Presented to the House of Commons pursuant to Government Resources and Accounts Act 2000 c20 S.6

Judicial Pensions Scheme

Resource Accounts

2007 - 08

(For the Year ended 31 March 2008)

Ordered by the House of Commons to be printed 21 January 2009

LONDON:The Stationery Office
HC 85 £9.50

Presented to the House of Commons pursuant to Government Resources and Accounts Act 2000 c20 S.6

Judicial Pensions Scheme

Resource Accounts

2007 - 08

(For the Year ended 31 March 2008)

Ordered by the House of Commons to be printed 21 January 2009

LONDON:The Stationery Office
HC 85 £9.50

ISBN: 9780102958355

Contents

REPORT OF THE MANAGERS

Introduction

These Accounts relate to the financial year ending 31 March 2008.

From 9 May 2007, the Ministry of Justice (MoJ) took over the responsibilities of the Department for Constitutional Affairs, the National Offender Management Service, the Office for Criminal Justice Reform, the National Probation Service and HM Prison Service.

The Judicial Human Resources Division (JHRD), now within the Access to Justice Group of the Ministry of Justice, are the administrators of the Judicial Pensions Scheme (JPS).

There are currently various judicial pension arrangements, all contracted out of the State Pensions Scheme, that are known collectively as the JPS. The JPS comprises unfunded, salary-related, occupational pension schemes open to most members of the Judiciary under the provisions of two Acts: the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA). In addition, these Accounts include pensions paid to former Lord Chancellors under the Lord Chancellor's Pension Act 1832, as amended.

Judicial pension benefits are paid from two sources. Under statute, certain judicial post-holders' basic pension benefits (but not the annual pension increase) can only be paid out of the Consolidated Fund (CF). For the rest, the pension benefits are paid from Judicial Pensions Scheme Estimates voted by Parliament.

The boundary of these Scheme accounts is inclusive of all relevant expenditure and income relating to the payment of judicial pension benefits irrespective of the source of the funds.

Pension Benefits of the Scheme

The following paragraphs summarise the arrangements operating in 2007-08.

The JPS is a defined benefit scheme. Judges appointed for the first time on or after 31 March 1995 belong to the scheme under the 1993 Act. Those appointed prior to that date generally belong to a scheme under the 1981 Act. There is a right of election to transfer from the 1981 Act to the 1993 Act at any time up to a date 6 months after retirement.

The 1993 Act provides a lump sum of 2.25 times the member's annual pension. The annual pension is calculated at 1/40th of the highest of the last three years pensionable pay, up to a level reflecting the former HMRC earnings cap, multiplied by the number of years of reckonable service, up to a maximum of 20. Pension benefits are payable from age 65 subject to 5 years service.

A top up scheme operates to provide pension benefits for 1993 Act members in respect of salaries above the HMRC earnings cap. The 2007-08 earnings cap was £112,800 (2006-07: £108,600).

There are different arrangements for different Judicial Offices under the 1981 Act; in some cases maximum benefits accrue over 15 years, in others the period is 20 years. The qualifying conditions for pension benefits vary according to age and length of service requirements. Here, the lump sum is twice the annual pension.

The Judicial Pensions Scheme is not a registered scheme for the purposes of the Finance Act 2004. As a result lump sum benefits payable from, and members' contributions payable to, the schemes do not attract income tax relief. Judges receive a service award which becomes payable when they near retirement. The level of the award, which is a proportion of the lump sum, reflects their years of service and their judicial grade and ensures their net position is maintained. The service awards are accounted for in the Ministry of Justice's Resource Accounts.

Spouses' pension benefits, payable on the death of a member, are paid at the rate of ½ that of the member's annual pension entitlements under both the 1993 and 1981 Acts. Provision is also made for surviving civil partner benefits.

The JPS also provides death benefits on death in service and death in early retirement, the level of benefits depending on the appropriate Act (1993 or 1981 Acts), as well as early payment of pension benefits in the event of retirement on the grounds of ill health. There is also provision for leaving members who have completed 2 years service to preserve their accrued JPS benefits for payment when they reach normal pension age.

Contributions into the Scheme

The cost of benefits accruing for each year of service is shared between the Appointing Bodies and the judicial office-holders. For the Appointing Bodies in 2007-08 their contribution rate was 32.15% of pensionable pay (30.75% in 2006-07). For judicial office-holders their share was 1.8% or 2.4% of pensionable pay for 2007-08 and 2006-07.

Members' Additional Voluntary Contributions (AVCs)

Serving members are able to increase their personal pension benefits and/or dependants' entitlements by making additional voluntary contributions to one of three AVC facilities within the Scheme and also externally, to the AVC suppliers – The Equitable Life Assurance Society and Prudential plc. The three "in-house" AVC facilities were closed to new subscribers with effect from 6 April 2006. Making additional contributions to the external AVC scheme does not increase a member's pension benefits under the JPS.

Pension Increases

Annual increases are applied to pension payments from the first Monday on or before 6 April, in line with the RPI all-items index, as at the previous 30 September, in accordance with the Pensions (Increase) Act 1971. The annual pension increase in April 2007 was 3.6% (2006: 2.7%).

During the year it was discovered, through checks undertaken by the pension payroll provider, that incorrect application of the Guaranteed Minimum Pension increases had resulted in pension overpayments and underpayments, although present indications are that the underpayments are minimal. The amount of overpayments involved for the scheme is not expected to have exceeded £500,000 and affecting approximately 250 pensioners. This issue, which affects a number of schemes, was publicly announced on 16 December 2008. Ministers decided that, whilst all past overpayments will be written off, pensions will be corrected going forwards from April 2009. Further work will be required to ascertain the precise level of overpayments and underpayments and to ascertain the correct pension figures applicable from April 2009. At the present time, it is considered by the scheme managers that the accounts correctly reflect the position of the scheme at the year end and that no amendment is required in regard to this issue.

Review of the Year

Since 2006 the discount rate for pensions has been reviewed annually, using market conditions, on 31 January. On 1 February 2008 the Government Actuary's Department advised that the discount rate for pension liabilities would change from 1.8 per cent real to 2.5 per cent real with effect from 31 March 2008.

Following a competitive tendering process, Xafinity Paymaster was appointed to make the pension payments made from the Vote, in place of Capita Hartshead Ltd, whose contract came to an end on 30 September 2007. Xafinity Paymaster were already responsible for paying the pension payments made from the Consolidated Fund.

