

Annual Report and Accounts

For the year ended 31 March 2011



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Laid before the Northern Ireland Assembly under
Section 52(2) of the Justice (Northern Ireland) Act 2002
(as amended by paragraph 10 of Schedule 13 to the
Northern Ireland Act 1998 (Devolution of Policing and Justice
Functions) Order 2010) by the Department of Justice.

December 2011

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Chairman's Foreword

I am pleased to present the Annual Report of the Commission covering the period of 1 April 2010 to 31 March 2011.

Having assumed the chairmanship of the Commission with effect from 2 November 2009, I have been privileged to oversee the progress of the Commission's First Programme of Law Reform, which was approved by the then Secretary of State on 17 October 2009. Work on most of the five approved projects was already under way and has continued subsequently at an impressive pace.

The approved First Programme projects were the reform of aspects of land law, bail law, business tenancies law, the law relating to multi-unit (domestic) developments (apartments), and the law and procedures relating to vulnerable witnesses in civil proceedings. Each of these important areas of law and practice impacts on wide cross sections of the community and is considered to be ripe for sensible and progressive reforms.

I report with great pleasure that during the period under scrutiny (April 2010 to March 2011) two of these projects (land law and business tenancies) were completed, resulting in the presentation to Government of final reports and accompanying draft legislation. At the time of writing, this is about to be replicated as regards the vulnerable witnesses in civil proceedings project.

Thus the First Programme draws to an end and, at this stage, only two of its five projects remain live. This coincides with the completion of an extensive consultation exercise relating to the contents of the Commission's Second Programme of Law Reform. Following detailed consideration of all responses received and the application of our project selection criteria, we are about to finalise our recommendation to the Minister for Justice. We look forward eagerly to receiving his approval and, in consequence, formally embarking upon the Second Programme which will, of course, overlap somewhat with the First Programme.

I record my particular appreciation to those lawyers involved in the highly demanding land law project who, following completion thereof, are no longer working for the Commission.

The Commission has been fortunate in attracting a skilled and motivated team of legal professionals (drawn from the sectors of academia, private practice and government departments) who, under the direction of the Commissioners, have made impressive progress on each of the approved projects. It is my sincere wish that the Commission will acquire a deserved reputation as a centre of high quality and independent legal research. This report outlines the milestones achieved thus far in each project.

I have been particularly impressed by the interest and enthusiasm, with which our consultation exercises have been received – by the professions, interest groups, public representatives and interested members of the community. During the past year, we have endeavoured strenuously to be as outward looking as possible. This has involved attendance at certain events and an orchestrated exercise of projecting the Commission both locally and further afield.

The Commission will strive to ensure that the resources and effort invested in its law reform programmes bear fruit through implementation of the recommendations contained in its final reports in the form of new legislation. The Commission is an important element of the recent constitutional reforms surrounding the devolved administration in Northern Ireland. It is pre-eminently desirable that its proposals for reforming the law, based on extensive consultation and skilled and thorough analysis, are processed and implemented expeditiously by the relevant parts of Government.

BERNARD McCLOSKEY
Chairman
Northern Ireland Law Commission

THE NORTHERN IRELAND LAW COMMISSION ANNUAL REPORT AND ACCOUNTS 2010-2011

Chief Executive's Report

Introduction

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

Who we are and what we do

The Northern Ireland Law Commission (the Commission) was established in April 2007 under the Justice (Northern Ireland) Act 2002 (as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010) referred to hereon as the 2002 Act (as amended) following on from the recommendations of the Criminal Justice Review Group. The Review Group reported in March 2000: *Review of the Criminal Justice System in Northern Ireland*.

The Commission was set up as an independent advisory body whose aim is to consider the law of Northern Ireland with a view to making proposals for the law's systematic reform. The 2002 Act (as amended) provides for the appointment of a Chairman and four Commissioners. The Chairman must hold the position of a judge of the High Court of Northern Ireland and three of the Commissioners must be drawn from academia and the legal professions respectively. The fourth must be a non-lawyer. The four Commissioners were appointed during 2008. The Chairman, Mr Justice McCloskey was appointed in November 2009 (the previous Chairman was Mr Justice Declan Morgan, now Lord Chief Justice).

The Commission is not regarded as the servant or agent of the Crown or enjoying any status, immunity or privilege of the Crown.

