 2009 to the Department of the Environment for consideration.

Corporate governance arrangements

Commission Board

During the period of this report the Board of the Commission comprised the Chairman, the four Commissioners and the Chief Executive. Meetings of the Board are held on a monthly basis. In accordance with the Management Statement and Financial Memorandum agreed between the Commission and its sponsoring departments the Chief Executive has particular leadership responsibilities for:-

- ensuring the efficient and effective use of staff and other resources;
- ensuring high standards of propriety;
- ensuring that the Secretary of State and the sponsor team are kept informed of any changes or developments within the organisation;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the office operates within the limits of its remit and any delegated authority agreed with the sponsor Departments, and in accordance with any other conditions relating to the use of public funds;
- demonstrating high standards of corporate governance at all times.

In accordance with the Management Statement and Financial Memorandum quarterly review meetings between the Commission and the NIO and DFP were held throughout the year.

The corporate governance procedures and arrangements for the new Commission including finance and accountancy arrangements were operated in accordance with DFP and NIO requirements. In addition policies based on DFP and NIO codes relating to health and safety, equal opportunities, code of conduct (hospitality and entertainment), general purchase ordering, travel and expenses, and freedom of information are in place.

Spend and decision making during the period was carried out in accordance with these governance arrangements and the Management Statement and Financial Memorandum.

A Business Plan for the period was drawn up and agreed by the NIO and DFP.

Pension Liabilities

Staff pension arrangements are provided through the Principal Civil Service pension scheme (PCSPS) arrangements which are administered by Civil Service Pensions (CSP). The Chairman's pension arrangements are through the Northern Ireland Judicial Pension Scheme. Stakeholder pension scheme arrangements for Commissioners were agreed with sponsoring department, with the same benefits and contributions that are reflected in the PCSPS Nuvos Scheme. Further information in relation to pensions is included in the remuneration report, in accounting policy note 1.6 and in note 2.3 to the accounts.

Payment to Suppliers

Payment within 30 calendar days

The Commission is committed to the prompt payment of bills for goods and services received in accordance with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. During the period of this report 216 out of a total of 262 invoices (82.4%) were paid within this standard.

Payment within 10 working days

The Prime Minister's statement of 8 October 2008 set a challenge to Government Departments to pay suppliers as soon as possible, with the aim of bringing forward all payments to within 10 days. Following the guidance issued by Cabinet Office on 17 November 2008, the Commission revised internal timescales for the processing and payment of invoices with effect from 1 December 2008. The performance for the 4 months to 31 March 2009 showed that 64 out of a total of 87 invoices (73.6%) were paid within 10 working days following receipt of a properly rendered invoice.

Equality of Opportunity

The Commission is committed to the provision of equality of opportunity and fair participation to all persons regardless of sex, marital status, religious beliefs, political affiliation/opinion, age, family status, ethnic or racial background, sexual orientation, disability, nationality or trade union membership. A draft Equality Scheme was drawn up during the year.

Employee Involvement

The Commission encourages consultation and exchange of information within the Commission. This is effected through regular team meetings. The team meetings include reporting back from the meetings of the Commission's Board. Minutes of the meetings of the Commission's Board are made available to all staff.

Register of Interests

An up to date register of Chairman, Commissioner and other senior interests is maintained by the Chief Executive as Accounting Officer and is available for inspection at the Commission's offices in Linum Chambers, 2 Bedford Square, Bedford Street, Belfast BT2 7ES.

Auditors

The financial statements are audited by the Comptroller and Auditor General who is appointed by statute.

The audit fee for 2008/09 is £8,300 (2007/08: £7,500) and is included in note 3 of the Income and Expenditure Account. The auditors did not carry out any other non audit work.

Statement of Disclosure of Information to Auditors

So far as the Chief Executive is aware:

- There is no relevant audit information of which the Commission's auditors are unaware; and
- She has taken all steps that she ought to have taken as Chief Executive in order to make herself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

Management Commentary

The business plan for 2008-2009 sets out the objectives for that period.

Progress against these strategic and business objectives is described below.

Strategic Objective 1: To establish and maintain a centre of law reform excellence for Northern Ireland within the resources provided by government.

Business objectives under this heading were achieved.