Mr Barry Coidan retired as the Scheme administrator on 15 June 2007. He was succeeded by Mrs Shirley Hales. The Managers, Advisers and Appointing Bodies for the scheme are as listed below:

Managers

Scheme Manager and Accounting Officer:
Sir Suma Chakrabarti, Permanent Secretary, Ministry of Justice, Selborne House, 54-60 Victoria Street, London SW1E 6QW.

Scheme Administrator:
Mrs Shirley Hales, Head of Branch, Judicial Human Resources Division, Ministry of Justice, Selborne House, 54-60 Victoria Street, London SW1E 6QW.

Advisers

Scheme Actuary:
Government Actuary's Department, Finlaison House, 15-17 Furnival Street, London EC4A 1AB.

Auditors:
Comptroller and Auditor General, National Audit Office, 151 Buckingham Palace Road, London SW1W 9SS.

Bankers:
The Office of HM Paymaster General, HMRC, Dorset House, 27-45 Stamford Street, London, SE1 9PY.

Providers of external Additional Voluntary Contributions:
The Equitable Life Assurance Company - Walton Street, Aylesbury, Bucks HP21 7QW.
Prudential Plc - Laurence Pountney Hill, London EC4R 0HH.

Pension Payment Contractors:
Capita Hartshead Ltd – Mowden Hall, Darlington, Co Durham DL3 9SZ (to 30/9/07).
Xafinity Paymaster – Sutherland House, Russell Way, Crawley, West Sussex RH10 1UH.

Appointing or Administering Bodies

As at 31 March 2008 the following bodies participated in the JPS:

- Her Majesty's Courts Service
- Tribunals Service
- Competition Commission
- Northern Ireland Court Service
- Scottish Executive
- Corporation of London

Disclosure of audit information to the auditors

As far as the Accounting Officer is aware, there is no relevant audit information of which the Scheme's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Scheme's auditors are aware of that information.

Membership Statistics

A. Active members: office-holders who are in service.

B. Deferred members: former office-holders who are not currently in pensionable service but who are entitled to JPS benefits as a result of previous service, at some future date.

C. Pensioners in payment: former office-holders who are currently receiving JPS benefits, plus other JPS beneficiaries such as widow(er)s and other dependants of former office-holders.

Detail of the current membership of the JPS is as follows:

A. Active members	*2007-08*	*2006-07*
Active members B/F	2,101	2,085
Add: New entrants not included in 05-06	-	3
Add: New entrants in the year	124	89
Less: Retirements in the year	(74)	(67)
Transfers out	-	(1)
Deferred members	(4)	(1)
Deaths	(10)	(7)
Active members at 31 March	**2,137**	**2,101**

B. Deferred members	*2007-08*	*2006-07*
Deferred members B/F	5	5
Add: Members leaving who have deferred pension rights	4	1
Less: Members whose deferred pension rights have come into payment	(2)	-
Less: Members who are re-appointed to Judicial posts	-	(1)
Deferred members at 31 March	**7**	**5**

C. Pensioners in payment	*2007-08 Members*	*2007-08 Dependants*	*2007-08 Total*	*2006-07 Total*
Pensioners in payment B/F	918	466	1,384	1,332
Members retiring in year at normal retirement age *	76	-	76	68
Members retiring in year, previously in receipt of Guaranteed Minimum Pension (GMP)	(5)	-	(5)	(9)
Members in receipt of GMP	16	-	16	12
New dependants	-	33	33	46
Deaths in year	(31)	(17)	(48)	(61)
Cessation of full time education	-	(6)	(6)	(4)
Pensioners in payment at 31 March	**974**	**476**	**1,450**	**1,384**

*This includes two preserved awards

Further Information

Any enquiries about the JPS should be addressed to:

Judicial Pensions Scheme,
Judicial Human Resources Division
Ministry of Justice
Selborne House
54-60 Victoria Street
London SW1E 6QW

Resource Accounts from 2003-04 to 2005-06 can be found at:
www.DCA.gov.uk/dept/depstrat.htm

Resource Accounts from 2004-05 onwards can be found within the House of Commons Papers sections, or via the search function, at:
www.official-documents.gov.uk/menu/browseDocuments.htm

Suma Chakrabarti Date: 6 January 2009
Accounting Officer

REPORT OF THE ACTUARY

1. The Scheme

The Judicial Pension Scheme (JPS) is an unfunded public service scheme but is not a registered pension scheme for the purposes of the Finance Act 2004. Participating Judicial Appointing or Administering Bodies make contributions known as accruing superannuation liability charges (ASLCs). ASLCs are assessed regularly by the Scheme Actuary to be broadly consistent with those which might have applied had the scheme been funded on an approved or registered basis.

2. Liabilities

The capitalised value as at 31 March 2008 of expected future benefit entitlements under the JPS for benefits accrued in respect of service (or former service) prior to 31 March 2008, has been assessed using the methodology and assumptions summarised in Sections 4 and 5 below. The key assumption is the discount rate of 2.5%, applicable from 31 March 2008, and the results are as follows:

Value of Liabilities (2.5%) at 31 March 2008	£ Million
Serving Members (Past Service)	1,130
Deferred Pensions	3
Pensions in Payment	696
Total	1,829

3. Accruing Costs

The cost of benefits accruing for each year of service is met by a contribution from the Appointing or Administering Bodies who are deemed as the 'employers' and contributions from individual Judicial Office Holders. The total cost of benefits accruing in the year 2007-08 has been assessed using the methodology and assumptions summarised in Sections 4 and 5 below. The cost of accruing benefits, including Judicial Office Holders contributions, has been assessed as being 45% of pay. This includes an element of 0.25% as a contribution towards the administration costs of the scheme.

The actual contribution rate required from the Judicial Appointing or Administering Bodies was 32.15% of pensionable salary in 2007-08, including 0.25% towards administration costs. This contribution rate, after allowing for Judicial Office Holder contributions, is lower than the cost of the accruing benefits shown above. This is because employer contribution rates are based on the accruing cost assessed by reference to the long term view of real investment yields whereas the accruing annual cost disclosed for accounts purposes is based on a short term view of market investment yields. At present, the short term market real yield is lower than the expected long term real yield, which results in a higher contribution rate being disclosed in the Scheme's accounts.

Based on a pensionable payroll of £243 million, the total contributions receivable for the financial year 2007-08 were assessed as £82.3 million, of which £4.6 million relates to employee contributions (including employee AVC contributions).

