

serving the community
through the administration
of justice



Northern Ireland Court Service

Annual Report and Resource Accounts

2007 - 2008

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Northern Ireland Court Service

Annual Report and Resource Accounts

2007-2008 for the year ended 31 March 2008

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Annual Report for the year ended 31 March 2008

1. **Basis of Accounts**

This is the Annual Report and Accounts for the Northern Ireland Court Service ("the Department") for the financial year ended 31 March 2008. These Statements 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 Northern Ireland Court Service is the Lord Chancellor's department in Northern Ireland. The Department was established by the Judicature (Northern Ireland) Act 1978 as a "unified and distinct Civil Service of the Crown". Its role is to provide administrative support for the Northern Ireland courts, enforce civil court judgements through the Enforcement of Judgments Office and support the Lord Chancellor in discharging his ministerial responsibilities in Northern Ireland including responsibility for judicial appointments and legal aid.

Further information about the Court Service can be found at 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) and the Northern Ireland Judicial Appointments Commission (NIJAC). As executive NDPB's the NILSC and the NIJAC are 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, in accordance with HM Treasury guidance. Third party monies are similarly excluded.

The Northern Ireland Legal Services Commission, the Northern Ireland Judicial Appointments Commission and Court Funds Office each publish their own audited financial statements.

4. **Departmental Reporting Cycle**

The Department is required to prepare an Estimate for HM Treasury in January each year, which details the proposed spending of the Department for the coming financial year. Supplementary estimates are prepared in spring and winter, if required, to take account of any changes during the year.

The main estimate and any supplementary estimates are published each year on the HM Treasury website at www.hm-treasury.gov.uk.

An Annual Report is published by the Court Service each year on www.courtsni.gov.uk/publications.

5. Ministers and the Management Board

5.1 Ministers

The Northern Ireland Court Service is the Lord Chancellor's department in Northern Ireland. The Lord Chancellor and Secretary of State for Justice has overall responsibility for the UK Ministry of Justice which was established on 9th May 2007 as a completely new department. The new Ministry of Justice brought together the agencies responsible for the criminal, civil and family courts, tribunals, sentencing policy, prisons and the management and rehabilitation of offenders. This included all the organisations that made up the Department of Constitutional Affairs.

The following were in Ministerial office up to 9 May 2007:

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

The Right Honourable Harriet Harman QC MP: Minister of State at the Department of Constitutional Affairs.

Baroness Ashton of Upholland: Parliamentary Under-Secretary of State at the Department of Constitutional Affairs.

Bridget Prentice MP: Parliamentary Under-Secretary of State at the Department of Constitutional Affairs.

Vera Baird QC MP: Parliamentary Under-Secretary of State at the Department of Constitutional Affairs.

The following held ministerial office for the remainder of the year, subsequent to the formation of the Ministry of Justice:

The Right Honourable Jack Straw MP: Minister of Justice (appointed 28 June 2007).

Lord Hunt of Kings Heath OBE Philip Hunt: Parliamentary Under Secretary of State for Justice (appointed 29 June 2007).

The Right Honourable David Hanson MP: Minister of State (appointed 9 May 2007).

Marie Eagle MP: Parliamentary Under Secretary of State (appointed 29 June 2007).

Michael Wills MP: Minister of State for Ministry of Justice (appointed 29 June 2007).

Bridget Prentice MP: Parliamentary Under Secretary of State (appointed 9 May 2007).

5.2 Departmental Management Board

The Departmental Management Board meets monthly and supports the Director as Head of the Department. It is responsible for reviewing, challenging and providing advice and guidance on the departmental delivery strategies, achievement of departmental objectives and targets, plans and programmes, performance management and governance arrangements.

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

D A Lavery	Director NI Court Service
D P Andrews	Head of Publicly Funded Legal Services
J Durkin	Head of Operations
G Fee	Head of Criminal Policy and Legislation (<i>from 31 March 2008</i>)
L McAlpine	Head of Civil Policy and Legislation
S Broderick	Head of Tribunals Operations (<i>from 30 April 2007</i>)
D Thompson	Finance Director
K King	Non-executive Director

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

David Thompson is an appointee, recruited via Interchange from PricewaterhouseCoopers.

Kevin King is an independent member of the Management Board.

5.3 Other Committees

The work of the Management Board is supported by two further committees. These are the Finance Committee and the Audit and Risk Management Committee. These committees meet on a quarterly basis with additional meetings being held if required. The Finance Committee is chaired by David Lavery. The Audit and Risk Management Committee is chaired by Kevin King.

6 Management Commentary

6.1 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.

The Court Service has published a Corporate Plan for 2008-2011 which identifies four key strategic aims as follows:

- modernising court business
- improving access to justice
- promoting confidence in the justice system
- supporting an independent judiciary

The Corporate Plan 2008-2011 can be found on the Court Service website at www.courtsni.gov.uk/publications.

6.2 Performance in 2007-08

During the year the Court Service continued to deliver its programme of planned activities in support of the delivery of the strategic aims of its Corporate Plan.

Modernising court business

The Court Service continues to modernise the way in which court business is transacted to meet the expectations of all court users.

Within our Business Modernisation Strategy there are 3 major Programmes:

- Integrated Court Operations System (ICOS) and Causeway;
- Electronic Service Delivery Programme; and
- Courtroom Technology Programme.

In respect of the ICOS Programme year the ICOS Electronic Interfaces Project was successfully extended to enable the secure electronic exchange of information between the Court Service and other public sector organisations. The Court Service also provided secure remote access to ICOS to appropriate criminal justice organisations and established a new single ICOS enabled Jury Management Centre for the province.

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. The technical solution is currently undergoing rigorous user acceptance test trials and is planned to enter live service later in 2008.

As part of the Electronic Service Delivery programme new Copy Orders and Media Court List On-line Services were also launched during the reporting period.

The Courtroom Technology Programme was further progressed during the year with the implementation of new Video Conferencing and evidence display facilities across the province.

Improving access to justice

The improvement of access to justice and making the justice system more accessible to everyone remains a core objective.

The 2005 three year Customer Service Strategy committed the Court Service to provide “an efficient, accessible, and quality service for all customers by listening and responding to their needs.” During 2007-08 we made significant achievements in offering choice to our customers, improving the way in which we process our business and changing our listing arrangements to better meet their needs.

The department continued to work closely with its sponsored body, the Northern Ireland Legal Services Commission, in supporting its programme of legal aid reform to deliver publicly funded legal services where it is needed most. Officials worked hard to secure a sustainable funding position for the Commission for 2007 – 2008 and to improve the financial management regime.

In 2007-08 the Court Service brought forward legislation renaming the office of Resident Magistrate as District Judge (Magistrates’ Courts) in Northern Ireland. The restyling of the office, which was recommended by the Northern Ireland Criminal Justice Review, is intended to reflect, for the benefit of court users, that the magistracy is an integral part of the judiciary, and to reflect that the term resident, which has its origins in the nineteenth century has less relevance in the modern context where magistrates no longer need to live in the district in which they hold office.

Following the 2006-07 review of civil court fees, the new statutory framework was implemented in 2007-08. The new fees, along with a robust exemptions and remissions policy, achieve a balance between the need to recover the full cost of civil court business and the need to ensure continued access to justice.

During the year a Court Funds Office (CFO) modernisation project was commenced, to review all aspects of CFO business policy, practices and operations to ensure a modern, professional, transparent, flexible and cost effective service which meets the specific needs of clients and stakeholders. This includes a review of governance arrangements, legislative provisions, accounting arrangements and operational systems and procedures.

The Enforcement of Judgments Office (EJO), responsible for the recovery of money, property and goods from civil court judgments, continues on its quality improvement programme under the Modernising Government Agenda. This year EJO was awarded a "Mark of Excellence" under the Business Excellence Model promoted by the European Foundation for Quality Management Scheme. The award was achieved through significant results including better value for money, considerable improvement in processing times, overall improvements in staff and customers' satisfaction and modernising business through innovative technology such as on-line Case Tracking and Judgment Searching. To further support business improvement and people development, EJO introduced and implemented an extensive Quality Management System which was accredited under ISO 9001:2000. This highly detailed approach ensures that best practice is consistently applied in order to bring benefits for both staff and customers.