BUSINESS OBJECTIVES

1.1 To build and maintain effective governance and working practices in accordance with the rules and guidance governing NDPBs.

The Board of the Commission comprising the Chairman, the Commissioners and the Chief Executive met regularly on a monthly basis.

Policies based on DFP and NIO codes relating to health and safety, equal opportunities, code of conduct (hospitality and entertainment), general purchase ordering, and travel and expenses and freedom of information were in place and operative.

Effective internal financial control and records database systems for the Commission are in place. Quarterly finance review meetings with NIO Finance Coordination Unit have been established to provide ongoing support in terms of budgetary management systems and financial monitoring exercises.

It was agreed with the sponsoring Department that the Commission would engage a Service Provider for its internal audit requirement.

A risk register was created.

It was decided by the Commission's Board not to proceed with the Memorandum of Understanding with government until the new devolution arrangements were in place. In the meantime, however, discussions were held with the Departmental Solicitors' Office to plan for the implementation of the Commission's land law recommendations through the legislative process.

1.2 To take forward a Training and Development Plan

A training and development plan was taken forward based on training needs identified from staff personal development plans, together with a range of generic corporate governance training requirements identified. In addition, professional legal staff attended various seminars, conferences and events relevant to their specialist project areas, and which has also contributed to their continued professional development.

1.3 To recruit the legal staffing complement

A lawyer and a legislative drafter for the environment project were recruited on 7 month contracts. A lawyer for the bail and vulnerable witnesses in civil cases scoping project teams was recruited on a two year contract through the NICS Interchange Scheme and will take up post in August 2009. Three legal researchers were appointed in December 2008 on a 51 week contract.

1.4 To establish a Communications Strategy

In year targets:

- To develop a Communications Strategy by March 2009. A strategy for discussion by Commission staff and Commissioners was drafted.

Strategic Objective 2: To take forward a Programme of Law Reform for Northern Ireland.

Business objectives under this heading were achieved.

BUSINESS OBJECTIVES

2.1 To draw up the Commission's First Programme of Law Reform

The target dates for submitting the Commission's First Programme were set back because of the large volume of responses received to the consultation paper on the First Programme and the time required to research the 45 new topics proposed by respondents. The analysis of the responses was ongoing at the end of the reporting year. By the end of the reporting year a substantial research paper was drawn up with recommendations on the suitability of the proposed projects. The date for the publication of the First Programme will be early in the next reporting cycle.

2.2 To review the law relating to certain aspects of land holding/Ownership

In year targets:

- Land Law Conference preparation April-September 2008 – achieved. A well attended conference was held on 3 October 2008.
- First draft of chapters circulated to focus groups September 2008 – achieved.
- Focus groups received draft chapters and commented on them.
- Publication of consultation paper January 2009 – paper published 1 June 2009.
- Consultation with stakeholders February-April 2009 – put back as a result of later publication date to June-September 2009.

2.3 To review the law and practice in relation to the redemption of ground rents

In year targets:

- First draft of consultation paper March 2009. After initial scoping work this target was amended to reflect the complexity of the issues involved. The new target was to carry out research on the law and practice in relation to ground rents and associated covenants with a view to publishing a consultation document in autumn 2009.

2.4 To carry out initial scoping work on the law relating to bail

In year targets:

- First draft of Issues paper February 2009

In 2008-2009, the Commission commenced work on an analysis of the present law relating to bail in Northern Ireland. A comprehensive programme of stakeholder discussions was held and comparative research on bail law and reform initiatives in other jurisdictions was carried out. Given the extensive and fruitful stakeholder work the Commission has decided not to publish an issues paper on the subject but to proceed straight to consultation paper. It anticipates this will be published in mid 2010.

2.5 To carry out initial scoping work on the law relating to vulnerable witnesses in civil cases.

In year target:

- Meetings with key stakeholders Nov-Dec 2008 – achieved. Meetings and discussions were held with key stakeholders.
- Preparatory research for Consultation Paper Jan-June 2009. Achieved: research papers drafted.

2.6 To carry out scoping work in relation to a number of areas of environmental law.

In year target:

- To complete scoping paper March 2009 – achieved. Scoping paper forwarded to the Permanent Secretary of the Department of the Environment on 27 April 2009.