4. Methodology

The value of the liabilities has been obtained by using the projected unit method, with allowance for expected future pay increases in respect of active members. The standard contribution rate for accruing costs has been determined using the projected unit method, with a control period of 3 years.

5. Assumptions

The principal financial assumptions adopted for the pension assessments made in relation to this statement are in accordance with the discount rate promulgated by the FRAB for unfunded pension schemes in the public sector in Great Britain. Until 2005, the discount rate in excess of price increases was prescribed as 3.5% p.a. However, the discount rate for pension liabilities was reduced to 2.8% p.a. with effect from 31 March 2005 and was further reduced to 1.8% with effect from 31 March 2007. The rate as at 31 March 2008 has been prescribed as 2.5%. This reflects the changing real yields experienced in the bond markets. The demographic assumptions used for these assessments are derived from the specific experience of the membership of this scheme and are those adopted for the most recent review of the ASLC, except for a strengthening of the mortality assumptions.

6. Notes

The figures in paragraph 2 and 3 of this Statement are based on the results of the actuarial assessment carried out as at 31 March 2007, calculated on a real yield of 2.5% and 1.8%. Approximate updating has been used for the subsequent financial year to reflect known changes that have occurred within the period from 31 March 2007 to 31 March 2008, based on the available data. The method assumes that the profile of the membership has remained stable within the period and the results should be viewed as a reasonable assessment of the order of magnitude of the liabilities, rather than a full actuarial assessment. The next detailed assessment of the liabilities will be made as at 31 March 2009.

The pension benefits taken into account in this assessment are those normally provided from the rules of the scheme, including normal retirement benefits, ill-health retirement benefits, and benefits applicable following the death of the member. Long service awards are not included in this assessment.

D G Ballantine Date: 11 June 2008
Government Actuary's Department

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Judicial Pensions Scheme (JPS) to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

With the exception of certain transactions (which are accounted for on a cash basis) the financial statements are prepared on an accruals basis. The financial statements must give a true and fair view of the state of affairs of the JPS at 31 March 2008 and of the net resource outturn and cash flows for the financial year then ended. Note two, "Accounting Policies", to the financial statements describes those transactions which are accounted for on a cash basis, the use of which has no material effect on the net outgoings for the year nor on the net liabilities at the year end.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) 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 the Government Financial Reporting Manual (FReM), have been followed and disclose and explain any material departures in the financial statements; and

- Prepare the financial statements on a going concern basis.

The HM Treasury has appointed the Permanent Secretary of the Ministry of Justice as Accounting Officer for the JPS. 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 assets of the pension scheme are set out in Chapter 3 of Managing Public Money, published by HM Treasury.

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 Ministry of Justice's (MoJ) 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.

MoJ, as lead department for judicial pensions within the UK, has full responsibility for the central administration of the JPS. The JPS Estimate covers the payment of pensions and other related benefits normally paid out of funds voted by Parliament. It also appropriates in aid pension contributions from bodies with judicial appointments, in the form of accrued superannuation liability charges, and members' contributions.

The JPS Estimate excludes the payment of pension benefits met directly from the Consolidated Fund (CF), which are authorised by the Exchequer Fund Account Team (EFA) of Treasury.

As Accounting Officer, I work with Ministers and senior MoJ Management through the Ministry of Justice Board, the Corporate Management Board and other meetings and correspondence to implement the MoJ's plans, allocate resources and delegate financial authority to senior staff.

The administration of the JPS has been delegated to Judicial HR Division, part of the Access to Justice Group, within MoJ. I therefore place reliance upon the annual statement of assurance from these areas.

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 a 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 JPS 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. In particular, the system of internal controls is designed to safeguard against fraud and minimise omissions and material errors in the payment of pensions and receipt of contributions from Appointing Bodies and JPS members.

The system of internal control has been in place in the MoJ for the year ended 31 March 2008 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to Handle Risk

The department's Risk Management Policy and Framework document, approved and endorsed by the Ministry of Justice Board (formerly the Ministerial Executive Board), was published in June 2002. This, in conjunction with the guidance on the Quarterly Risk Reporting process sets out the department's attitude to risk in the achievement of its policies and objectives, and provides guidance on the process of identifying, assessing and managing risk. The document is available to all staff on the MoJ's Intranet.

The Judicial Pensions Scheme Board oversees the financial, accounting and administrative functions of the Scheme, which the Head of Judicial HR Division chairs and the MoJ's Internal Audit Division is represented on the Board.

The Risk and Control Framework

Risks that threaten the JPS's objectives are identified and analysed in terms of impact, materiality and probability, assigned to an individual owner and reported regularly at JPS and, prior to 1 April 2008, Legal and Judicial Services Board level.

The other key elements in the JPS's control system are regular financial and management information. In particular this includes quarterly management reports by the Scheme Administrator to the Scheme Board and monthly financial reports to the JPS Board and, until 31 March 2008, to the Legal and Judicial Services Group Board, including, on an exception basis, the position on any business risk – financial, accounting and operational.

Since 1 April 2008, the Judicial HR Division has been part of the Access to Justice Group. Under the new structure the Scheme Administrator continues to report to the JPS Board. However, the Legal and Judicial Service Board has ceased to exist.

Pensioner Payroll

Capita Hartshead Ltd (to 30 September 2007) and Xafinity Paymaster Limited (Paymaster) are contracted to provide payroll services for the payment of base pensions and pension increases paid from the Consolidated Fund and the JPS Estimate. Paymaster took over the contract from Capita from 1 October 2007. The contractors operate appropriate corporate governance and internal control arrangements and their operations are audited. Judicial HR Division actively manages and monitors the performance of contract.

Financial and accounting support

Liberata UK Limited (Liberata) maintains and manages the JPS accounts at the Office of HM Paymaster General. Liberata also provides and maintains the accounting system that supports the JPS accounts. These services are provided under the terms of the company's contract with the MoJ. Liberata provides assurance that the services provided by them have been delivered in compliance with the assurance and control requirements of that contract.

Review of Effectiveness

As Accounting Officer, I have responsibly for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the administrators of the JPS, 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**.** I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The key elements of the system of internal control are set out above and contribute to my review of the system's effectiveness. In addition, the following bodies inform my review of the JPS's system of internal control.

The Ministry of Justice Board and the Corporate Management Board: these Boards approved the department's Framework and Policy Document and have been involved in the development of the Corporate Risk Register. The Boards meet regularly to consider and discuss the quarterly risk reports which include any significant JPS risks and any issues arising.