Our main task is to review areas of the law and to make recommendations for change. The Commission seeks to ensure that the law is as simple, accessible, fair, modern and cost-effective as possible. A number of specific types of reform are covered by the provisions in the 2002 Act (as amended):

- Simplification and modernisation
- Codification
- The elimination of anomalies
- The repeal of legislation which is no longer of practical utility
- The reduction of the number of separate legislative provisions

Devolution of policing and justice functions

On 12 April 2010, justice functions in Northern Ireland were devolved to the Northern Ireland Assembly (NIA) and the Department of Justice (DOJ) came into existence as a new Northern Ireland Department. From this date, the Commission became an independent advisory non-departmental public body (NDPB) of the DOJ.

The 2002 Act (as amended) provides that the Commission consider any proposals for the reform of the law of Northern Ireland referred to it and submit to the DOJ programmes for the examination of different branches of the law with a view to reform. The DOJ must consult the Attorney General for Northern Ireland before approving any programme submitted by the Commission.

Under the 2002 Act (as amended), the annual report and accounts of the Commission for the year ended 31 March 2011, will be laid in the Northern Ireland Assembly.

During the period up to 12 April 2010, the Commission complied with the corporate governance and accountability framework arrangements (including *Managing Public Money*) issued by HM Treasury and the Northern Ireland Office.

From 12 April 2010 onwards, the Commission complied with the corporate governance and accountability framework arrangements (including *Managing Public Money Northern Ireland*) issued by the Department of Finance and Personnel and Department of Justice.

Mission Statement of the NI Law Commission

The Northern Ireland Law Commission will provide the DOJ and the Northern Ireland Executive with independent and well researched proposals and advice on law reform. The Commission supports the premise that in a modern system of justice each citizen has rights and duties under the law. The Commission – alongside other bodies responsible for developing aspects of the law - will respect, safeguard and promote those rights and duties.

How we work

Developing our programme of law reform work

The Commission submitted its First Programme of Law Reform proposals to the Secretary of State for Northern Ireland in 2009. The Secretary of State laid the programme before each House of Parliament (following devolution of policing and justice matters this role falls to the Minister of Justice and the programme is laid before the Northern Ireland Assembly only). The Commission also submitted the First Programme to the Office of the First Minister and deputy First Minister. The Programme was laid before the Northern Ireland Assembly in September 2009.

Working Methods

A legal team headed by a Commissioner or Commissioners is created for each project. The Commissioner(s) have responsibility for providing the strategic project leadership along with a level of detailed legal and policy work commensurate with his or her part-time commitment. Teams are encouraged to exchange information freely

across the project boundaries and governance mechanisms ensure that Commissioners have a degree of involvement across all projects. The aim of such mechanisms is to build a corporate policy approach for the Commission and ensure that any inter-dependencies or linkages between projects is recognised and reflected in the Commission's considerations.

Increasingly, projects begin with a scoping paper. The purpose of this is to consider how extensive the project should be, find out the key issues as seen by others, and identify interested parties. This early process can involve considerable work with stakeholders. This is followed by publication of a consultation paper. In the Consultation Paper the law as it currently stands is set out, the perceived weaknesses/defects in the law and its operation are discussed and possible options for reform are set out. During the consultation period we actively seek out interested parties and engage with them in meetings either on their own or with other stakeholders. We try to hold meetings across Northern Ireland so as to ensure we have a balance of views and to facilitate and encourage stakeholder engagement from outside Belfast.

The responses to the public consultation are analysed and the Commission takes careful account of these responses as part of its final considerations. A Report with recommendations and, where appropriate, draft legislation, is presented to the DOJ and is published. It is then for the DOJ and the Northern Ireland Administration to decide whether it accepts the recommendations and to introduce any necessary Bill in the Northern Ireland Assembly.

Financial Statements – Accounts Direction

The accounts have been prepared in accordance with a direction issued by the DOJ in accordance with paragraph 6 (2) of Schedule 9 to the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

The accounts have been prepared so as to:

- (a) give a true and fair view of the state of affairs at 31 March 2011 and subsequent financial year-ends, and of the income and expenditure, changes in taxpayers' equity and cash flows for the financial year then ended; and
- (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them.

From the 2011/12 financial year onwards, the Comptroller and Auditor General will not be required to examine, certify and report on the Law Commission's statement of accounts in accordance with Section 102 of the Justice Act (Northern Ireland) 2011. However, there will be a continuing requirement for the Law Commission to prepare accounts in accordance with a direction issued by the DOJ in accordance with paragraph 6 (2) of Schedule 9 to the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Events After the Reporting Period

There were no events which required disclosure or adjustment of the Accounts.