The modernised Coroners Service for Northern Ireland was inspected by Her Majesty's Inspectorate of Court Administration (HMICA) during 2007. HMICA issued a report in October 2007 on the progress made by the Coroners Service since its establishment in April 2006 and recommending 7 areas where continued development could be made. The Coroners Service drew up and implemented an action plan to take forward the recommendations and at the same time issued a Business Review covering the disposal of business between the period of April 2006 to March 2007. These reports may be viewed on the Court Service website at www.courtsni.gov.uk.

In March 2006, the Secretary of State in direct rule announced a programme for tribunal reform including the transfer of administrative responsibility for NI tribunals from NI Departments and NIO to the Court Service on a cost neutral basis. It was also announced that any newly established tribunals would become the responsibility of the Court Service from the outset.

Since the Secretary of State's announcement the Court Service has assumed responsibility for two new tribunals - the NI Valuation Tribunal (established in April 2007) and the Traffic Penalty Tribunal (which became operational in November 2006). During its first year in operation the NI Valuation Tribunal received 9 appeals (the first of which was received October 2007). Five appeals were heard within the financial year (4 disposed of; 1 adjourned). During the same period the Traffic Penalty Tribunal received 224 appeals (including Statutory Declaration appeals). Of these, 29 were either withdrawn by the appellant or not contested by Roads Service. Of those that proceeded to hearing 31 were successful; 125 were refused (a success rate for applicants of 20%). At the end of the year 39 cases await listing.

The Charities Tribunal when established will also be administered by the Court Service.

The administration of Criminal Injuries Compensation Appeal Panel for Northern Ireland (CICAPNI), previously sponsored by the Secretary of State, transferred to the Court Service on 1 December 2007.

The transfer of the administration of the remaining NIO tribunal, the Police Medical Pensions Appeal Tribunal, will take place later in 2008.

Although a considerable amount of work was undertaken by the Court Service and by officials in the NI departments to give effect to the Secretary of State's March 2006 announcement, the transfer of the administration of the NI departmental tribunals had not been completed when the NI Assembly was restored in May 2007. It therefore became necessary to seek the views of the Northern Ireland Executive on the future of the reform. The Executive endorsed a continuation of the reform programme on the 24th April 2008.

Other achievements made in Customer Service are as follows:

- The successful roll out of Witness Service to magistrates' courts;
- Engagement with Victim Support regarding the appropriate refurbishment of Victim and Witness rooms throughout the court estate;
- The introduction of a remote link from NSPCC premises to Londonderry Courthouse;
- Contribution to the development of the Criminal Justice System Victim and Witness strategy;
- Introduction of a telephone interpreting service at public counters in Dungannon and Laganside Courts;
- Booklet for children who appear as a witness in civil courts;
- Customer exit survey, and
- Appointment of Case Progression Officers to assist in reducing avoidable delay for our customers.

Promoting Confidence in the Justice System

During the year the Court Service worked with colleagues in the Northern Ireland Office to facilitate the enactment of the Justice and Security (Northern Ireland) Act 2007 which delivered the Government's commitment to abolish non-jury "Diplock courts". With a view to making juries in Northern Ireland more representative of society as a whole, we have also progressed plans to widen the jury pool by conducting a review of persons ineligible to perform jury service and those excusable as of right.

The Court Service worked closely with the NIO on reforming sentencing reflected in the draft Criminal Justice (NI) Order currently laid before Parliament. The draft Order introduces extended sentences for public protection for serious cases and a system of release on licence for all prisoners which will replace the system of fifty percent remission. The Order also contains provisions designed to update and enhance road traffic law and contains a number of other miscellaneous provisions.

The Service has also been involved in preparation for the possible future devolution of justice functions in Northern Ireland. This has included the identification of those legislative steps necessary to devolve functions from the Lord Chancellor and the Court Service to the Northern Ireland Assembly and the development of policy in relation to devolution of those functions. Developmental work has also been undertaken to establish a framework for the future status of the Northern Ireland Court Service on devolution and on a draft concordat on judicial independence.

The Court Service Outreach Programme coordinates and underpins a commitment to promote and enhance knowledge and understanding about the courts and the wider justice system.

During 2007/08 the Court Service organised a wide range of educational and community based activities throughout Northern Ireland including a range of court visits tailored to meet the needs of schools, colleges, community groups and the general public.

The National Magistrates' Court Mock Trial Competition is a highlight of the Court Service's Outreach programme. Each year it involves 4,500 young people throughout England, Wales and Northern Ireland, and 800 magistrates and other legal professionals. The Northern Ireland heats of this Competition (2007/08) were hosted by the Court Service in Laganside Courts. This event provides young people with an excellent opportunity to gain a better knowledge and understanding of the justice system in an exciting and innovative way.

The Court Service supported Criminal Justice Week (18 – 22 February 2008) by inviting local schools and community groups to attend a range of open days at 7 court venues. The events offered local communities the opportunity to learn more about the Criminal Justice System and to engage with frontline court staff and representatives from other criminal justice agencies and the voluntary sector. Each of the open days focused on a particular theme – including crime prevention, safety, victims and witnesses, working with the community and the role of the judiciary/legal profession.

6.3 Financial Position and Results for the Year

Financial Position (Balance Sheet)

The Department's activities are financed mainly by Supply voted by Parliament and financing from the Consolidated Fund.

The Department's Balance Sheet consists primarily of tangible fixed assets totalling £211m. Of this, £207m represents land and buildings; the remainder being Information Technology assets, furniture and fittings, plant and machinery.

During the year the department expended £0.5m in capital refurbishment and improvement of its property. IT additions amounted to £1.07m primarily as a result of the department's ongoing programme of business modernisation.

Results for the Year (Operating Cost Statement)

The Operating Cost Statement represents the net total administration and programme resources consumed during the year by Request for Resources. The results for the year are set out in the Operating Cost Statement and are as follows:

- Net Operating Costs amounted to £138.4m (2006-07 £136.7m restated)
- Staff Costs of £20.1m (2006-07 £19.4m restated)
- Other Administrative Costs of £6.7m (2006-07 £8.0m restated)
- Gross payments of £132.0m (2006-07 £127.0m restated) relating to the department's programme activities
- Operating Income of £20.5m (2006-07 £17.7m)

The Department employed an average of 750 (Full Time Equivalent) staff during 2007-08, a decrease of 15 from 2006-07. Accommodation rentals, PFI service charges, and non-cash asset related charges accounted for the majority of other administration costs.

As in previous years, a large portion of the Department's expenditure was allocated to publicly funded legal services, or Legal Aid. The funding of Legal Aid continues to be a pressure on departmental resources. However, the ongoing programme of reform has been designed to address this. 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 (NDPB), and subject to the relevant government and accounting guidelines. Details of operational and financial performance of the NILSC can be found on their website at www.nilsc.org.uk. The total grants paid to NILSC in 2007-08 amounted to £80m, over 50% of the gross expenditure of the Department.

The Department is also responsible for providing grant in aid funding to the Northern Ireland Judicial Appointments Commission (NIJAC). NIJAC is another executive NDPB and so is also subject to the relevant government and accounting guidelines. Further details about the activities of NIJAC can be found on their website at www.nijac.org. The grant in aid paid to NIJAC during 2007-08 totalled £1.4m.

The Department had operating income of £20.5m which was used to support the administration of justice.

Fees from civil court work are included in these financial statements as appropriations in aid (AinA).

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 10 shows the level of civil court costs, and the associated income generated. In 2007-08 the recovery level was 68%. It is expected that the revised civil fee structure was implemented in October 2007 after an Equality Impact Assessment and Regulatory Impact Assessment were undertaken, will result in an increase percentage cost recovery in 2008-09.

Comparison of Outturn against Estimate (Statement of Parliamentary Supply)

Supply Estimates are a request by the Department to Parliament for funds to meet expenditure. When approved by the House of Commons, they form the basis of the statutory authority for the appropriation of funds and for the Treasury to make issues from the Consolidated Fund. Statutory authority is provided annually by means of Consolidated Fund Acts and by an Appropriation Act. These arrangements are known as the "Supply Procedure" of the House of Commons.

As a government department the Court Service is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans is sought through Supply Estimates presented to the House of Commons.

The Statement of Parliamentary Supply provides information on how the department has performed against the Parliamentary and Treasury control totals against which it is monitored. This information is supplemented by Note 2 which represents Resource Outturn in the same format as the Supply Estimate.