The Corporate Audit Committee: The Committee serves as a source of advice and assurance on the effectiveness of the risk management process of the JPS. The Committee meets a minimum of four times each year and has a non-executive Chair, who is a member of the Corporate Management Board, and who reports directly to the Ministry of Justice Board**.** The Committee receives updates on the development of risk management and internal control and any material weakness in the administration of the JPS. The Committee advises on the Internal Audit Reports and reports made by the National Audit Office.

Internal Audit Division (IAD): The MoJ's IAD operates to the Government Internal Audit Standards. It submits reports on the adequacy and effectiveness of the JPS's administrative processes and makes recommendations for improvement.

There are no significant internal control issues for the JPS.

This statement applies to the JPS. The Statement on Internal Control for the Ministry of Justice as a whole will be available from the Stationery Office when the MoJ's 2007-08 Resource Accounts are published later this year.

Suma Chakrabarti Date: 6 January 2009
Accounting Officer

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 Judicial Pensions Scheme for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Revenue Account and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Report of the Managers and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made there under 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 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 have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. 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 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, which consists of the Report of the Managers and the Report of the Actuary, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. 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. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the scheme's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by 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.

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 there under by HM Treasury, of the state of the scheme's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net outgoings, recognised gains and losses and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- the information given in the annual report, which comprises the Report of the Managers and the Report of the Actuary 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

Date: 12 January 2009

Statement of Parliamentary Supply
For the Year ended 31 March 2008

Summary of Resource Outturn

Request for Resources	Note	2007-08 Estimate Gross Expenditure	2007-08 Estimate *A-in-A*	2007-08 Estimate *NET TOTAL*	2007-08 Outturn *Gross Expenditure*	2007-08 Outturn *A-in-A*	2007-08 Outturn *NET TOTAL*	2007-08 Difference *Net total outturn compared with Estimate saving/ (excess)*	2006-07 Outturn *NET TOTAL*
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pensions	3	124,952	81,916	43,036	123,088	81,916	41,172	1,864	34,373
Total resources		**124,952**	**81,916**	**43,036**	**123,088**	**81,916**	**41,172**	**1,864**	**34,373**

Summary of Net Cash Requirement

	Note	2007-08 Estimate	2007-08 Outturn	2007-08 Difference Net Total outturn compared with Estimates saving/ (excess)	2006-07 Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	4	**1**	**0**	**1**	**0**

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the pension scheme and is payable to the Consolidated Fund (cash receipts being shown in Italics).

		2007-08 Estimate		2007-08 Outturn	
	Note	Income	*Receipts*	Income	*Receipts*
		£'000	£'000	£'000	£'000
Total	5	**56,525**	***56,525***	**57,436**	***57,436***

Explanation of variation between Resource Estimate and Outturn:

The total variance during the year was an under-spend of £1,864,000 (4% of net estimate). This is accounted for by a downward revision of the Scheme's Current Service and Interest Costs as advised by the Government Actuary's Department.

Explanation of the variation between Estimate net cash requirement and Outturn net cash requirement:

The variation between Estimate and actual net cash requirement is not considered to be significant under the rules currently laid down by Government Accounting.

The notes on pages 23 to 41 form part of these accounts

Revenue Account
For the Year Ended 31 March 2008

	Note	2007-08 £'000	2007-08 £'000	2006-07 £'000	2006-07 £'000
Income					
Contributions receivable	7		(82,261)		(76,263)
Out-goings					
Pension cost	8	109,000		87,000	
Interest on scheme liabilities	9	76,000		73,000	
			185,000		160,000
Net outgoings for the year			**102,739**		**83,737**

Statement of Recognised Gains and Losses
For the Year Ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Actuarial gains/(losses)	15(e)	(82,000)	(175,000)
Total recognised gains and losses for the financial year		**(82,000)**	**(175,000)**

The notes on pages 23 to 41 form part of these accounts

Balance Sheet
As at 31 March 2008

		31 March 2008		31 March 2007	
	Note	£'000	£'000	£'000	£'000
Current assets					
Debtors	12	7,097		7,173	
Cash at bank and in hand	13	10,138		8,990	
			17,235		16,163
Creditors (amounts falling due within one year)					
Creditors	14	(12,513)		(10,765)	
			(12,513)		(10,765)
Net assets excluding pension liability			4,722		5,398
Pension liability	15		(1,829,294)		(1,627,360)
			(1,824,572)		**(1,621,962)**
Taxpayers' equity					
General fund	16		(1,824,572)		(1,621,962)
			(1,824,572)		**(1,621,962)**

Suma Chakrabarti
Accounting Officer

Date: 6 January 2009

The notes on pages 23 to 41 form part of these accounts

Cash Flow Statement
For the Year Ended 31 March 2008

	Note	2007-08 £'000	2006-07 £'000
Net cash flow from operating activities	17(a)	57,436	54,668
Payment of amounts due to the Consolidated Fund	17(b)	(56,288)	(54,705)
Increase/(decrease) in cash	17(c)	**1,148**	**(37)**

The notes on pages 23 to 41 form part of these accounts

Notes to the scheme statement
For the year ended 31 March 2008

1. Basis of preparation of the scheme statement

The scheme statements have been prepared in accordance with the relevant provisions of the Government Financial Reporting Manual (FReM), issued by HM Treasury, which reflects the requirements of Financial Reporting Standard (FRS) 17 Retirement Benefits.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the scheme to prepare an additional statement – *a Statement of Parliamentary Supply.* This and its supporting notes, show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

In addition, the scheme statements have been prepared with regard to the additional disclosures required by International Accounting Standard (IAS) 19 Accounting for Employee Benefits, as directed by Financial Reporting Advisory Paper (FRAB) (89) 03, adopted in 2007-08 under the instruction of HM Treasury.

These accounts also have regard to the Statement of Recommended Practice (SORP) entitled Financial Reports of Pension Schemes as adapted by the Treasury for Public Sector Pension Schemes. They have been laid in accordance with the Government Resources and Accounts Act 2000, chapter 20, Section 6 (4).

These accounts show the unfunded pension liability and movements in that liability during the year.