Forward look to 2009-2010

The Commission's First Programme of Law Reform is expected to be approved in the summer of 2009. This will enable the Commission to finalise its strategic plan for the period up to March 2011.

The resources of the Commission during the next year (2009-2010) will be focussed on taking forward the agreed First Programme projects. The work will be a combination of stakeholder engagement, desk research, policy analysis and the publication of consultation papers. It is expected to publish the consultation paper on Ground Rents in autumn 2009. The Commission also intends to publish consultation papers on special provision for vulnerable witnesses by the end of 2009, Business Tenancies in spring 2010 and bail reform in mid 2010.

The Commission will continue to operate its corporate governance arrangements on the basis set out in this Report.

International Financial Reporting Standards (IFRS)

The Commission currently prepares its Accounts in line with UK Generally Accepted Accounting Practice (UK GAAP) contained within the Government Financial Reporting Manual (FRM) prepared by Treasury. From 2009-10 onwards, Treasury has determined that all departments, agencies and non-departmental bodies must prepare accounts in accordance with IFRS.

The Commission will put in place appropriate measures to ensure a smooth transition from reporting under UK GAAP to IFRS and comply with the requirements set by Treasury.

Sickness absence data

The reported average number of working days lost due to sickness for 2008/09 was 6.8 days.

Personal data related incidents

During the financial year 2008/09, the Northern Ireland Law Commission reported no incidents of personal data related incidents.

Commitment to Environmental, Social and Community Matters

The Commission's core aim is to work alongside other bodies responsible for developing aspects of the law, in providing for Northern Ireland an effective means of simplifying and modernising the law and making it accessible to the people.

The Commission, despite its small size is concerned to ensure that it minimises its environmental impact. The Commission recycles waste paper, cardboard, and spent toner cartridges. In addition, our modern office premises incorporates an extensive range of systems to reduce energy consumption, including automatic lighting, air conditioning, and water systems.

Full Membership of the Commission during 2008/09

Commission Board

Chairman

The Honourable Mr Justice Morgan

Commissioners

Professor Sean Doran (Barrister-at-Law)

Mr Neil Faris (Solicitor)

Mr Robert Hunniford (Lay Commissioner)

Dr Venkat Iyer (Law Academic)

Chief Executive

Ms Judena Goldring MA, Solicitor

Legal Teams

Land Law Project

Mrs Sarah Witchell LL.B, Solicitor

Professor John Wylie LL.M (Harvard), LL.D (Belfast), Professor of Law at Cardiff University (Consultant)

Mrs Diane Drennan LL.B, M Phil, Solicitor

Mrs Leigh McDowell LL.B, Solicitor

Bail Project

Ms Katie Quinn LL.B, M.Sc (joining August 2009)

Miss Maria Dougan LL.B, Solicitor

Miss Joan Kennedy BCL (Legal Researcher)

Environmental Law Project

Ms Imelda McAuley LL.B, LL.M

Mr Ronan Cormacain LL.B, LL.M, B.L, (Legislative Drafting Consultant)

Business Tenancies

Mr Darren McStravick LL.B, LL.M (Legal Researcher)

Vulnerable Witnesses

Miss Lisa McKibbin BSc Hons, Mssc (Legal Researcher)

Business Support Team

Business Manager - Mr Derek Noble

Communications and HR Manager - Mrs Philippa Spiller BA Hons

Personal Secretary to Chairman and Chief Executive - Ms Paula Sullivan

Administrative Officer - Mr Andrew McIlwrath

Administrative Officer - Mr Chris Gregg BA Hons

Remuneration Report

The remuneration of staff in the Commission broadly follows that of the Northern Ireland Civil Service and is performance based. Performance is appraised by line managers of achievement against agreed objectives and targets.

The Chief Executive and Commissioners are remunerated as senior civil servants.

The remuneration of senior civil servants is determined by Her Majesty's Government following independent advice from the Senior Civil Service pay review body. In reaching its recommendations, the review body has regard to the following considerations:-

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

The remuneration report discloses the remuneration of senior members of Commission staff based on the requirements of the Government Financial Reporting Manual (FReM) and HM Treasury guidance.