In 2007-08 the Court Service met all of its control totals. At £130.9m the net resource outturn was £9.9m less than the 2007-08 Estimate of £140.9m. The main reasons for this variance were:

- Expenditure on court and other legal services was £5.4m less than the Estimate
- Grants in support of the NI Legal Services Commission were £4.4m less than the Estimate
- Grants in support of the NI Judicial Appointments Commission were £0.1m less than the Estimate

However, the department was required to fund additional judicial costs which are outside of the Parliamentary Vote. As set out in Note 3(a) these amounted to £2.2m thereby reducing the overall net operating cost to £7.7m less than the Estimate.

A reconciliation of resource expenditure between Estimates, Accounts and Budgets can be found below.

	2007-08	2006-07
	£000	£000
Net Resource Outturn (Estimates)	130,942	128,946
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	7,424	7,181
Net Operating Cost (Accounts)	138,366	136,127
<i>Adjustments to additionally include:</i>		
Resource consumption of non departmental public bodies	2,004	13,189
Resource Budget Outturn (Budget)	140,370	149,316
of which		
Departmental Expenditure Limits (DEL)	140,370	149,316
Annually Managed Expenditure (AME)	-	-

It should be noted that the resource consumption of NDPB's included above is an unaudited figure. The Resource Budget (Budget) in the Estimate for 2007-08 is £149,180k (2006-07: £158,893k).

These accounts have been prepared on a going concern basis.

Cash Flow Statement

The Cash Flow Statement provides information on how the Court Service finances its ongoing activities. The main sources of funds are from the Consolidated Fund.

The Cash Flow Statement shows a net cash outflow from operating activities of £122.5m (2006-07 £119.9m). The change is mainly due to increased support of the departmental NDPBs.

Statement of Operating Costs by Departmental Aim and Objectives

This statement reports expenditure by Departmental objective. The basis of allocation and apportionment of administration and programme expenditure is set out in Note 22.

The Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI)

During the financial year CICAPNI (the Panel) received a total of 859 appeals which shows a decrease of 152 from last years figure of 1011. This number represents an appeal rate of just fewer than 33% of the 2610 reviewed decisions given by the Compensation Agency during the same period. In the year the Panel processed 837 appeals and out of that number 371 applicants won their appeals thus indicating a successful application rate of approximately 44%. The total value of awards made to the successful applicants amounted to £2,050,656.30. The Panel finished the year with 679 appeals in hand and continues to work closely with the Agency's Presenting Officers Section in order to seek ways of reducing that number. The Panel also provided timely and considered advice to the Secretary of State on matters within the Scheme.

The Panel received 3 applications for judicial review in the financial year which represents a judicial review application rate of less than 0.4% of the total decisions made by the Panel in the year thus indicating the high quality of the decision making of the Panel.

The net costs of operating the panel for the 2007-08 financial year were £669,368 (2006-07 £568,995).

The 2006-07 comparatives have been restated to recognise the transfer of the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) from the Northern Ireland Office on 1st December 2007 by way of a Machinery of Government transfer. Restatement has resulted in an increase in net operating costs of £568,995 and an increase in net assets of £61,118. Full details are disclosed in notes 1.21 and 34 to the accounts.

6.4 Business Focus for the future

The organisational aim of the Court Service is supported by the following four strategic aims:

- *Delivering responsive customer services* – the Court service will deliver quality services which meet the needs of our customers.
- *Improving access to justice* – the Court service will work to make the justice system more accessible.
- *Promoting confidence in the justice system* – the Court Service will work to promote confidence in the justice system.
- *Supporting an independent judiciary* – the Court Service will support the Judiciary by providing it with a consistently high quality service.

The Corporate Plan 2008-2011 sets out the programme of work for the Court Service over the next three years and explains how we plan to use the resources. The resources agreed in the Comprehensive Spending Review (CSR) for the next three years are as follows:

	2008-09	2009-10	2010-11
	£'m	£'m	£'m
Resource DEL	132.7	131.9	131.4
Near cash resource DEL	115.0	114.0	113.0
Net administration budget	10.7	10.5	10.2
Capital DEL	7.0	7.4	7.4

The Corporate Plan 2008-2011 can be found on the Court Service website at www.courtsni.gov.uk/publications.

As noted earlier the NI Executive has now endorsed a continuation of tribunal reform. This reform programme will transfer administrative responsibility for tribunals from the NI departments to the NI Court Service. On devolution of justice, statutory responsibility for the administration of tribunals can transfer to a Department of Justice.

The Court Service continues to work with the NILSC to secure a stable and sustainable funding settlement throughout the CSR period. This involves seeking additional funds and taking costs out of the legal aid system.

6.5 Principle risks and uncertainties

Devolution of Policing and Justice

The Assembly and Executive Review Committee submitted its report to the Secretary of State for Northern Ireland at the end of March 2008. The Report recommends that the Northern Ireland Court Service should become part of a new Northern Ireland Department of Justice. This would mean that the Court Service would continue as a unified Court Service and would initially become an Agency of the Department of Justice. However the Committee also recommended that further consideration should be given, as a priority, to whether the Court Service should in due course become a non-ministerial department.

The Report also recommends that responsibility for the Northern Ireland Judicial Appointments Commission should be transferred to the Office of the First Minister and the Deputy First Minister and that responsibility for legal aid and the Northern Ireland Legal Services Commission should transfer to the planned Department of Justice. It also recommends that responsibility for the Northern Ireland Judicial Appointments Ombudsman transfer to the Department of Justice.

The Committee was unable to reach agreement on a date by which it will request devolution of justice and this will be for the Assembly and political Parties to decide.

6.6 Personal Data Related Incidents

The Court Service have given consideration to Cabinet Office guidance on Reporting of Personal Data Related Incidents issued in April 2008. The guidance requires that for 2007-08, and prior years, a summary of incidents reported to the Information Commissioner's Office and the numbers of incidents recorded by the Department but not required to be reported to be disclosed in the Annual Report and Resource Accounts of the Department. The Court Service are content that there are no such incidents. The Court Service report any incidents which they feel fall under this guidance to the Cabinet Office and Information Commissioner's Office immediately.

6.7 Sustainability report

Community Programmes

Serving the Community through the administration of justice

The Criminal Justice Review report set a clear agenda for those involved in the administration of justice in relation to improved information about the criminal justice system and community outreach. The Review report stated:

Securing a clear understanding on the part of the community about the way in which criminal justice operates and is structured is an essential component of a strategy of enhancing public confidence in the system and is an important contribution to transparency and accountability.'

Our Community Programmes take place under a number of different themes. Below are major themes which the Court Service has developed programmes within which members of the community may be able to get involved.

- *Education Online*
This programme provides teachers, Key Stage 3 & 4 pupils and primary school children with a simple guide to how criminal courts work. Downloads and teaching aids in this programme are designed to support the teaching of the citizenship module in schools.
- *Outreach*
The Court Service has a diverse programme of court visits and events which take place in courthouses right across Northern Ireland. Following the principles set out in the Criminal Justice Review our Outreach Programme strives to promote understanding and involvement.
- *Heritage*
The Northern Ireland Court Service recognises and accepts the responsibility bestowed upon it and is proud to conserve the buildings and their settings, for your interest and for the benefit of future generations. By taking our heritage tour you can learn about seven of our courthouses, including four listed buildings and Laganside Courts.
- *Corporate Social Responsibility*
The Court Service is currently developing a corporate social responsibility strategy. Further information on this shall be provided when this strategy is published on www.courtsni.gov.uk.

Further information on the above can be found on www.courtsni.gov.uk.

Improving Access to Justice

The Court service is committed to improving access to justice to make the justice system more accessible to everyone, and to develop better and more efficient ways to resolve disputes. The Court Service is working with the Northern Ireland Legal Services Commission on their programme of legal aid reform to improve the delivery of publicly funded legal services.

Improving access to justice is also about improving the ways through which justice can be secured involving resolving disputes by access to an independent tribunal. Tribunals serve a specific purpose – allowing the public to resolve disputes on a range of issues without resorting to the more formal process of a court hearing. The Court Service is responsible for a number of tribunals including the Office of the Social Security Commissioners and the Pensions Appeals Tribunal, and will build upon its programme of tribunal reform by transferring other tribunals to the Court Service to create a unified Courts and Tribunals Service for Northern Ireland.

The Court Service is also committed to reforming the civil justice system and are working closely with the Lord Chief Justice of Northern Ireland, Sir Brian Kerr, who has established a Civil Justice Committee. The Civil Justice Committee will consider how to make the civil justice system as accessible, economical and efficient as possible.