1.1 Judicial Pensions Scheme (JPS)

The scheme statement summarises the transactions of the JPS irrespective of whether the source is from funds voted by Parliament to Appointing Bodies or whether it is met directly from the Consolidated Fund. The balance sheet shows the deficit on the scheme; the Revenue Account shows the movements in the liability analysed between the current service costs (which are actuarially assessed), transfers in and out, as well as the interest on the scheme liability. The actuarial position of the pension scheme is dealt with in the Report of the Actuary, and the scheme accounts statement should be read in conjunction with that Report.

1.2 Going Concern
The balance sheet as at 31 March 2008 shows a net liability of £1,829,294,000. This reflects the inclusion of liabilities falling due in the long-term, which are to be financed mainly by drawings from the Consolidated Fund. Such drawings will be grants of Supply approved annually by Parliament to meet the Scheme’s pension benefits, which come into payment each year. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than as required for the service of the specified year or retained in excess of that need. All monies, including those derived from pension contributions in excess of pensions benefits paid, are surrenderable to the Fund.

In common with other Public Sector Pension Schemes, the future financing of the JPS’s liabilities is to be met by future grants of Supply and the application of future pension contributions, both to be approved annually by Parliament. Such approval for amounts required for 2008-09 has already been given. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

2. Statement of accounting policies

The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be most appropriate to the particular circumstances of the scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered in relation to the accounts.

2.1 Pension contributions receivable

Appointing bodies normal pension contributions are accounted for on an accruals basis. Appointing Bodies meet their share of the cost of the pension cover provided to serving JPS members by payment of contributions to the Scheme each month. These contributions are called accruing superannuation liability charges (ASLCs). The Government Actuary reviews the contribution rates following a full scheme valuation at least every four years. For 2007-08, the ASLCs are 32.15% of pensionable pay including 0.25% contributed towards the administration costs of the Scheme. This rate was 30.75% in 2006-07.

All members' normal pension contributions are accounted for on an accruals basis. Members' contributions paid in respect of the purchase of added years or any other benefits to be gained from the Scheme are also accounted for on an accruals basis. The associated increase in the scheme liability is recognised as expenditure.

Active members bear a share of pension costs through making normal contributions at 1.8% or 2.4% of pensionable pay (2006-07: 1.8% or 2.4%). These contributions are referred to as Widow(er)s' Pension Scheme (WPS) contributions.

2.2 Transfers in and out

Transfers in or out of the Scheme in respect of individual members are accounted for on a cash basis. Transfer values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. The values have been included in the financial statements in the period in which the sums were paid to or received from another pension scheme.

2.3 Current service cost

The current service cost is the increase in the present value of the scheme liabilities arising from current members' service in the current period and is recognised in the Revenue Account. The cost is based on the assumptions used by the Actuary.

2.4 Past service costs

Past service costs represent increases in the present value of the scheme liabilities related to member service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Past service costs are recognised in the Revenue Account on a straight-line basis over the period in which the increase in benefit arises. These do not arise in relation to the current year's accounts.

2.5 Interest on scheme liabilities

The interest cost is the increase during the period in the present value of the scheme liabilities because accrued members benefits are one year closer to settlement and this is recognised in the Revenue account. The gross discount rate of 5.3 per cent is consistent with the assumptions used for current service costs (2.3 above).

2.6 Other payments

Other payments unusual in nature may be accounted for on an accruals basis where the amount of the obligation on the scheme is known with certainty; otherwise they are accounted for on a cash basis.

2.7 Scheme liability

Provision is made for liabilities to pay pensions and other benefits in the future. The Scheme liability is measured on an actuarial basis using the projected unit method and has been discounted at a real rate, as prescribed by HM Treasury, which for 2007-08 is 1.8 per cent per annum unchanged from 2006-07. The valuation takes account of the overnight change in the Scheme's liabilities as a result of the change in the discount rate to 2.5% as at 31 March 2008. Such changes are recognised in the statement of recognised gains and losses for the year as advised by HM Treasury.

Full actuarial valuations by a professionally qualified actuary are obtained at intervals not exceeding four years with interim valuations every two years. The full valuation was carried out as at 31 March 2005.

2.8 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis.

2.9 Pension payments to those retiring at their normal retirement age
Since a retiring member of the pension scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the scheme liability on an accruals basis.

2.10 Pension payments to and on account of leavers before their normal retirement age
Where a member of the pension scheme is entitled only to a refund of contributions, the transaction is accounted for as a decrease in the scheme liability on an accrual basis.

2.11 Lump sums payable on death in service (or death early in retirement)
Lump sum payments payable on death in service or in early retirement are accounted for on an accrual basis. They are a direct charge to the pension provision, as they are funded through the normal pension contributions.

2.12 Actuarial gains/losses
Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the Balance Sheet date are recognised in the Statement of Recognised Gains and Losses for the year. These gains and losses are based on the figures provided by the Actuary and the related assumptions, which have been deemed appropriate by GAD and Scheme managers.

2.13 Additional Voluntary Contributions
Active members are able to increase their personal pension benefits and/or dependants' entitlements by making additional voluntary contributions (AVCs) to one of three AVCs within the Scheme and also externally, to approved AVC providers – The Equitable Life Assurance Society and Prudential plc.

2.13.1 Internal arrangements

The three AVC arrangements within the JPS are provided for under the Judicial Pensions and Retirement Act 1993 (“the 1993 Act”) and the Judicial Pensions Act 1981 (“the 1981 Act”) as amended by the 1993 Act. The arrangements are as follows:

- The Judicial Added Benefit Scheme (JABS) (for 1981 Act members only). JABS enables members to increase the level of benefits payable from their main judicial pension scheme.

- The Judicial Added Years Scheme (JAYS) (for 1993 Act members only). JAYS enables members of the 1993 scheme to increase the length of service and the benefits at retirement.

- The Judicial Added Surviving Spouse’s Pension Scheme (JASSPS) (for 1993 Act members only). JASSPS enables members to make contributions that will increase only the level of the contingent surviving spouse’s or civil partner’s pension.

All three of these AVC facilities were closed to new subscribers with effect from 6 April 2006.

2.13.2 External arrangements

All external arrangements are not brought to account in these Resource Accounts.

Members’ contributions to AVCs provided externally by “approved providers” are deducted from Judicial Office Holders' salaries and are paid over directly by the Appointing Bodies (who are deemed as ‘the employing departments’) to the approved providers. These contributions to external providers are not brought to account within these Scheme Accounts but are disclosed for information in note 11.

The Judicial Additional Voluntary Contributions Scheme enables contributions to be made to an “authorised provider”, which is an independent pension provider who invests the scheme members’ contributions at the scheme members’ directions within a range of investment options. The funds are used to purchase pension benefits for the scheme member or their dependants on a money purchase basis.