Funding

In the year of account the Commission is financed jointly by the DOJ and the Department of Finance and Personnel (DFP). The account below relates to the year ending on 31 March 2011.

Results for the Period

The results for the Commission for the period are set out in detail in our Financial Statements at pages 41 to 58.

The net expenditure for the financial year was £1,013,260 (2009-10: £919,518 as restated). The budget for the year was £1,054,000 (2009-10: £958,000). Funding covers operational expenditure and capital procurement.

Total net book value of Property, Plant and Equipment was £481,487 (2009-10: £527,652) at the year end.

Membership of the Commission Board

Chairman and Commissioners

The Commission's Chairman (Mr Justice McCloskey) was appointed on 2 November 2009 by the Secretary of State after consultation with the Lord Chancellor, the First Minister and deputy First Minister, and the Attorney General for Northern Ireland. The appointment is for a period of 3 years.

Three Commissioners (Professor Sean Doran, Mr Robert Hunniford and Mr Neil Faris) were appointed on 10 March 2008 by the Secretary of State after consultation with the then Lord Chancellor, First Minister and deputy First Minister, and the Attorney General for Northern Ireland. The fourth Commissioner (Dr Venkat Iyer) was appointed following a similar process on 8 September 2008.

In line with their original terms of appointment, Professor Doran, Mr Hunniford and Mr Faris were re-appointed by the Minister of Justice on 10 March 2011 for a further period of two years until 8 March 2013 after consultation with the First Minister, deputy First Minister and the Attorney General for Northern Ireland. (See remuneration report for salary payments made and details of the pension provision.)

In the year of account, Commissioners posts are subject to performance management procedures.

Chief Executive

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

A list of the full staffing of the Commission during 2010-11 is shown on page 26.

Business Review

First Programme of Law reform

The Commission's First Programme of Law reform was approved by the Secretary of State for Northern Ireland in accordance with statutory requirements in October 2009.

The Commission's First Programme contains the following projects:

1. Reform of aspects of land law.
2. Bail law.
3. Business tenancies law.
4. The law and procedures relating to vulnerable witnesses in civil cases.
5. The law and procedures relating to multi unit (domestic) developments (apartments).

Progress

The objectives of the projects and the broad progress up to 31 March 2011 are set out below. (Detailed targets and achievements within each project are described in the Management Commentary, from page 20).

Land law reform

In May 2008 the Minister for the Department of Finance and Personnel requested the Commission to take on a review of ground rents and covenants as part of the land law reforms. These topics formed part of the project, with a supplementary consultation process conducted on these topics ending on 30 April 2010. The publication of the Report on Land Law on 15 December 2010 completed the land law reform project. The Report contains the Commission's recommendations to Government for reform, together with draft legislation to implement the proposals.

Land law in Northern Ireland is based on ancient concepts and a legislative framework essentially nineteenth century in origin, with some parts dating to a much earlier period. The Commission believes it is time to modernise land law and conveyancing law in Northern Ireland, because the system is both out dated and outmoded. Northern Ireland had found itself out of step with other common law countries, including sister jurisdictions, where extensive legislative reforms in land law have been completed. The Commission considered that the citizens of Northern Ireland should be provided with new laws which are modern, simplified, fairer and more accessible.

There are two underlying principles: (1) Simplicity, clarity and certainty and (2) Freedom of contract. These principles formed the foundation for the whole Project.

The Commission has sought to balance these principles in its consideration of the issues in its Consultation Papers and Report. Whilst land law should be comprehensible to everyone, there is no escape from the fact that dealings in property require a law of considerable sophistication. The law should facilitate the transfer of land and an owner should have the freedom to own, use and dispose of the land as he or she pleases, so long as it does not impinge substantially on the interests of other

members of society. There is no advantage in the law being comprehensible and unambiguous if it is not sufficiently flexible to allow people to reach agreement on terms that are commercially acceptable to them.

The Commission recognises that for the general public the transfer of property depends on much more than the principles and foundations of land law. Most people are more concerned about the cost, speed and efficiency of the conveyancing process than about the finer points of the title to their property. The Commission recognises that reform of the law, which underpins the conveyancing process, is only one part of the wider development of modern systems which will update and improve the transfer of property in general.