Environmental Issues

The Court Service is currently developing an environmental strategy which will be issued in 2008/09.

6.8 Public Interest and Other matters

Pensions and Early Departure Costs

Details about the Department's pensions and early departure costs policies are included in the notes to these accounts. Details of pension benefits and schemes for Board members are included in the remuneration report.

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.

Following the introduction of two new disability duties for public authorities in June 2007 the Court Service issued a Disability Action Plan for the period 2007-09. The Plan details the actions we have already taken and future plans to:

- I Promote positive attitudes towards disabled people; and
- II Encourage the participation of disabled people in public life.

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.

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 Operations. 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.

Payment of Suppliers

The Department is committed to the prompt payment of suppliers and has signed up to the Government's Prompt Payment Charter which promotes the payment of suppliers within 30 days. In 2007-08 98.02% (2006-07: 95%) of invoices were paid within 30 days.

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 2007-08 resulted in an audit fee of £45,850 (2006-07: £50,000). This fee is included in non staff administration costs, as disclosed in Note 8 to these accounts. The C&AG did not provide any non-audit services during the year.

Directorships and other significant interests

A register is maintained by the Court Service that includes details of company directorships and other significant interests held by Board members which may conflict with their management responsibilities. This register is available for public inspection upon request.

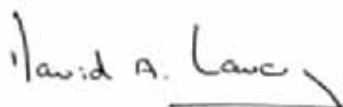
Other

The continuing development of the Department's Integrated Court Operations System (ICOS) has again been to the forefront of the activities of the finance department over the year. Finance staff have been involved in helping to ensure that appropriate financial controls and interfaces were incorporated into the new system. This collaborative approach to system development was a priority to ensure the accuracy of the financial outputs. As well as improving the efficiency of case management, ICOS facilitates the payment of fees and fines at any court location throughout Northern Ireland.

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 with the objective of 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.

At the year-end there were no potential environmental liabilities. The Court Service had no contracted capital commitments as detailed in Note 23 to these accounts.

So far as I am aware, there is no relevant audit information of which the Department's auditors are unaware. I confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.



D A Lavery
Accounting Officer
26 June 2008

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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;
- 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.

Service Contracts

Civil service 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 the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Staff are appraised annually against a set of competencies and individually targeted objectives. Bonuses, which form only a small percentage of total salaries, are the only form of remuneration subject to performance conditions.

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

Salary and pension entitlements

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

Remuneration (audited)

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

Name and Title	2007-08		2006-07	
	Salary £000	Benefits in Kind (nearest £100)	Salary £000	Benefits in Kind (nearest £100)
Mr DA Lavery Director	115-120	-	115-120	-
D P Andrews Head of Division	65-70	-	35-40 (60-65 full year equivalent)	-
Ms J Durkin Head of Division	70-75	-	65-70	-
Ms G Fee Head of Division	5-10 (65-70 full year equivalent)	-	50-55 (65-70 full year equivalent)	-
Mr G Keatley Head of Division	60-65	-	60-65	-
Ms HL McAlpine Head of Division	80-85	-	65-70	-
Ms S Broderick Head of Division (from 30 April 2007)	50-55 (60-65 full year equivalent)	-	-	-
Mr HA Hunter (Seconded to NIJAC) (until 30 September 2007)	35-40 (65-70 full year equivalent)	-	65-70	-
Mr K King Non Executive Director	10-15	-	10-15	-

The salary for Ms G Fee in 2007-08 was paid in respect of the period 15th July 2007 to 5th August 2007 and for 31st March 2008.

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 Department and thus recorded in these accounts.

Kevin King, non-executive director, supplies his services under the terms of a contract, which commenced on 7 October 2004. He is remunerated by way of a daily attendance fee. As non-executive director, there are no entitlements to pension or other contributions from the Court Service.

David Thompson, Finance Director is an appointee, recruited via Interchange. PricewaterhouseCoopers (PWC) supply his services under the terms of a contract, which commenced 5 March 2007. PWC are remunerated by way of a daily attendance fee. There are no entitlements to pension or other contributions from the Court Service. The total amount paid to PWC in 2007-08 for the services of David Thompson was £235,471.37.

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.

Pension Benefits (audited)

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60 £000	Accrued Pension at age 60 at 31 March 2008 and related lump sum £000	CETV at 31March 2007 £000	CETV at 31March 2008 £000	Real increase/ (decrease) in CETV £000	Employer contribution to partnership pension account Nearest £100
Mr DA Lavery Director	0-2.5 plus 2.5-5.0 lump sum	35-40 plus 105-110 lump sum	597	704	19	-
Mr D P Andrews Head of Division	0-2.5 plus 2.5-5.0 lump sum	20-25 plus 60-65 lump sum	271	343	24	-
Ms J Durkin Head of Division	0-2.5 plus 2.5-5.0 lump sum	15-20 plus 55-60 lump sum	230	290	17	-
Ms G Fee Head of Division	(0)-(2.5) plus(0)- (2.5) lump sum	10-15 plus 30-35 lump sum	151	172	(6)	-
Mr G Keatley Head of Division	(0)-(2.5) plus (0)- (2.5) lump sum	25-30 plus 85-90 lump sum	599	680	(2)	-
Ms HL McAlpine Head of Division	0-2.5 plus 2.5-5 lump sum	20-25 plus 60-65 lump sum	270	341	23	-
Ms S Broderick Head of Division	0-2.5 plus 2.5-5 lump sum	5-10 plus 25-30 lump sum	92	125	15	-
Mr HA Hunter (Seconded to NIJAC)	0-2.5 plus 0-2.5 lump sum	15-20 plus 45-50 lump sum	219	232	10	-

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. 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 pension 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, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings 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 panel of three providers. 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

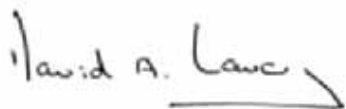
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment 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 Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional

pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Due to certain factors being incorrect in last years CETV calculator there might be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.

Real increase in 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.



D A Lavery
Accounting Officer
26 June 2008

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Northern Ireland Court Service ('the Department') to prepare for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of *Managing Public Money* and in particular to:

- observe the Accounts Direction issued by HM Treasury 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 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.

HM Treasury has appointed the Director of the Northern Ireland Court Service, being the Permanent Head of Department, as Accounting Officer of the Department. 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 Department'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 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 Managing Public Money. As Accounting Officer for the sponsoring department of the NI Legal Services Commission (NILSC) and the NI Judicial Appointments Commission (NIJAC), I have designated their Chief Executives as Accounting Officers. The relationships between the Court Service and the NILSC and NIJAC have been formalised in agreed management statements and financial memorandums.

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 2008 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 agenda and senior managers are required to formally sign off Stewardship Statements for Heads of Division, 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 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 in 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 Audit & 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. Risk management documentation and procedures have recently been reviewed and revisions to the system will be implemented during 2008/09; the newly established Planning and Performance Management team within Finance Branch will assume responsibility for risk management as part of their overall responsibility for corporate plan monitoring and reporting.

Review of effectiveness

As Accounting Officer, I 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's Risk and Assurance Branch operates to the Government Internal Audit Standards. It submits regular reports, including an independent opinion by the Head of Risk & Assurance 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 and the Audit & Risk Management Committee and a plan to address any weaknesses and to ensure continuous improvement of the system is in place.

Information risk is currently considered as part of the overall risk assessment process. A number of pieces of work were taken forward during the year to specifically address this area, including reaccreditation to ISO 27001, the information security management standard. A records management review is currently being carried out, the outcome of which should enable further development of our policies and procedures to enhance the management of information risk.

The Civil Court Fees Policy was introduced in September 2007 and although this has increased the value of fees collected, this is still significantly short of the full cost recovery position. We recognise that more work needs to be done and we will take this forward in 2008/09.

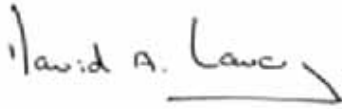
Throughout the year I have worked closely with the Northern Ireland Legal Services Commission (NILSC) to improve the financial management regime within the NILSC. The joint Northern Ireland Court Service / NILSC Financial Management Oversight Board continues to co-ordinate a range of activities to assist the NILSC in progressing various initiatives to improve its financial management including the production of Annual Accounts and its forecasting capability.