The report covers the remuneration of the Chief Executive, Chairman and Commissioners for the period they were in post during 2008/09. The Commissioners are covered by FReM's definition of "directors".

Service Contracts

Appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach normal pension age. As detailed below, the pension age is 60 or 65 depending on the particular pension arrangement. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

Remuneration – Audited information

	2008-09 Salary (£'000)	Benefits in kind (to nearest £100)	2007-08 Salary (£'000)	Benefits in kind (to nearest £100)
Ms Judena Goldring <i>Chief Executive</i> (appointed 6 August 2007)	75-80	-	50-55 (75-80 full year equivalent)	-
Robert Hunniford <i>Commissioner</i> (appointed 10 March 2008)	30-35	-	0-5 ¹	-
Prof. Sean Doran <i>Commissioner</i> (appointed 10 March 2008)	15-20	-	0-5 ¹	-
Neil Faris <i>Commissioner</i> (appointed 10 March 2008)	30-35	-	0-5 ¹	-
Dr Venkat Iyer <i>Commissioner</i> (appointed 8 September 2008)	5-10 (15-20 full year equivalent)	-	-	-

The four Commissioners were appointed for a 3 year period which may be extended for up to two more years.

The Commission's Chairman, Mr Justice Morgan was appointed on 16 April 2007 for a three year period. The appointment may be extended for up to two more years.

The Chairman is a member of the judiciary and is appointed by the Lord Chancellor. Judicial salaries are paid directly from the Consolidated fund and the Northern Ireland Court Service fund the related pensions. Judicial pay increases are decided by Government after taking advice from the Senior Salaries Review Board.

The time spent by the Chairman on Commission duties during the year was on average one day per week. The cost of time spent on Commission duties for 2008/09 was £32,245 (2007/08: £26,092) of which £25,049 (2007/08: £22,906) was reimbursed by the Commission to the Consolidated fund and £7,196 (2007/08: £3,186) was reimbursed to the Northern Ireland Court Service.

¹ The Commissioners received a salary in 2008-09 which related to the period 10 March 2008 to 31 March 2008. This amount was not accrued for in the 2007-08 accounts.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Commission and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument.

Pension benefits – Audited information

	Accrued pension at age 60 as at 31 March 2009 and related lump sum (£'000)	Real increase in pension and related lump sum at age 60 (£'000)	CETV at 31 March 2009 (£'000)	*CETV at 31 March 2008 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (to nearest £100)
Ms Judena Goldring <i>Chief Executive</i> (appointed 6 August 2007)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	355	318	8	-
Robert Hunniford <i>Commissioner</i> (appointed 10 March 2008)	0-5	0-2.5	11	1	9	-
Sean Doran <i>Commissioner</i> (appointed 10 March 2008)	0-5	0-2.5	4	-	3	-
Neil Faris <i>Commissioner</i> (appointed 10 March 2008)	0-5	0-2.5	16	1	10	-
Venkat Iyer <i>Commissioner</i> (appointed 8 September 2008)	0-5	0-2.5	3	-	2	-

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations.

Judicial Pensions Scheme arrangements

The Chairman is a member of the Judicial Pensions Scheme. The terms 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 and Retirement Act 1993 (JUPRA).

The Judicial Pensions Scheme 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 Judicial Pensions Scheme. 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 2008-09 has been assessed as 32.15% (2007/08: 32.15%) of the relevant judicial salaries. This includes an element of 0.25% as a contribution towards the administration costs of the scheme. A contribution rate of 32.15% has been recommended for the year commencing 1 April 2009.

The liability for future payment is not chargeable to the Northern Ireland Court Service but is a charge on the Judicial Pensions Scheme. The Northern Ireland Court Service is unable to identify its share of the underlying assets and liabilities. Similarly, as the Chairman works part time for the Commission it is not possible for the Commission to identify its share of the underlying assets and liabilities. There is a separate scheme statement for the Judicial Pensions Scheme as a whole and a full actuarial valuation was carried out as at 31 March 2005. 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).

Payments of £7,196 for 2008/09 (2007/08: £3,186) were made to the Northern Ireland Court Service in respect of pension costs of the Chairman.