Bail law

The bail project team, headed by two Commissioners, has continued to conduct extensive stakeholder work in order to establish the range of issues involved. Unlike the position in England and Wales and the Republic of Ireland we do not have in Northern Ireland a specific piece of legislation that codifies the law in relation to bail.

The Bail Consultation Paper was launched at the Commission's second Annual Conference held on 30 September 2010 at the Inn of Court, Royal Courts of Justice, Belfast. Speakers included The Right Honourable Sir Declan Morgan, Lord Chief Justice, The Honourable Mr Justice McCloskey, Chairman of the Northern Ireland Law Commission, The Honourable Mrs Justice Catherine McGuinness, President of the Law Reform Commission (Ireland), Professor Sean Doran, Barrister and Commissioner, Northern Ireland Law Commission and Katie Quinn, Senior Principal Legal Officer, Northern Ireland Law Commission. The conference was attended by approximately 70 delegates and the various papers presented are available to download from the Commission's website at www.nilawcommission.gov.uk.

The Commission ran a number of events during the consultation period to promote the Bail consultation and encourage a broad response. Public meetings were held in two venues in Belfast, one in Dungannon and one in Derry/Londonderry. The Bail team also visited Hydebank Young Offenders Centre and Woodlands Juvenile Justice Centre and, with the help of Include Youth, consulted with several young people there. Further meetings with young persons in Enniskillen and Derry/Londonderry were carried out with the assistance of Voice of Young People in Care (VOYPIC) and Include Youth.

The Bail team also participated in a half-day seminar addressing some aspects of the Bail Consultation Paper with the Criminal Justice Issues Group in Hillsborough Castle on 25 January 2011. This Group comprises senior officials of the key criminal justice agencies as well as senior judges and representatives from the legal professions and voluntary sector. Several invited guests were also in attendance at the event bringing the total to approximately 45 participants. The event was chaired by the Honourable Mr Justice Hart and began with a presentation, on behalf of the Bail team, by Professor Sean Doran, followed by syndicate discussions and a plenary session.

Law and procedures relating to vulnerable witnesses

The project team on vulnerable witnesses continued to conduct useful research and stakeholder work during this period.

Traditionally, witnesses in both criminal and civil proceedings have been expected to give their evidence in person, before a public forum. The reason behind this approach is to allow the evidence given by that witness to be tested in court so that conclusions about his or her credibility can be reached.

However, the criminal law in Northern Ireland allows certain witnesses to use “special measures” when giving their evidence to a criminal court. Children, adults living with mental ill-health, learning disabilities or physical disabilities and witnesses who are suffering from fear and distress about giving evidence can all benefit from “special measures” in various circumstances. “Special measures” assist the witness to give their evidence in a number of different ways. For example, the use of screens in a courtroom removes the need for the witness to see or be seen by the accused. Allowing evidence to be given by way of television link allows the witness to see the court, but removes him or her from the stressful atmosphere of the courtroom, whilst still allowing the court to hear and see the witness. “Special measures” can also aid the witness in communicating to the court, for example, by allowing the witness to communicate by methods other than the spoken word.

The purpose of the Vulnerable Witnesses project, is to consider whether there is any merit in introducing “special measures” for witnesses in civil proceedings.

Extensive research completed by Dr Jonathan Doak and by the Commission’s predecessor, the Law Reform Advisory Committee for Northern Ireland, provided an invaluable basis for the Commission’s Consultation Paper which was launched on 1 April 2010. This looked at the existing law and practice in Northern Ireland, together with the law in other countries which have extended specific protections to witnesses in civil proceedings.

The formal consultation period closed on 30 June 2010 and all responses were analysed. Drafting of the final Report was completed at the end of March 2011, and following preparation of draft legislation to implement the proposals, both the Report and draft Bill were published in May 2011.

Business tenancies law

The business tenancies project team continued to carry out research and stakeholder work during this period.

The current law governing business tenancies in Northern Ireland, *the Business Tenancies (Northern Ireland) Order 1996* contains an absolute prohibition on contracting out of the legislation, giving commercial tenants security of tenure. This is in direct contrast to the position in England, Wales and the Republic of Ireland which allow contracting out of their parallel legislation. The issue of contracting out of the legislation is an important balancing act to protect the interests of both landlords and tenants. There is a need to ensure that there is sufficient flexibility to give effect to commercial arrangements where both parties have equal bargaining power and the

regulatory prohibition serves no useful end but to prevent parties from agreeing mutually satisfactory terms. However this must be balanced against the desirability of safeguards for tenants in the small and medium enterprise sector (on the working assumption that such was the original intention of the legislation).