The Northern Ireland Court Service, through the Financial Management Oversight Board, continues to provide a senior accountant who is the NILSC's Director of Finance. This resource has been supplemented by a range of accountants and technical consultancy support. This work has enabled the NILSC to make progress with the production of accounts and agree a way forward for the treatment of provisions. In particular the Financial Management Oversight Board has made significant progress in establishing the forecast liabilities for the CSR period and this project has informed discussions with HMT aimed at securing a stable and viable funding platform.

The NILSC's internal auditors have undertaken a comprehensive programme of reviews of operational and financial systems, including the systems for the prevention and detection of fraud. The majority of these projects have provided only limited assurance and have highlighted a range of weaknesses, due to either the absence of or non compliance with key controls.

During the year a Landscape Review of the NILSC was undertaken and its results will be published shortly. This review has provided the new Chair of the NILSC with an important overview of the NILSC and key recommendations covering a wide range of the NILSC's activities. The NILSC is finalising an action plan setting out its response to the Landscape Review's findings and recommendations.

The circumstances surrounding the acceptance of hospitality by two Court Service officials in a sailing holiday at the invitation of a prominent contractor continue to be investigated by the PSNI and an independent investigation. Pending the outcome of these investigations the two officers remain on precautionary suspension. Neither of the investigations has reached their conclusion but it is expected that they will conclude in the course of the incoming year. The independent investigation will be concluded when PSNI investigations are finished, at which time a final report will be issued and an action plan will be devised at that stage to implement any recommendations, if applicable.



D A Lavery
Accounting Officer
26 June 2008

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

I certify that I have audited the financial statements of the Northern Ireland Court Service for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives 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 Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made there under and Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002 and directions made there under by the Secretary of State for Justice and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer'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 HM Treasury directions issued under the Government Resources and Accounts Act 2000 and directions made by the Secretary of State for Justice under Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002. I report to you whether, in my opinion, the Annual Report (including the management commentary but excluding the section titled 'Comparison of Outturn against Estimate (Statement of Parliamentary Supply)'), 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 Department 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 Department'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 to form an opinion on the effectiveness of the Department'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 unaudited part of the Remuneration Report and the reconciliation of resource expenditure between Estimates, Accounts and Budgets. 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 Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most 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 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**Audit Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury and Article 8(4) (a) (iii) of the Criminal Injuries Compensation (Northern Ireland) Order 2002 and directions made thereunder by the Secretary of State for Justice, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information which comprises the Annual Report (including the management commentary but excluding the section titled 'Comparison of Outturn against Estimate (Statement of Parliamentary Supply)'), is consistent with the financial statements.

Audit 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.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

14 July 2008

Statement of Parliamentary Supply

Summary of Resource Outturn 2007-08

		Estimate					2007-08 £000		2006-07 £000	
		Gross		Net		Gross		Outturn	Net Total	Outturn
		Note	A-in-A	Total	A-in-A	Note	A-in-A	Net Total	Outturn	Net Total
		Expenditure		Expenditure		Expenditure		(excess)	compared	with
								Estimate:	with	Estimate:
								saving/	Estimate:	saving/
								(excess)	with	(excess)
Request for Resources 1	2	161,884	(21,000)	140,884	151,419	(20,477)	130,942	9,942	128,946	
Total Resources	3	161,884	(21,000)	140,884	151,419	(20,477)	130,942	9,942	128,946	
Non-operating cost A in A		-	-	-	-	-	-	-	-	(232)

Net cash requirement 2007-08

		2007-08 £000		2006-07 £000		
		Note	Estimate	Outturn	Net Total	Outturn
				(excess)	compared	with
				estimate:	with	estimate:
				saving/	with	saving/
				(excess)	with	(excess)
Net cash requirement	4		132,129	116,787	15,342	115,040

The notes on pages 37 - 65 form part of these accounts

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 (cash receipts being shown in italics)

	Note	Forecast 2007-08		Outturn 2007-08	
		£000		£000	
		Income	Receipts	Income	Receipts
Excess appropriations-in-aid		-	-	-	-
Court imposed fines		5,150	<i>5,150</i>	8,552	<i>8,552</i>
Externally imposed fines		-	-	2,137	<i>2,137</i>
Other miscellaneous		350	<i>350</i>	(233)	<i>(233)</i>
Total	5	<u>5,500</u>	<u>5,500</u>	<u>10,456</u>	<u>10,456</u>

Explanations of variances between Estimate and outturn are given in the Management Commentary.

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 2007-08, the balance of fines outstanding was:

Court imposed Fines	£000
Balance at 31 March 2007	7,132
Amounts imposed	11,363
Fines cleared by payment	(8,552)
Fines cleared by means other than payment	(2,039)
Balance at 31 March 2008	<u>7,904</u>

The notes on pages 37 - 65 form part of these accounts

Operating Cost Statement for the year ended 31 March 2008

				2007-08 £000	2006-07 (restated) £000
	Note	Staff Costs	Other Costs	Income	
Administration Costs					
Staff costs	7	4,883			5,260
Other administration costs	8		6,709		8,020
Operating income	10			(20,477)	(17,727)
Programme Costs					
Request for Resources 1					
Staff costs	7	15,264			14,147
Programme costs	9		131,987		126,996
Income				-	-
Totals		20,147	138,696	(20,477)	136,696
Net Operating Cost	3 & 11			138,366	136,696

Statement of Recognised Gains and Losses for the year ended 31 March 2008

	2007-08 £000	2006-07 £000
Net gain/(loss) on revaluation of tangible fixed assets	14,190	8,893
Net gain/(loss) on revaluation of intangible fixed assets	-	-
Receipt of donated assets	-	-
Recognised gains and losses for the financial year	14,190	8,893

The notes on pages 37 - 65 form part of these accounts

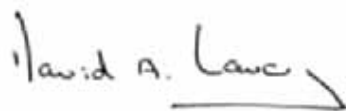
Balance Sheet

as at 31 March 2008

Balance Sheet

	Note	2007-08 £000	2006-07 (restated) £000
Fixed Assets:			
Tangible assets	12	210,763	203,162
Intangible assets	13	65	-
		<u>210,828</u>	<u>203,162</u>
Debtors falling due after more than one year		-	-
Current assets:			
Debtors	14(a)	4,527	5,725
Cash at bank and in hand	15	8,996	3,191
		<u>13,523</u>	<u>8,916</u>
Creditors (amounts falling due within one year)	16(a)	(20,555)	(12,233)
Net current assets		<u>(7,032)</u>	<u>(3,317)</u>
Total assets less current liabilities		203,796	199,845
Creditors (amounts falling due after more than one year)	16(a)	(22,816)	(25,192)
Provisions for liabilities and charges	17	(3,133)	(3,003)
Pension liability	18	(367)	(367)
		<u>177,480</u>	<u>171,283</u>
Taxpayers' equity:			
General fund	19	67,387	75,380
Revaluation reserve	20(a)	110,093	95,903
Donated asset reserve	20(b)	-	-
		<u>177,480</u>	<u>171,283</u>

The 2006-07 figures have been restated to include expenditure of £568,995.12 and Fixed Assets of £61,117.96 relating to the transfer of the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) from the Northern Ireland Office to the Northern Ireland Court Service. The impact of this transfer on the 2007-08 and 2006-07 Operating Costs Statements and Balance Sheet has been disclosed in note 34.



D A Lavery
Accounting Officer
26 June 2008

The notes on pages 37 - 65 form part of these accounts

Cash Flow Statement for the year ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Net cash outflow from operating activities	21(a)	(122,452)	(119,927)
Capital expenditure and financial investment	21(b)	(1,759)	(2,294)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		10,456	9,116
Payments of amounts due to the Consolidated Fund		(10,881)	(8,825)
Financing	21(d)	130,441	122,864
Increase/(decrease) in cash in the period	21(e)	5,805	934

The notes on pages 37 - 65 form part of these accounts

Statement of Operating Costs by Departmental Aim and Objectives for the year ended 31 March 2008

Aim	2007-08			2006-07 (restated)		
	Gross	Income	£000 Net	Gross	Income	£000 Net
	Objective 1	13,591	195	13,396	15,340	-
Objective 2	3,148	612	2,536	11,098	1,063	10,035
Objective 3	61,074	19,670	41,404	57,495	16,664	40,831
Publicly funded legal services	81,030	-	81,030	70,490	-	70,490
Net operating Costs	158,843	20,477	138,366	154,423	17,727	136,696

Objectives 2007-08

Objective 1	To modernise court business
Objective 2	To improve access to justice
Objective 3	To promote confidence in the justice system

See Note 22

Note: The revised Departmental Aim and Objectives for 2007-08 are published in the Corporate Plan 2008-2011 which can be found on the Court Service website at www.courtsni.gov.uk/publications.