Civil Service Pension arrangements

Pension benefits are provided to Commissioners and the Chief Executive through the Principal Civil Service Pension Scheme which is administered by Civil Service Pensions (CSP).

From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or 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. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 from a selection of approved products. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website 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 disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. 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 in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It does not include 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.

Former Senior Managers

No awards or compensation payments have been made to former Senior Managers during 2008/09 (2007/08: £nil).

Third Parties

No payments have been made to third parties for services as a Senior Manager (2007/08: £nil).

Early termination

No payments have been made in respect of early terminations. (see note 2 to the accounts)



Judena Goldring
Chief Executive and Accounting Officer
18 June 2010

Statement of Accounting Officer's Responsibilities

Under the Justice (Northern Ireland) Act 2002, the Secretary of State (with the consent of HM Treasury) has directed the Northern Ireland Law Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the HM Treasury's Financial Reporting Manual and in particular to:-

- observe the Accounts Direction issued by Northern Ireland Office on behalf of the Secretary of State, including 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Northern Ireland Office designated the Chief Executive as Accounting Officer of the Northern Ireland Law Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Northern Ireland Law Commission's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money.

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 Law Commission'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 Managing Public Money as the guidance relevant for the year of account.

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 Law Commission for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Northern Ireland Law Commission's capacity to handle risk is outlined by the following responsibilities of the Chief Executive as detailed in Commission's Management Commentary.

The Chief Executive shall, on behalf of the Commission and by agreement with the Chair, exercise the following responsibilities in particular:

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that all public funds made available to the Commission are used for the purpose intended by Parliament, and that such monies, together with the Commission's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that secure and appropriate protocols and procedures are in place and complied with regarding ad hoc departmental referrals and/or joint projects with its counterparts;
- ensure that adequate internal management and financial controls are maintained by the Commission, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained.

The risk and control framework

Within the Commission during this period, risk and control was managed by the Commission's Board, which included the Chairman, Chief Executive and four Commissioners.

A financial planning and budgetary control system continued to operate as agreed with the NIO Finance and Co-ordination Unit, in accordance with NIO policies and procedures. This included the review of monthly financial management reports produced by Financial Services Division of the NIO.

The Northern Ireland Office processed all Commission related payments during the period of this report and produced monthly expenditure reports.

In addition, quarterly oversight meetings with the NIO and DFP required under the Management Statement and Financial Memorandum were instigated on 23 January 2008. At these meetings a range of key financial, personnel and governance matters are permanent items on the agenda, together with a report from the Commission's Chief Executive on progress towards achievement of key work programme objectives and targets.

The Board also considered plans to conduct a tendering exercise to appoint internal auditors, so that an appropriate internal audit function can be established within the Commission.

Plans for the Audit Committee have not yet been finalised, however, work is underway with NIO and the sponsoring body to arrive at an appropriate structure and form commensurate with the size and status of the Commission.

An over-arching corporate risk register was drawn up. It will be kept under regular review by the Commission's Board. The key areas of risk include:-

1. Delays in recruiting appropriately qualified staff would have significant impact on the achievement of key project milestones and objectives.
2. Unexpected loss of key legal staff would likewise have significant impact on the Commission's ability to achieve project targets and deliverables.
3. Inadequate overall funding of the Commission would hinder completion of projects within timescales set, and cause uncertainty over planning the law reform work programme.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The risk and control framework within the Commission continued to develop and evolve during 2008/09. Services for a fully outsourced internal audit function will be put out to tender for 2009/10 onwards.

This is the second annual report and annual accounts to be presented to external audit. Any comments made by external audit on the information contained in this report will inform the Commission's continuous review of the effectiveness of the system of internal control.

The review systems in place include:

- regular reviews by senior management of risks at all levels within NILC;
- the establishment and regular monitoring of key performance and risk indicators;
- all relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of the Commission's policies, aims and objectives and, where necessary, are brought to the attention of the Board;
- twice yearly Stewardship Statements are returned by the Commission's Chief Executive to the NIO sponsoring division to provide assurance that appropriate and effective systems of internal control and secure data management are in operation;
- the Commission recognises the need for appropriately handling information used for operational and reporting purposes, particularly where it is used by third parties. Risks to information and protectively marked data are managed in line with DFP records management systems, internet and email usage policies, and ICT network services are provided and managed by the NICS IT Assist shared service centre;
- in addition the NIO Financial Services Division (FSD) processed all payments during the period of this report and produced monthly budget and financial management reports;
- monthly FSD nominal ledger reports are checked and reconciled against NILC payments database, and detailed reports produced for the Chief Executive and Accounting Officer.