The provision of contracting out could have the result of effective removal of business tenancies protection from tenants who may have little or no business experience and who are without the assistance of professional advice. However contracting out could also more easily facilitate certain commercial transactions, thereby making it easier to do business in Northern Ireland.

The aim of the Business Tenancies Project was to review the existing law on contracting out of security of tenure and to consider whether there is any merit in amending the current legislation in light of the representations made, and if so the form that any amendment should take. A Consultation Paper was published on 1 June 2010 with the consultation period ending on 30 September 2010. The Commission received 20 responses to the consultation exercise and these were analysed.

The publication of the Report on Business Tenancies in May 2011 completed the business tenancies law reform project. The Report contains the Commission's recommendations to Government for reform, together with draft legislation to implement the proposals.

Multi unit developments (apartments)

The last fifteen years have witnessed a marked increase in the number of multi-unit developments (MUDs) / apartments in Northern Ireland. The reasons for this include: a move towards higher density living in urban areas; a demand for greater choice in housing provision; increased property development in view of the more settled political landscape; a demand for affordable housing by first-time buyers; an increase in the buy-to-let market (particularly from 2003 to 2007); and the development of more sophisticated forms of apartment living including the emergence of MUDs on a much larger scale, e.g. the Obel Tower and Titanic Quarter. All of these factors have quickened the pace of multi-unit developments.

This growth in the multi-unit development sector has not been coupled with an increase in regulation. Unlike other parts of the United Kingdom and the Republic of Ireland, Northern Ireland does not have a dedicated piece of legislation which provides a clear and comprehensive legal framework for MUDs. Such a framework is needed to address the complex interlocking issues which arise as a result of the nature of interdependent living and the sharing of common areas, facilities and services.

The Project formally commenced on 1 April 2010, and the aims of the Project are:

- to assess the evidence of problems in practice and evaluate the need for new legislation;
- to analyse the different types of legislative models which are used to regulate MUDs and assess the most appropriate model for Northern Ireland;

- to consult key stakeholders including unit owners, owners' management companies, managing agents, developers, the Law Society, MLAs, etc.; and
- to develop detailed legislative proposals which are tailored to the particular context in Northern Ireland and which address the problems arising in this jurisdiction.

The project team working on the law and procedures relating to multi unit (domestic) developments (apartments) have completed the background legal research and the Commission has met with experts in the field from legal practice, academia and the property sector. The MUD Project is currently at the pre-consultation stage.

An Issues Paper was completed in Autumn 2010 and comments were received from experts in property law.

A series of stakeholder meetings is underway to scope the problems in practice and gather views on the adequacy of the current law. These will continue throughout the pre-consultation stage.

A questionnaire was issued at the start of February 2011 to apartment owners / owners' management companies to ascertain the views of this key stakeholder group. The deadline for receipt of responses was 18 March 2011. The Commission has received around 100 responses. A detailed analysis of the responses is currently being undertaken. A number of follow-up meetings with apartment owners / management companies is envisaged once the responses have been analysed.

Drafting of a consultation paper has commenced and is due to be published in September 2012.

Second Programme of law reform

On 9 August 2010, the Commission published a consultation paper in respect of proposals for its Second Programme of Law Reform. The Commission was pleased to receive 26 responses from a variety of sources including individuals, law firms, public bodies and the voluntary sector. In all, 14 new law reform proposals were submitted for consideration by the Commission - as several respondents had made submissions in respect of the same area.

The proposals have been researched in terms of their suitability for inclusion within the Second Programme. In conjunction with consideration of equality obligations, the projects were carefully analysed and assessed according to the following criteria:

- evaluation of the extent to which the existing law is unsatisfactory;
- the nature and scale of any perceived deficiencies or disadvantages;
- the potential benefits and costs arising from reforming the law in any particular sphere;
- the desirability of having a good mix of law reform projects at any given time;
- the expertise of the appointed Commissioners and their legal staff;
- the Commission's resources; and

- the question of whether any other agency (for example, a particular Government Department) is better equipped (e.g. on account of expertise or resources) to undertake law reform in a given area.

Publication of Second Programme

The full content of the Northern Ireland Law Commission's draft Second programme has been completed and submitted to the Minister of Justice in June 2011.