The notes on pages 37 - 65 form part of these accounts

Notes to the Departmental Resource Accounts

1.0 Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007–2008 *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.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Operating Cost by Departmental Aim and Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

Where the FReM 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.

1.2 Basis of Consolidation

These accounts incorporate the core activity of the Department.

The Department sponsors two executive non-departmental public bodies (NDPB's). These are the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). These have 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).

The NIJAC was established on 15 June 2005 to reform the system for the appointment of members of the judiciary and tribunals.

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 included in Note 31.

Financial information about the Northern Ireland Legal Services Commission, the Northern Ireland Judicial Appointments 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 December 2007.

Assets costing more than the prescribed capitalisation level of £1,000 are treated as capital assets.

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 licences		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.

Antiques (non-operational) are included in the Furniture & Fittings section in the Fixed Asset note.

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 31.

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 income and expenditure. 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 balances with the Office of 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 7. 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.

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 2.2% 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 FReM. 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 2.2%).

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities, which are required to be disclosed under FRS 12, are stated at discounted amounts and the amount 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.

1.19 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.

1.20 Changes to Estimation Techniques

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

1.21 Comparatives

The Court Service accounts for Machinery of Government changes and other transfers of function using merger accounting. The prior year comparatives are restated as appropriate.

Note 34 gives the financial impact of the restatement of comparatives necessary to recognise the transfer of the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) from the Northern Ireland Office to the Northern Ireland Court Service on 1st December 2007.

2. Analysis of net resource outturn by section

						2007-08	2006-07		
						£000	£000		
						Outturn			
						Estimate			
						Net Total			
						Outturn			
						Compared		Prior -	
						with		year	
	Admin	Other	Grants	Gross	A-in-A	Net Total	Net Total	Estimate	outturn
		Current		Resource					
				Expenditure					
Request for Resources 1:									
Supporting the effective & efficient administration of justice in Northern Ireland									
<i>Central Government spending</i>									
Court and other legal services	11,592	58,535	25	70,152	(20,477)	49,675	55,122	5,447	53,431
Legal Services Commission	-	-	79,861	79,861	-	79,861	84,262	4,401	74,082
Judicial Appointments Commission	-	-	1,406	1,406	-	1,406	1,500	94	1,433
Total	11,592	58,535	81,292	151,419	(20,477)	130,942	140,884	9,942	128,946
Resource Outturn	11,592	58,535	81,292	151,419	(20,477)	130,942	140,884	9,942	128,946

Detailed explanations of the variances are given in the Management Commentary.

3. Reconciliation of outturn to net operating cost and against Administration Budget

3(a) Reconciliation of net resource outturn to net operating cost

			2007-08	2006-07	
			£000	(restated)	
			Outturn	£000	
			compared		
			with		
	Note	Outturn	Supply	Estimate	Outturn
			Estimate	Estimate	
Net Resource Outturn	2	130,942	140,884	9,942	128,946
Non-supply income (CFERs)	5	-	-	-	-
Non-supply expenditure	19	7,424	5,166	(2,258)	7,181
Machinery of Government change		-	-	-	569
Net operating cost		138,366	146,050	7,684	136,696

3(b) Outturn against final Administration Budget

	2007-08 £000	2006-07 £000
	Budget	Outturn
Gross Administration Budget	20,311	11,592
Income allowable against the Administration Budget	-	-
Net outturn against final Administration Budget	20,311	11,592

4. Reconciliation of resources to cash requirement

	Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)
	£000	£000	£000
Resource Outturn	2	140,884	130,942
Capital			
Acquisition of fixed assets	12, 13	5,990	1,759
Investments		-	-
Non operating A in A			
Proceeds of fixed asset disposals		-	-
Accruals adjustments			
Non-cash items		(14,745)	(14,878)
Changes in working capital other than cash		-	(3,600)
Changes in creditors falling due after more than one year	16	-	2,376
Use of provision	17	-	188
Excess cash receipts surrenderable to the Consolidated Fund	5	-	-
Net cash requirement		132,129	116,787

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	Forecast 2007-08 £000		Outcome 2006-07 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess A in A	6	-	-	-	-
Other operating income and receipts not classified as A in A	6	-	-	-	-
Non-operating income and receipts - excess A in A		250	<i>250</i>	-	-
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		5,250	<i>5,250</i>	10,456	<i>10,456</i>
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		5,500	5,500	10,456	10,456

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2007-08 £000	2006-07 £000
Operating income	10	20,477	17,727
Adjustments for transactions between RfRs		-	-
Gross income		20,477	17,727
Income authorised to be appropriated-in-aid		20,477	17,727
Operating income payable to the Consolidated Fund	5	-	-

7. Staff numbers and related costs

Staff costs comprise:					2007-08	2006-07
					£000	(restated) £000
	Total	Permanently employed staff	Others	Ministers	Special advisors	Total
Wages and salaries	16,645	16,349	296	-	-	15,773
Social security costs	1,018	995	23	-	-	976
Other pension costs	2,995	2,995	-	-	-	2,744
Sub Total	20,658	20,339	319	-	-	19,493
Inward secondments	448	448	-	-	-	583
Total costs	21,106	20,787	319	-	-	20,076
Less recoveries in respect of outward secondments	(959)	(959)	-	-	-	(669)
Total net costs	20,147	19,828	319	-	-	19,407

The Principal Civil Service Pension Scheme (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 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007-2008, employers' contributions of £2,990K were payable to the PCSPS (2006-07: £2,740k) at one of four rates in the range 17.1% – 25.5% (2006-07: 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. Employer contribution rates were revised from 2005-06 and will remain unchanged until 2008-09. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can 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% (2006-07 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 2007-08, no employees of the Department opted for a partnership pension account.

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 2007-08 has been assessed as 30.75% 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 2008.

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 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).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

Objective						2007-08	2006-07
	Total	Permanent staff	Others	Ministers	Special advisors	Number	Number
1	31	30	1	-	-		33
2	34	34	-	-	-		39
3	685	659	26	-	-		693
Total	750	723	27	-	-		765

8. Other Administration Costs

		2007-08	2006-07 (restated)
	Note	£000	£000
Rentals under operating leases:			
Hire of plant and machinery		9	14
Rentals for accommodation		702	368
Interest charges:			
Finance leases		-	-
On-balance sheet PFI contracts		-	-
PFI service charges			
Off-balance sheet contracts		717	1,033
Non-cash items			
Depreciation		712	966
Amortisation		1	22
Loss on disposal of fixed assets		-	92
Permanent diminution in value		128	241
Cost of capital charge		1,662	1,631
Auditors' remuneration and expenses		46	50
Provision provided for in year	17	77	128
Unwinding of discount on provisions	17	11	9
		2,637	3,139
Other expenditure		2,644	3,466
Total		6,709	8,020

9. Programme Costs

	Note	2007-08		2006-07 (restated)	
		£000	£000	£000	£000
Publicly funded legal services:					
Grant			73,735		68,522
Grant in Aid			6,126		5,560
Criminal Appeals			1,169		1,968
NI Judicial Appointments Commission:					
Grant in Aid			1,406		1,433
Queen's University of Belfast:					
Grant in Aid			25		25
Rentals under operating leases			27		31
Rentals for accommodation			553		510
PFI service charges:					
Off-balance sheet contracts			5,194		4,585
Service element of on-balance sheet contracts			3,414		3,607
Non-cash items					
Depreciation		7,440		8,312	
Amortisation		1		61	
Cost of capital charges		4,455		4,370	
Provision provided for in year	17	346		300	
			12,242		13,043
Other expenditure			12,969		13,441
Judicial costs (Non-consolidated fund)					
Judicial costs			5,071		4,693
Judicial pensions			2,632		2,397
Consolidated Fund standing services					
Judicial wages and salaries			6,657		6,436
Judicial social security costs			767		745
Total			131,987		126,996

Notes

10. Income

		2007-08	2006-07
		£000	£000
	RfR1	Total	Total
Income from external customers	21,000	19,866	17,459
Income from other departments	-	611	268
	21,000	20,477	17,727

An analysis of fees and charges from civil business services provided to external and public sector customers is as follows:

	2007-08			2006-07		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Court Service						
- Civil Business	17,851	26,220	(8,369)	15,422	25,769	(10,347)
	17,851	26,220	(8,369)	15,422	25,769	(10,347)

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

The Department is committed to achieving full cost recovery for the services it provides in respect of civil court business. The income for 2007-08 represents 68% of cost recovery. Further information on the Civil Fees Review can be found in the Management Commentary.