Judena Goldring
Chief Executive and Accounting Officer
18 June 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Northern Ireland Law Commission for the year ended 31 March 2009 under the Justice (Northern Ireland) Act 2002. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Northern Ireland Law Commission, Chief Executive and auditor

The Northern Ireland Law Commission and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Northern Ireland Law Commission and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland. I report to you whether, in my opinion, the information, which comprises the Chief Executive's Report and the Management Commentary, included in the Annual Report is consistent with the financial statements. I also report 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.

In addition, I report to you if the Northern Ireland Law Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Northern Ireland Law Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Northern Ireland Law Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Introduction and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Northern Ireland Law Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Northern Ireland Law Commission'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland, of the state of the Northern Ireland Law Commission's affairs as at 31 March 2009 and of its deficit, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland; and
- information, which comprises the Chief Executive's Report and Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, 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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
24 June 2010

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

Income and Expenditure Account

For the Year Ended 31 March 2009

	Notes	2009 £	2008 £
Expenditure			
Staff Costs	2	518,039	184,795
Other Operating Costs	3	291,132	133,409
Depreciation	4	49,194	11,472
Notional Cost of Capital	5	16,377	7,256
Total Expenditure		874,742	336,932
Income		-	-
Deficit for the Year		874,742	336,932
Reversal of Notional Cost of Capital	5	(16,377)	(7,256)
Net Deficit		858,365	329,676

The net deficit for the year arises wholly from continuing operations.

Statement of Recognised Gains and Losses

For the Year Ended 31 March 2009

	Notes	2009 £	2008 £
Deficit for the Year		874,742	336,932
Unrealised gain on revaluation	4	(14,207)	-
Realised element of depreciation on revaluation		1,010	-
Total Recognised Losses for the Year		861,545	336,932

The notes on pages 32 to 41 form part of these accounts.

Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Fixed Assets			
Tangible Fixed Assets	4	<u>567,115</u>	<u>602,102</u>
Current Assets			
Debtors	6	<u>10,980</u>	<u>1,338</u>
Current Liabilities			
Creditors - amounts falling due within one year	7	<u>(56,894)</u>	<u>(188,798)</u>
Net Current Liabilities		<u>(45,914)</u>	<u>(187,460)</u>
Total Assets less Liabilities		<u><u>521,201</u></u>	<u><u>414,642</u></u>
Financed by:			
Capital and Reserves			
General Fund	8	508,004	414,642
Revaluation Reserve	9	<u>13,197</u>	<u>-</u>
		<u><u>521,201</u></u>	<u><u>414,642</u></u>

The notes on pages 32 to 41 form part of these accounts.



Judena Goldring
Chief Executive and Accounting Officer
18 June 2010

Cash Flow Statement

For the Year Ended 31 March 2009

	Notes	2009 £	2008 £
Net Cash Outflow from Operating Activities	10	(950,717)	(130,744)
Capital Expenditure	4	-	(613,574)
		(950,717)	(744,318)
Cash Inflow from Financing	8	950,717	744,318
Increase/(decrease) in cash		<u>-</u>	<u>-</u>

The notes on pages 32 to 41 form part of these accounts.

Notes to Accounts for the year ended 31 March 2009

1.1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2008/09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM 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 FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected.

The Commission's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.2. Accounting Convention

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

1.3. Fixed Assets

Fixed assets are capitalised at their cost of acquisition and installation and are revalued annually by reference to appropriate indices compiled by the Office for National Statistics.

The threshold for capitalisation of assets is £1,000 in relation to single assets or grouped assets.

All categories of 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.

Estimated useful lives, which are reviewed regularly, are:

Leasehold alterations	Over the lease term
Computer equipment and software	1 - 5 years
Furniture and equipment	3 - 15 years

The Commission does not own the property it occupies, but incurs a charge for accommodation costs.