In addition, life assurance (death in service benefits) may also be purchased by contributions to the authorised provider.

The authorised providers are The Equitable Life Assurance Company and Prudential plc. The benefits under these two arrangements are provided for from investments in external funds managed by the two companies and are therefore not included in the JPS balance sheet on page 21.

2.14 Administration fees and expenses

The Ministry of Justice (MoJ) is the manager of the JPS. A proportion of the total Accruing Superannuation Liability Charges (ASLCs) received from Appointing Bodies is deemed as the cost of administering the Scheme. In 2007-08, administration costs of £400,000 (as approved by HM Treasury) were paid over by Appointing Bodies to the MoJ. This payment is reported in MoJ’s Resource Accounts.

Other pension related expenses to the Judiciary (such as payments for early retirement and ex-gratia payments) are borne by the relevant Appointing Body and reported in their Departmental Resource Accounts.

2.15 Consolidated Fund pension payments

Pension payments met directly from the Consolidated Fund and not from the funds held by the JPS are reflected in these accounts as notional expenditure. The JPS has no control over the issue of these payments.

The ultimate control for pensions paid out of the Consolidated Fund remains with the Comptroller and Auditor General.

3. Reconciliation of net resource outturn to net outgoings

	Note	2007-08 Supply Estimate £'000	2007-08 Outturn £'000	2007-08 Outturn compared with Estimates £'000	2006-07 Outturn £'000
Net resource outturn		43,036	41,172	1,864	34,373
Operating income & receipts – excess A-in-A	6	-	(345)	345	-
Non-supply expenditure	8	63,048	61,912	1,136	49,364
Net outgoings for the year		**106,084**	**102,739**	**3,345**	**83,737**

4. Reconciliation of resources to cash requirement

	Note	2007-08 Estimate £'000	2007-08 Outturn £'000	2007-08 Net Total Outturn compared with estimate: saving/ (excess) £'000	2006-07 2006-07 £'000
Net resource outturn	3	43,036	41,172	1,864	34,373
Accruals adjustments					
Increase in provision		(124,952)	(123,088)	(1,864)	(110,636)
Other non-cash items:					
Contributions receivable directly by the Consolidated Fund		-	197	(197)	-
Notional income attributable to the Judiciary at the Corporation of London		-	100	(100)	90
Changes in working capital other than cash		-	(297)	297	950
Use of provision:					
Pension	15(d)	25,392	24,825	567	20,555
Excess cash receipts surrenderable to the Consolidated Fund	5	56,525	57,091	(566)	54,668
Net cash requirement		**1**	**-**	**1**	**-**

5. Analysis of income payable to the Consolidated Fund

In addition to Appropriations-in-Aid, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts shown in italics)

		2007-08 Forecast		2007-08 Outturn	
		Income £'000	*Receipts £'000*	Income £'000	*Receipts £'000*
Operating income and receipts - excess A in A	6	-	*-*	345	*345*
Excess cash receipts surrenderable to the Consolidated Fund		56,525	*56,525*	57,091	*57,091*
Total income payable to the Consolidated Fund		**56,525**	*56,525*	**57,436**	*57,436*

6. Reconciliation of income recorded within the Revenue Account to operating income payable to the Consolidated Fund

	Note	2007-08 £'000	2006-07 £'000
Operating Income		82,261	76,263
Income authorised to be appropriated-in-aid		(81,916)	(76,263)
Operating income payable to the Consolidated Fund - excess A in A	5	**345**	**-**

Revenue Account

7. Pension contributions receivable

	2007-08	2006-07
	£'000	£'000
Employers; appointing bodies:		
Accruing Superannuation Liability Charges (ASLCs)	77,612	71,796
Employees; Judicial Office-holders:		
Normal contributions: Widow(er)s' Pension Scheme (WPS)	3,885	3,679
Purchase of Added Years: internal JPS AVC's only	764	788
	82,261	**76,263**

Judicial Office-holders' contributions may fluctuate from year to year as members can elect rates of contributions.

8. Pension Cost

	2007-08	2006-07
	£'000	£'000
Current service cost: (see note 15e)		
Judiciary paid from the JPS Estimate and pension increases for all Judiciary	47,088	37,636
Judiciary paid from the Consolidated Fund (notional expenditure)	61,912	49,364
	109,000	**87,000**

9. Interest on Scheme liabilities

	2007-08	2006-07
	£'000	£'000
Interest charge for the year (see note 15e)	76,000	73,000
	76,000	**73,000**

10. Pension transfers out

	2007-08	2006-07
	£'000	£'000
Individual Transfers out	-	953
	-	**953**

11. Additional Voluntary Contributions to External Approved Providers

The JPS provides for members to make additional voluntary contributions (AVCs) to increase their pension entitlements. Members may arrange to have agreed sums deducted from their salaries, for onward payment to the approved providers; The Equitable Life Assurance Company and Prudential plc. The Managers of the JPS have responsibility only for the onward payment, by Appointing Bodies, of members' contributions to the provider. These AVC's are not brought to account in these Scheme accounts. Members of the Scheme participating in this arrangement receive an annual statement from the provider annually confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	Equitable Life		Prudential	
	2007-08	**2006-07 As restated**	**2007-08**	**2006-07**
	£'000	£'000	£'000	£'000
Movements in the year				
Balance at 1 April	669	652	217	247
New investments	39	31	190	105
Sales of investments to provide pension benefits	(45)	(47)	(39)	(154)
Changes in market value of investments	(15)	33	(3)	19
Balance at 31 March	**648**	**669**	**365**	**217**
Contributions received to provide life cover	5	6	1	-
Benefits paid on death	-	5	-	-

The 2006-07 Equitable Life figures have been restated to take account of expenditure on life assurance premiums and deaths of £11,000.