The civil business fee recovery target, above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2007-08 amounted to £15.5k.

11. Analysis of net operating cost by spending body

		2007-08	2006-07
		£000	(restated) £000
Spending body:	Estimate	Outturn	Outturn
Core department	60,263	57,074	61,156
Legal Services Commission	84,262	79,861	74,082
Judicial Appointments Commission	1,500	1,406	1,433
Queen's University of Belfast	25	25	25
Net Operating Cost	146,050	138,366	136,696

12. Tangible Fixed Assets

	Land & Buildings excluding Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Payments on Account & Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2007 (restated)	242,292	7,258	289	2,524	-	252,363
Additions	503	1,068	120	1	-	1,692
Donations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations	16,780	(237)	20	64	-	16,627
At 31 March 2008	259,575	8,089	429	2,589	-	270,682
Depreciation						
At 1 April 2007 (restated)	43,947	3,894	157	1,203	-	49,201
Charged in year	6,352	1,505	46	250	-	8,153
Disposals	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Revaluations	2,632	(109)	11	31	-	2,565
At 31 March 2008	52,931	5,290	214	1,484	-	59,919
Net book value at 31 March 2008	206,644	2,799	215	1,105	-	210,763
Net book value at 31 March 2007 (restated)	198,345	3,364	132	1,321	-	203,162
Asset financing:						
Owned	174,514	2,799	215	1,105	-	178,633
Finance Leased	-	-	-	-	-	-
On-balance sheet PFI contracts	32,130	-	-	-	-	32,130
PFI residual interests	-	-	-	-	-	-
Net book value at 31 March 2008	206,644	2,799	215	1,105	-	210,763

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 indicies dated March 2008. Indicies 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.

13. Intangible fixed assets

Intangible fixed assets comprise purchased software licences for the Department.

	2007-08
	£000
Cost or valuation	
At 1 April 2007	-
Additions	67
Donations	-
Disposals	-
Revaluations	-
At 31 March 2008	<u>67</u>
Amortisation	
At 1 April 2007	-
Charged in year	2
Disposals	-
Revaluations	-
At 31 March 2008	<u>2</u>
Net book value at 31 March 2008	<u>65</u>
Net book value at 31 March 2007	<u>-</u>

14. Debtors

14(a) Analysis by type

	2007-08	2006-07
	£000	£000
Amounts falling due within one year:		
Deposits and advances	6	7
Value Added Tax	837	769
Other debtors	1,022	964
Prepayments and accrued income	2,662	3,985
Amounts due from the Consolidated Fund in respect of Supply	-	-
	<u>4,527</u>	<u>5,725</u>

There are 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.

14(b). Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007-08	2006-07	2007-08	2006-07
		£000		£000
Balances with other central government bodies	2,626	1,839	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	2,626	1,839	-	-
Balances with bodies external to government	1,901	3,886	-	-
Total debtors at 31 March	4,527	5,725	-	-

15. Cash at bank and in hand

	2007-08	2006-07
	£000	£000
Balance at 1 April	3,191	2,257
Net change in cash balances	5,805	934
Balance at 31 March	8,996	3,191
The following balances at 31 March were held at:		
Office of HM Paymaster General	8,655	2,505
Commercial banks and cash in hand	341	686
Balance at 31 March	8,996	3,191

16. Creditors

16(a) Analysis by type

Amounts falling due within one year

	2007-08 £000	2006-07 £000
Taxation and social security	-	-
Trade creditors	(203)	(2,081)
Other creditors	(630)	(341)
Early departure costs	(116)	(142)
Accruals and deferred income	(10,609)	(6,478)
Amounts issued from the Consolidated Fund for supply but not spent at year end	(8,248)	(2,017)
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received	(749)	(1,174)
receivable	-	-
	(20,555)	(12,233)

Amounts falling due after more than one year

Imputed finance lease element of on-balance sheet PFI contracts	(22,816)	(25,192)
	(22,816)	(25,192)

16(b). Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007-08	2006-07	2007-08	2006-07
	£000		£000	
Balances with other central government bodies	11,100	4,701	-	-
Balances with local authorities	9	-	-	-
Balances with NHS Trusts	1	2	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	11,110	4,703	-	-
Balances with bodies external to government	9,445	7,530	22,816	25,192
Total creditors at 31 March	20,555	12,233	22,816	25,192

17. Provisions for liabilities and charges

	Early departure costs £000	Legal claims £000	Other £000	Total £000
Balance at 1 April 2007	(223)	(126)	(2,654)	(3,003)
Provided in the year	(62)	(15)	(346)	(423)
Provisions not required written back	-	-	-	-
Payable within one year	116	-	-	116
Provisions utilised in the year	62	126	-	188
Provisions settled directly from Consolidated Fund	-	-	-	-
Unwinding of discount	(11)	-	-	(11)
Balance at 31 March 2008	(118)	(15)	(3,000)	(3,133)

17.1 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 by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

17.2 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 28.

17.3 Other

Provision has been made for a long service award for members of the judicial pension scheme. The purpose of the long service award is that, subject to any future changes in legislation, the award will compensate for any tax or National Insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement, whatever the personal circumstances of the judge or his other pension benefits.

18. Pension liability

	2007-08 £000
Balance at 1 April 2007	(367)
Movement in provision	-
Balance at 31 March 2008	(367)

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

On 4 April 2006, the judicial office-holder transferred to the Judicial Pensions Scheme. The provision represents the value of the pension liability at that date, based on the calculation prepared by the Government Actuaries Department (GAD) in April 2006.

19. General Fund

The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

	2007-08	2006-07
	£000	(restated) £000
Balance at 1 April	75,380	82,726
Prior Period Adjustment	-	-
Adjusted Opening Balance	75,380	82,726
Net Parliamentary Funding		
Drawn Down	125,034	117,057
Consolidated Fund Standing Services	7,424	7,181
Provisions settled directly from Consolidated Fund	-	246
Year end adjustment		
Supply (Creditor)/Debtor - current year	(8,248)	(2,017)
Net Transfer from Operating Activities		
Net Operating Cost	(138,366)	(136,127)
CFERS repayable to Consolidated Fund	-	-
Machinery of Government Transfer	-	61
Non Cash Charges		
Cost of Capital	6,117	6,001
Auditors' remuneration	46	50
Transfer from Revaluation Reserve	-	202
Balance at 31 March	67,387	75,380

20. Reserves

20(a) Revaluation Reserve

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

	2007-08 £000	2006-07 £000
Balance at 1 April	95,903	87,212
Arising on revaluation during the year (net)	14,190	8,893
Transferred to general fund in respect of realised element of revaluation reserve	-	(202)
Balance at 31 March	110,093	95,903

20(b) Donated Asset Reserve

	2007-08 £000	2006-07 £000
Balance at 1 April	-	22
Additions during the year	-	-
Revaluations	-	1
Release to the Operating Cost statement	-	(23)
Balance at 31 March	-	-

21. Notes to the Cash Flow Statement

21(a) Reconciliation of operating cost to operating cash flows

	Note	2007-08 £000	2006-07 £000
Net operating cost	11	138,366	136,127
Adjustments for non-cash transactions		(14,879)	(16,182)
(Decrease)/Increase in Debtors		(1,198)	637
<i>Less movements in debtors relating to items not passing through the OCS</i>		-	-
Decrease/(Increase) in Creditors		(5,946)	(1,843)
<i>Less movements in creditors relating to items not passing through the OCS</i>		5,921	1,075
Use of provisions	17,18	188	113
Net cash outflow from operating activities		122,452	119,927

21(b) Analysis of capital expenditure and financial investment

	Note	2007-08 £000	2006-07 £000
Tangible fixed asset additions	12	1,692	2,493
Intangible fixed asset additions	13	67	33
Proceeds of disposal of fixed assets		-	(232)
Net cash outflow from investing activities		1,759	2,294

21(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Loans etc £000	A in A £000	Net total £000
Request for resources 1	1,759	-	-	1,759
Net movement in debtors/creditors	-	-	-	-
Total 2007-08	1,759	-	-	1,759
Total 2006-07	2,526	-	-	2,526