1.4. Financing from the Northern Ireland Office (NIO) and Department of Finance and Personnel (DFP)

Financing represents funding received from NIO and DFP and is credited to the General Fund.

1.5. Capital charges

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

1.6. Pension Costs

Employees of the Commission are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), a defined benefit scheme. The Commission recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

1.7. Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account evenly over the lease term.

1.8. Value Added Tax

Where appropriate items in these accounts stated are exclusive of VAT where it has been possible to recover VAT on a departmental basis.

2. Staff Numbers and Costs

2.1. The average number of whole-time equivalent persons employed during the year was:

	2009	2008
	No	No
Chairman	-	-
Commissioners	2	-
Permanent Staff	1	1
Seconded Staff	12	7
	<u>15</u>	<u>8</u>

The time spent by the Chairman on Commission duties during the year was on average one day per week. The Chief Executive works full-time on Commission duties, whilst the other four Commissioners spent on average either one day per week or two days per week on Commission duties.

2.2. The costs incurred in respect of these employees were:

	Year ended				Year ended
	31/3/2009	Permanent Staff	Commissioners	Other Staff	31/3/2008
	Total				Total
	£	£	£	£	£
Direct Staff					
Wages & Salaries	463,670	79,212	99,675	284,783	166,303
Social Security Costs	15,803	8,135	7,668	-	5,402
Pension Costs	38,566	20,126	18,440	-	13,090
Total Costs	<u>518,039</u>	<u>107,473</u>	<u>125,783</u>	<u>284,783</u>	<u>184,795</u>

Other staff includes staff on secondment, agency and temporary staff and contract staff. Included in the seconded staff costs is an amount of £32,245 (2008: £26,092) relating to the salary, employer's national insurance contributions and pension costs of the Chairman.

The Commission meets all of the staff costs for seconded staff as these are incurred, with the exception of two seconded staff, whose costs are met by Land and Property Services (LPS). Although these costs, except the seconded staff whose costs are met by LPS, are fully re-charged to the Commission, the seconding organisation remains the permanent employer with responsibility for their pay, allowances and pension.

2.3. Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Law Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

For 2008/09, employers' contributions of £38,566 (2007/08: £13,090) were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% (2007/08: 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009/10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the costs of the benefits accruing, during 2008/09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2007/08: £nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

The Remuneration Report on pages 16 to 22 contains detailed pension information.

3. Other Operating Costs

	2009	2008
	£	£
Accommodation and power	65,401	10,762
General office expenditure	1,320	3,745
Office rent	83,163	9,552
Conference fees	1,632	2,204
Audio visual costs	-	1,886
Advertising	15,811	-
Office rates	37,384	6,000
Professional fees / services	2,136	43,893
Consultancy	53,328	17,516
Computer costs	734	3,955
Materials	17,561	9,479
Travel and Subsistence	4,103	10,522
Audit Fee	8,300	7,500
Miscellaneous	259	6,395
	<u>291,132</u>	<u>133,409</u>

4. Fixed Assets

	Leasehold Alterations £	Computer Equipment £	Furniture and Equipment £	Total £
Cost or Valuation				
At 1 April 2008	547,704	17,674	48,196	613,574
Additions	-	-	-	-
Transfers out	-	-	-	-
Disposals	-	-	-	-
Revaluation	11,907	(474)	3,003	14,436
At 31 March 2009	<u>559,611</u>	<u>17,200</u>	<u>51,199</u>	<u>628,010</u>
Depreciation				
At 1 April 2008	9,959	924	589	11,472
Charge for year	40,699	4,110	4,385	49,194
Transfers out	-	-	-	-
Disposals	-	-	-	-
Revaluation	216	(25)	38	229
At 31 March 2009	<u>50,874</u>	<u>5,009</u>	<u>5,012</u>	<u>60,895</u>
Net Book Value				
At 31 March 2009	<u>508,737</u>	<u>12,191</u>	<u>46,187</u>	<u>567,115</u>
At 31 March 2008	<u>537,745</u>	<u>16,750</u>	<u>47,607</u>	<u>602,102</u>

5. Interest on Capital Employed

	2009 £	2008 £
Interest on Capital	<u>16,377</u>	<u>7,256</u>

The Income and Expenditure Account bears a non-cash charge for interest relating to the use of capital by the Commission. The basis of the charge is 3.5% of the average capital employed, defined as total assets less liabilities.