The bail law and multi unit development law projects from the First Programme have been continued into the Second Programme.

On approval by the Minister, the programme will be laid before the Northern Ireland Assembly in Autumn 2011 and published.

Corporate governance arrangements

Commission Board

During the period of this report the Chairman, the four Commissioners and the Chief Executive met approximately on a monthly basis.

Progress in each of the reform projects were discussed at these meetings.

In accordance with the Management Statement and Financial Memorandum agreed between the Commission and the DOJ, the Chief Executive has particular leadership responsibilities for:-

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

The Board meetings were a forum where the Chief Executive on a regular basis provided assurance information to the Chair and Commissioners on how she was taking forward the above responsibilities.

The corporate governance procedures and arrangements for the Commission, including finance and accountancy arrangements were operated in accordance with DOJ and DFP requirements.

Spend and decision making during the period was carried out in accordance with these governance arrangements and the Management Statement and Financial Memorandum. The Commission has continued to build upon the achievements of previous financial years and has once again contained expenditure within the funding resources made available from the sponsor Department.

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

An annual Business Plan for the period was drawn up and agreed with the DOJ.

Pension Liabilities

Staff pension arrangements are provided through the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) arrangements which are administered by Civil Service Pensions (CSP). The Chairman's pension arrangements are through the Northern Ireland Judicial Pension Scheme. Stakeholder pension scheme arrangements for Commissioners were agreed with sponsoring department, with the same benefits and contributions that are reflected in the PCSPS (NI) Nuvos Scheme. Further information in relation to pensions is included in the remuneration report, in accounting policy note 1.12 and in note 6.2 to the accounts.

Payment to Suppliers

The Commission's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

In terms of the overall performance for 2010-11, 96.5% (2009-10: 92.7%) of invoices were paid within 10 working days following receipt of a properly rendered invoice.

Equality of Opportunity

The Commission is fully committed to the promotion of equality and good relations, as set out in Section 75 of the Northern Ireland Act 1998. The Commission takes into account equality issues throughout its Law Reform Projects and Internal Services.

Law Reform Projects

The Commission introduces equality considerations at the beginning of each law reform project and builds up its understanding of these issues through effective consultation throughout the course of the project - particularly working with groups representing the nine categories of Section 75. In this way the Commission can be confident that its law reform recommendations, and any draft legislation presented to the DOJ, are fully equality proofed and tested on the need to build good relations between persons of differing beliefs, political opinion or racial group.

Recruitment to the Commission

Recruitment to the Commission adheres strictly to Northern Ireland Civil Service (NICS) and HR Connect recruitment policies and procedures. These take full account of equal opportunities statutory obligations and best practice. All Commission recruitment panel members are given relevant training.

Public procurement of services

The Commission procures its services through public tender exercises assisted by DFP Central Procurement Directorate (CPD) where necessary. The Commission adheres carefully to the guidelines and procedures set down by CPD. These take full account of equal opportunities statutory obligations and best practice. Commission procurement panel members are given relevant equal opportunity training.

Equality Scheme

Following the Review of Effectiveness of Section 75 and the Equality Commission's response to an Equality Scheme submitted to the Equality Commission in January 2010, the Commission is currently drawing up a new Equality Scheme based on the revised guidance issued by the Equality Commission. Consultation on the new Scheme will ensure that all relevant parties are provided the opportunity to contribute to the final version. Once the Scheme has been finalised and submitted to the Equality Commission, it will be available to view on the Commission's website in November 2011.

Employee Involvement

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

Register of Interests

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

Auditors

Prior to the devolution of policing and justice functions in Northern Ireland, the Financial Statements were audited by the Comptroller and Auditor General (who heads the National Audit Office) and reported to Parliament. Financial statements for 2010-11 onwards are audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to Northern Ireland Assembly. His certificate and report is produced at pages 39 to 40.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit fee for the work performed by NIAO during the reporting period, and which relates solely to the audit of these Financial Statements, was £8,500 (2009-10 £11,620). Audit charges for 2009-10 included additional costs for the audit of the implementation of International Financial Reporting Standards. During the year the Commission did not receive any non-audit services from its auditor, the Northern Ireland Audit Office (2009-10: £nil).

NIAO may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. No such activity took place during the year.

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

The internal audit fee for the period is £1,745 (2009-10: £4,537). These costs are included in note 7 of the Administration Costs on page 54.