Balance Sheet

12. Debtors – contributions due in respect of pensions

12 (a) Analysis by type

Amounts falling due within one year

	2007-08	2006-07
	£'000	£'000
Due from employers; appointing bodies:		
Accruing Superannuation Liability Charges (ASLCs)	6,643	6,683
Due from employees; Judicial Office-holders:		
Normal contributions: Widow(er)s' Pension Scheme (WPS)	312	310
Purchase of Added Years: internal JPS AVC's only	62	70
Overpaid pensions to be returned	76	110
Tax due from HM Revenue and Customs	4	-
	7,097	**7,173**

12 (b) Intra-Government balances

	2007-08	2006-07
		As restated
	£'000	£'000
Balances with other central government bodies	6,647	6,683
Balances with bodies outside central government	450	490
	7,097	**7,173**

13. Cash at bank

	2007-08	2006-07
	£'000	£'000
Balance as at 1 April	8,990	9,027
Net change in cash balances	1,148	(37)
Balance at 31 March	**10,138**	**8,990**
The following balances at 31 March were held at:		
Office of HM Paymaster General	10,138	8,990
	10,138	**8,990**

14. Creditors – in respect of pensions

14 (a) Analysis by type

Amounts falling due within one year

	2007-08	2006-07
	£'000	£'000
Pension benefits payable – death in service lump sums	1,006	554
Pension benefits payable – pension arrears	12	36
Pension benefits payable – overpayments over-recovered	2	-
Contributions refunds payable	58	-
Tax due to HM Revenue and Customs	1,253	1,152
Administration charges due to Ministry of Justice	33	33
Consolidated Fund Extra Receipts due to the Consolidated Fund	10,138	8,990
Consolidated Fund Debtors written off, so due back to the Consolidated Fund	11	-
Total Creditors	**12,513**	**10,765**

14 (b) Intra-Government balances

	2007-08	2006-07
	£'000	£'000
Balances with other central government bodies	11,435	10,175
Balances with bodies outside central government	1,078	590
	12,513	**10,765**

15. Provisions for pension liability

15 (a) Assumptions underpinning the provision for pension liability

The Judicial Pensions Scheme is an unfunded defined benefit scheme. The Government Actuary's Department carried out a full actuarial valuation as at 31 March 2005. The Report of the Actuary, on pages 9 and 10, sets out the scope, methodology and results of the work the actuary has carried out.

The scheme manager is responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. This information includes, but is not limited to, details of:

- scheme membership, including age and gender profile, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the scheme;
- income and expenditure; and
- following consultation with the Actuary, the key assumptions that should be used to value the scheme liabilities, ensuring that the assumptions are mutually

compatible and – with the exception of the discount rate (see note 2.7) - reflect a best estimate of future experience.

Pension scheme liabilities accrue over members' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse, civil partner and dependants survive the pensioner.

The scheme liability as assessed by the actuary is based on a roll forward of the last full valuation as at 31 March 2005. This is the professional judgement of the actuary based on the information provided by the scheme administrator (see the Report of the Actuary pages 9-10).

In valuing the scheme liability, the actuary must estimate the impact of several inherently uncertain variables far into the future. The major assumptions used by the actuary were:

	March 2008	**March 2007**	**March 2006**
Rate of notional investment return in excess of salaries	1.0%	0.3%	1.3%
Rate of notional investment return in excess of prices	2.5%	1.8%	2.8%
Gross discount rate	5.3%	4.6%	5.37%
Mortality rate tables – active and deferred members	PXA 92 C= 2048	PXA 92 C= 2047 x-1	PXA 92 C= 2046 x-1
Mortality rate tables – pensioners	PXA 92 C= 2023	PXA 92 U= 2007	PXA 92 U= 2006

The key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity, or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the scheme liabilities. However the scheme manager acknowledges that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the biggest impact on the amount of the reported liability is the discount rate. As set out in the FreM, and as required by FRS 17, the scheme manager uses the AA corporate bond rate to discount the liabilities. From 2005-06, the Government Actuary has calculated the rate annually on behalf of HM Treasury. HM Treasury then advise the scheme manager of the rate for the year. The rates are set out in the above table. Any decrease in the rate leads to a significant increase in the reported liability.

In valuing the scheme liability, the actuary uses additional assumptions for items such as the age of retirement and the age from which a pension becomes payable. Membership numbers in the years between full actuarial valuations are assumed to be stable.

In reality, the complexity and range of assumptions underlying the calculation of the pension liability are such that a change in one financial assumption is likely to have a knock-on effect on other financial assumptions. The scheme manager does not consider it useful to attempt to reflect the impact of any changes in the range of assumptions, since this would result in giving a range of inherently uncertain figures.

In the opinion of the scheme manager, the actuary has used key assumptions that are the most appropriate for the scheme in the light of current knowledge.

The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed where appropriate. The note also discloses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

15 (b) Analysis of the provision for pension liability

	March 2008	March 2007	March 2006
	£m	£m	£m
Liability relating to active members	1,130	1,043	838
Liability relating to deferred pensioners	3	1	1
Liability relating to pensioners in payment	696	583	513
Scheme liability at 31 March	1,829	1,627	1,352

15 (c) Analysis of movement in scheme liability

	Note	2007-08	2006-07
		£'000	£'000
Scheme liability at 1 April		1,627,360	1,352,000
Current service cost	8	109,000	87,000
Interest on pension scheme liability	9	76,000	73,000
Pension benefits payable	15(d)	(65,066)	(58,687)
Pension transfers out	10	-	(953)
Actuarial (gains)/losses	15(e)	82,000	175,000
Scheme liability at 31 March		1,829,294	1,627,360

During the year ended 31 March 2008, employer's contributions represented an average of 32.15 per cent of pensionable pay. Employees' contributions were 2.4 or 1.8 per cent of earnings. Members in the 1993 Scheme contributions are taken from salary up to a level reflecting the former Inland Revenue earnings cap, while 1981 Scheme members pay contributions based on the whole salary.

15 (d) Analysis of benefits payable

	2007-08		2006-07	
	£'000	£'000	£'000	£'000
Members – Base pensions	9,812		8,930	
Members – Pensions increase	7,256		6,160	
Members – Lump sum on retirement	2,542		1,410	
Dependants – Base pensions	1,402		1,850	
Dependants – Pensions increase	2,980		2,205	
Dependants – Lump sum on death of member	833		-	
Pension benefits payable from JPS Estimate		**24,825**		**20,555**
Members – Base pensions	28,427		26,356	
Members – Lump sum on retirement	5,910		5,580	
Dependants – Base pensions	4,298		4,032	
Dependants – Lump sum on death of member	1,606		2,164	
Pension benefits payable from Consolidated Fund		**40,241**		**38,132**
Total pension benefits payable charged against provision		**65,066**		**58,687**