6. Debtors (amounts falling due within one year)

	2009 £	2008 £
Prepayments	10,980	1,338
	<u>10,980</u>	<u>1,338</u>

No intra-government balances are included within debtors at year end (2008: £nil).

7. Creditors (amounts falling due within one year)

	2009 £	2008 £
Accruals	56,894	188,798
	<u>56,894</u>	<u>188,798</u>

No intra-government balances are included within creditors at year end. (2008: £117,361 payable to central government bodies was included within creditors at 31 March 2008).

8. Reconciliation of Movements in General Fund

	2009 £	2008 £
General Fund		
Balance at 1 April	414,642	-
Transfer from income and expenditure account	(858,365)	(329,676)
Transfer from revaluation reserve	1,010	-
Funding from NIO and DFP	950,717	744,318
	<u>508,004</u>	<u>414,642</u>
Balance at 31 March	<u>508,004</u>	<u>414,642</u>

9. Reconciliation of Movements in Revaluation Reserve

	2009 £	2008 £
Revaluation Reserve		
Balance at 1 April	-	-
Arising on revaluation during the year (net)	14,207	-
Transfer to general fund in respect of realised element of revaluation	(1,010)	-
	<hr/>	<hr/>
Balance at 31 March	13,197	-
	<hr/> <hr/>	<hr/> <hr/>

10. Notes to cash flow statement**(i) Reconciliation of Results for the Year to Net Cash Flow from Operating Activities:**

	2009 £	2008 £
Deficit for the year	(874,742)	(336,932)
Adjustment for non cash transactions		
Notional cost of capital	16,377	7,256
Depreciation	49,194	11,472
Adjustments for movements in working capital		
(Increase) in debtors	(9,642)	(1,338)
(Decrease)/Increase in creditors	(131,904)	188,798
	<hr/>	<hr/>
Net Cash Outflow From Operating Activities	(950,717)	(130,744)
	<hr/> <hr/>	<hr/> <hr/>

(ii) Reconciliation of net cash inflow to movement in net funds:

	2009 £	2008 £
(Decrease)/Increase in cash	-	-
Net funds at 1 April	-	-
	<hr/>	<hr/>
Net funds at 31 March	-	-
	<hr/> <hr/>	<hr/> <hr/>

11. Capital Commitments

There were no capital commitments at 31 March 2008 or 31 March 2009.

12. Commitments under operating leases

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

	2009 £	2008 £
Land and buildings leases:		
Expiry within one year	-	-
Expiry after one year but not more than five years	-	-
Expiry thereafter	70,000	70,000
	<hr/>	<hr/>
	70,000	70,000
	<hr/>	<hr/>

13. Financial Instruments

Due to the non-trading nature of its activities and the way in which it is funded, the Commission 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 apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Law Commission's expected purchase and usage requirements and the Law Commission is therefore exposed to little credit, liquidity or market risk.

14. Related Party Transactions

The Northern Ireland Law Commission is an independent advisory Non-Departmental Public Body of the Northern Ireland Office.

The Northern Ireland Office is regarded as a related party. During the year, the Commission has had various material transactions with the Northern Ireland Office.

In addition, the Commission has had a small number of material transactions with other Government Departments. Most of these transactions have been with Department of Finance and Personnel and the Northern Ireland Court Service.

During the period, none of the Board members, members of the key management staff or other related parties have undertaken any material transactions with the Commission.

15. Post Balance Sheet Events

On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice came into existence as a new Northern Ireland Department. From this date, the lead policy responsibility for the Commission transferred from the Northern Ireland Office to the Department of Justice.

The 2008-09 financial statements have been prepared on the basis that the Commission was an independent advisory NDPB of the Northern Ireland Office for the entire financial year and these will be laid in Parliament. There is no impact on the 2008-09 financial statements arising from the transfer of functions to the Northern Ireland Assembly on 12 April 2010.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the same day as they were certified by the Comptroller and Auditor General.

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