21(d) Analysis of financing

	Note	2007-08 £000	2006-07 £000
From the Consolidated Fund (Supply) - Current year	19	125,034	117,057
From/(To) the Consolidated Fund (Supply) - prior year		(2,017)	(1,374)
From the Consolidated Fund (non-Supply)	19	7,424	7,181
Capital element of payments in respect of Finance leases and on-balance sheet PFI contracts		-	-
Net financing		130,441	122,864

21(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2007-08 £000	2006-07 £000
Net cash requirement		(116,787)	(115,040)
From the Consolidated Fund (Supply) - current year	21(d)	125,034	117,057
From/(To) the Consolidated Fund Supply – prior year	21(d)	(2,017)	(1,374)
Amounts due to the Consolidated Fund - received in a prior year and paid over		(1,174)	(883)
Amounts due to the Consolidated Fund received and not paid over		749	1,174
Transitional adjustment		-	-
Increase/(decrease) in cash		5,805	934

22. Notes to the Statement of Operating Costs by Departmental Aim and Objectives

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 expenditure have been allocated as follows:

	2007-08	2006-07
		<i>(restated)</i>
	£000	£000
Objective 1	13,591	14,166
Objective 2	766	990
Objective 3	51,864	55,497
Publicly funded legal services	81,030	70,490
Total	<u>147,251</u>	<u>141,143</u>

Capital Employed by Departmental Aim and Objectives at 31 March 2008

	2007-08	2006-07
		<i>(restated)</i>
	£000	£000
Objective 1	-	-
Objective 2	476	863
Objective 3	177,007	170,420
	<u>177,483</u>	<u>171,283</u>

23. Capital commitments

	2007-08	2006-07
	£000	£000
Contracted capital commitments at 31 March 2008 for which no provision has been made	<u>-</u>	<u>-</u>

24. Commitments under leases

24.1 Operating 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.

	2007-08 £000	2006-07 £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	283	218
Expiry after 1 year but not more than 5 years	199	142
Expiry thereafter	796	534
	1,278	894
Other:		
Expiry within one year	-	-
Expiry after 1 year but not more than 5 years	44	38
Expiry thereafter	-	-
	44	38

24.2 Finance leases

The Department had no finance leases operating during the year.

25. Commitments under PFI contracts

25.1 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
- Criminal Module – May 2006
- Family Module – November 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 of the agreement. The technology refresh was completed in July 2005.

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.

25.2 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:-

	2007-08	2006-07
	£000	£000
Imputed finance lease obligations under on-balance sheet PFI contracts comprises:		
Rentals due within 1 year	2,006	2,500
Rentals due after 2 to 5 years	8,032	10,008
Rentals due thereafter	26,213	36,915
	36,251	49,423
Less interest element	(13,435)	(24,231)
	22,816	25,192

25.3 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 £9,324,975.73 (2006-07: £9,225,642.52); and the payments to which the Department is committed during 2008-09, analysed by the period during which the commitment expires, are as follows.

	2007-08 £000	2006-07 £000
Expiry within 1 year	-	-
Expiry within 2 to 5 years	6,664	5,831
Expiry within 6 to 10 years	-	-
Expiry within 11 to 15 years	-	-
Expiry within 16 to 20 years	3,840	3,604
Expiry within 21 to 25 years	-	-
	10,504	9,435

26. Other financial commitments

As in 2007-08, there are no contracted non-capital commitments at 31 March for which no provision has been made.

27. 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 and currency profile

The Department's financial assets of £8,996,000 (2007: £3,191,000) are non-interest bearing financial assets and comprise of cash at bank and in hand. Cash at bank and in hand is held in sterling and is available on demand.

The Department's financial liabilities of £3,133,000 (2007: £3,003,000) are non-interest bearing financial liabilities and are sterling liabilities.

Foreign Currency Risk

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

Fair values

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 2.2 per cent in real terms.

28. Contingent liabilities disclosed under FRS 12

There is an estimated contingent liability of £959,580.41.

	2007-08
	£000
Legal cases pending	526
Criminal appeals	434
	<hr/>
	960

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.

29. Losses and special payments

During the year, there were no losses or special payments that required disclosure.

30. Related-party transactions

During the year the Department provided funding to the Northern Ireland Legal Services Commission (NILSC) and the Northern Ireland Judicial Appointments Commission (NIJAC). These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department has had a small number of transactions with other government departments and other central government bodies.

No minister or other related parties have undertaken any material transactions with the Department during the year.

Finance Director and Board Member, David Thompson, is an appointee, recruited via Interchange from PricewaterhouseCoopers (PWC). The total amount paid to PWC in 2007-08 for services in addition to the services of the Finance Director amounted £131,297 (excl. vat). This includes £118,840 paid by the Northern Ireland Court Service on behalf of the Northern Ireland Legal Services Commission.

31. Third-party assets

The Department holds as custodian or trustee certain assets belonging to third parties.

The Court Service, through the Court Funds Office, continues to provide a banking and investment service for funds that are deposited in court. The investment service is carried out by an external service provider.

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.

These are not departmental assets and are not included in the accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	31 March 2007 £000	Net inflows £000	31 March 2008 £000
Monetary assets such as bank balances and monies on deposit	122,536	3,190	125,726
Listed securities	112,549	(2,412)	110,137

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:

	31 March 2008 Number	31 March 2007 Number
Property assets	131	178
Motor vehicles, boats and caravans	-	1

32. Entities within the 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) and the Northern Ireland Judicial Appointments Commission (NIJAC). As executive NDPB's the NILSC and NIJAC are 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, Northern Ireland Judicial Appointments Commission and Court Funds Office publish separate audited financial accounts.

33. Criminal Injuries Compensation Appeals Panel Northern Ireland

The administrative functions of the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) transferred from the Secretary of State for Northern Ireland (SOSNI) to the Secretary of State for Justice (SOSJ) in the 2007 / 08 financial year and were delivered by a Machinery of Government letter on 1st December 2007. A PES transfer from NIO to Court Service provides the funding for the tribunal.

As a consequence of this transfer CICAPNI ceased to be an NDPB and is therefore not required to produce a separate annual report and accounts for the 2007 / 08 financial year.

The SOSJ has directed a statement of accounts in accordance with the 2002 Order and the Scheme, requiring that he only requires a simple statement providing the full cost of CICAPNI for the year, given as a Note to the Court Service accounts.

This direction is in accordance with The Criminal Injuries (NI) Order 2002 ("the 2002 Order") and with the Northern Ireland Criminal Injuries Compensation Scheme 2002 ("the Scheme") which established the CICAPNI. Both the 2002 Order and the Scheme provide that the Secretary of State may direct the accounts of the CICAPNI.

This accounting note has been prepared in accordance with the accounts direction issued by the Secretary of State for Justice on 22 February 2008.

CICAPNI Statement of Account as at 31 March 2008

	£	£
Income		-
Staff Costs		
Staff Payroll costs	(199,346)	
Judicial Payroll costs	(221,565)	
Total Payroll costs		(420,911)
Other operating costs		(248,457)
Net cost of operations		<u>(669,368)</u>

34. Machinery of Government Changes and Transfers of Function

On the 1st December 2007 the Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) transferred from the Northern Ireland Office to the Northern Ireland Court Service by way of a Machinery of Government transfer.

The 2006-07 comparatives have been restated to recognise this transfer under the rules of merger accounting. Restatement has resulted in an increase in net operating costs of £568,995.12 and an increase in net assets of £61,117.96.

The effect of the restatement is set out below:

Operating Costs Statement

	2006-07
	£000
Operating Income	(17,727)
Operating Expenditure	
As previously reported	153,854
Transfer of CICAPNI	569
As restated	154,423
 Restated Net Operating Cost	 136,696

Balance Sheet

	2006-07
	£000
Net assets	
As previously reported	171,222
Transfer of CICAPNI	61
As restated	171,283

The restatement of £568,995.12 in the Operating Costs Statement includes the following:

	£
Administration Costs	
Staff costs	210,403.45
Other costs	<u>84,859.09</u>
Total Administration Costs	295,262.54
 Programme Costs	 273,732.58
 Total Operating expenditure for CICAPNI	 <u>568,995.12</u>

35. Post Balance Sheet events / Prior year adjustments

There were no material post balance sheet events, nor prior year adjustments, for the year ended 31 March 2008. The annual report and accounts were authorised to be issued on 14 July 2008.

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