15 (e) Analysis of actuarial gains and losses

	2007-08	2006-07
	£'000	£'000
Experience gains/(losses) arising on the scheme liabilities	(117,000)	60,000
Gains/(losses) resulting from changes in assumptions underlying the present value of scheme liabilities	35,000	(235,000)
Per Statement of Total Recognised Gains and Losses	**(82,000)**	**(175,000)**

15 (f) History of experience gains and losses

	2007-08	2006-07	2005-06	2004-05	2003-04
		As restated	As restated		
	£'000	£'000	£'000	£'000	£'000
Experience gains/(losses) on scheme liabilities:					
Amount	(117,000)	60,000	16,340	(63,972)	271
Percentage of the present value of the scheme liabilities at the balance sheet date	6.40%	3.69%	1.21%	5.47%	0.03%
Total actuarial gains/(losses):					
Amount	(82,000)	(175,000)	(83,660)	(63,972)	271
Percentage of the present value of the scheme liabilities at the balance sheet date	4.48%	10.75%	6.19%	5.47%	0.03%

16. General Fund

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

		2007-08	2006-07
		£'000	£'000
Balance at 1 April		1,621,962	1,347,106
Payable to the Consolidated Fund:			
Excess cash receipts surrenderable	5	57,091	54,668
Excess Appropriations-in-Aid	6	345	-
Notional costs:			
Pension payable by the Consolidated Fund for 2007-08	15(d)	(40,241)	(38,132)
Accruals adjustment for pension payable by the Consolidated Fund regarding other years		212	383
Contributions receivable directly by the Consolidated Fund for 2007-08	4	197	-
Accruals adjustment for contributions receivable directly by the Consolidated Fund regarding other years		58	-
Payable to the Consolidated Fund for debtor write off funded by the Vote		11	-
Transfers out payable by the Consolidated Fund	10	-	(953)
Income attributable to the Judiciary at the Corporation of London	4	100	90
Pension payable to Judiciary at the Corporation of London		(3)	(3)
Increase in HM Revenue and Customs creditor		101	66
Net outgoings for the year (Revenue Account)	3	102,739	83,737
Actuarial gains and losses (Statement of Recognised Gains and Losses)	15(e)	82,000	175,000
Balance at 31 March		**1,824,572**	**1,621,962**

17. Cash Flow Statement

17 (a) Reconciliation of net outgoing to operating cash flows

		2007-08	2006-07
	Note	£'000	£'000
Net outgoing for the year	3	(102,739)	(83,737)
Adjustments for non-cash transactions:			
Contributions receivable directly by the Consolidated Fund	4	(197)	(90)
Income attributable to Judiciary at the Corporation of London	4	(100)	
Movement in working capital	4	297	(950)
Increase in pension provision	8/9	185,000	160,000
Use of provision - pension	15(d)	(24,825)	(20,555)
Net cash outflow from operating activities	**5**	**57,436**	**54,668**

17 (b) Analysis of financing and reconciliation to the net cash requirement

	Note	2007-08 £'000	2006-07 £'000
Amount due to the Consolidated Fund received but not paid	13/14	10,138	8,990
Amount paid to the Consolidated Fund received prior year		(8,990)	(9,027)
Increase/(decrease) in cash	17(c)	1,148	(37)
Adjustments for receipts from operating activities			
Net cash outflow from operating activities	17(a)	(57,436)	(54,668)
Payments made to Consolidated Fund		56,288	54,705
Net cash requirement per Statement of Parliamentary Supply	4	**-**	**-**

17 (c) Reconciliation of net cash requirement to increase/(decrease) in cash

	Note	2007-08 £'000	2006-07 £'000
Net cash requirement	4	-	-
Amount due to the Consolidated Fund received but not paid	13/14	10,138	8,990
Amount paid to the Consolidated Fund received prior year		(8,990)	(9,027)
Increase/(decrease) in cash		**1,148**	**(37)**

18. Financial Instruments

FRS 13 "Derivatives and Other Financial instruments" requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the non-trading nature of its activities and the way in which government departments are financed, the Judicial Pensions Scheme is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 applies.

Liquidity risk

Funds from the Consolidated Fund and resources voted by Parliament finance the Judicial Pensions Scheme's net resource requirements. The Judicial Pensions Scheme is not therefore exposed to significant liquidity risks.

Interest Rate risk

All of the Judicial Pensions Scheme's financial assets and liabilities carry nil or fixed rates of interest. The Scheme is not therefore exposed to any interest rate risk.

19. Contingent liabilities disclosed under FRS 12

The Ministry of Justice (formerly Department for Constitutional Affairs) is involved in a number of cases before employment tribunals. They involve fee paid judicial office holders claiming retrospective pension rights. The initial case was withdrawn but three new cases were brought before the Tribunal in 2006-07, two of which were brought by individuals with the remaining case being a group application. As at 31 March 2008, six such claims were outstanding

It is not possible to calculate the potential liability to the pension scheme of a negative judgement, as a precedent might be set up for up to 5,000 other office holders with potential claims dating back twenty years.

20. Losses

No losses were reported during the year.

21. Related-party transactions

The Judicial Pensions Scheme does not fall within the ambit of the Ministry of Justice, as it obtains Parliamentary approval for its resources under a separate Supply Estimate. The Ministry of Justice is the Lead Appointing Body for most Judiciary within the Scheme, and also the Scheme Manager. The Permanent Secretary to the Ministry of Justice has been appointed as Accounting Officer for the Scheme. The Ministry of Justice is regarded as a related party.

During the year the Scheme had not undertaken any material transactions with the Ministry of Justice and other participating Government Departments who appoint Judicial Office Holders that are members of the Scheme.

The Scheme Manager, key managerial staff or other related parties have not undertaken any material transactions with the Scheme during the year.

22. Post Balance Sheet Events

There have been no key post balance sheet events.

In accordance with the requirements of FRS 21, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date the accounts are laid before Parliament.

These accounts were authorised for issue by the Accounting Officer on the date that the Comptroller and Auditor General signed the Certificate and Report of the Comptroller and Auditor General, as detailed on page 16. Thereafter, they will be laid before Parliament in January 2009.

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty’s Stationery Office
ID 6036909 01/09

Printed on Paper containing 75% recycled fibre content minimum.

information & publishing solutions

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

Online
www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail
TSO
PO Box 29, Norwich NR3 1GN
General enquiries: 0870 600 5522
Order through the Parliamentary Hotline *Lo-call* 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

TSO Shops
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop
12 Bridge Street, Parliament Square
London SW1A 2JX

TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-295835-5

9 780102 958355