Statement of Disclosure of Information to Auditors

So far as the Chief Executive is aware:

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

Publications 2010-11

Title	Published
Consultation Paper: Vulnerable Witnesses in Civil Proceedings - NILC 4 (2010)	April 2010
Consultation Paper: Business Tenancies - NILC 5 (2010)	June 2010
Annual Report and Accounts 2008-09 - HC 28	July 2010
Consultation Paper: Second Programme of Law Reform - NILC 6 (2010)	August 2010
Consultation Paper: Bail in Criminal Proceedings – NILC 7 (2010)	October 2010
Report: Land Law - NILC 8 (2010)	December 2010
Report: Business Tenancies - NILC 9 (2011)	March 2011
Annual Report and Accounts 2009-10 – HC 853	March 2011

These publications are available on our website www.nilawcommission.gov.uk

Management Commentary

The Commission's business plan for 2010-11 sets out the objectives for that period.

Progress against these strategic and business objectives is described below.

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

STRATEGIC OBJECTIVES

1.1 To build and maintain effective governance and working practices that effectively support the objectives of the Commission and are in accordance with the rules and guidance governing NDPBs.

In year targets:

- Continue to develop the Commission's financial control systems to ensure compatibility with DOJ accounting systems and which comply with audit requirements for the period ending 31 March 2011.
Target achieved
- Prepare Statement of Accounts for the 2009/10 financial year and submit to the Comptroller and Auditor General for audit by 31 July 2010.
Target not Achieved - Annual Report and Accounts submitted to the Northern Ireland Audit Office on 28 September 2010.
- Publish Annual Report and Accounts for 2009/10 by 30 November 2010.
Target not achieved - Published 24 March 2011
- Prepare and publish an Annual Business Plan for 2010/11.
Target achieved
- Conduct an annual review of NILC risk register by end of January 2011.
Target achieved

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

Effective internal financial control and records database systems for the Commission are in place. Quarterly oversight meetings with DOJ sponsoring division continued, including ongoing support in terms of budgetary management and financial monitoring.

Project risk registers are monitored and updated on a regular basis.

It was decided by the Commission's Board not to proceed with the Memorandum of Understanding with Northern Ireland Departments until the new post devolution arrangements are in place.

1.2 To take forward a Training and Development Plan

In year targets:

- Personal Performance Agreements (PPAs) and Personal Development Plans (PDPs) to be drafted and agreed in line with DFP Core Competence Framework by 30 June 2010.

Target achieved

- Ensure appropriate staff development opportunities are identified and developed into a one year Training and Development Plan by 30 September 2010.

Target achieved

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

1.3 To build an effective legal staff complement within the terms of the Commission's resources

In year targets:

- To put in place a business tenancies and multi-unit developments project legal resource by April 2010.

Target achieved

Following an open recruitment competition conducted in January 2010, a Senior Principal Legal Officer (SPLO) lawyer was appointed on 1 April 2010 for a 3 year fixed term period.

Strategic Aim 2: To take forward the Commission's First Programme of Law Reform for Northern Ireland.

STRATEGIC OBJECTIVES

2.1 To reform aspects of the land and property law

In year targets:

- To complete Final Report together with draft legislation by December 2010.
Target achieved - Report published 15 December 2010

2.1.1 To review the law and practice in relation to the redemption of ground rents and the law of adverse possession

In year targets:

- To complete consultation process by 30 April 2010.
Target achieved – Supplementary consultation ended 30 April 2010
- To analyse responses to the consultation and make recommendations for reform of the areas for inclusion in the Final Report on land law.
Target achieved – Included in Report published 15 December 2010

2.2 To carry out a review of the practice and law relating to bail

In year targets:

- Publication of consultation paper in late summer/autumn 2010.
Target achieved – Published September 2010 with the consultation period running until 31 January 2011
- Roadshows, publicity and conference during autumn/winter 2010.
Target achieved – a number of events ran during the consultation period to promote response to the Bail consultation, including the NILC Annual Conference held on 30 September 2010
- Initial discussion with legislative draftsman/ commencement of drafting during winter 2010/spring 2011.
Target achieved – Bail team met with legislative drafters on 24 March 2011

2.3 To carry out a review of certain aspects of business tenancies law

In year targets:

- Publication of consultation paper in April 2010.
Target substantially achieved – Published 1 June 2010

- Approval of Final Report by Board by November 2010.
Target substantially achieved – December 2010
- Publication of Final Report and draft legislation by January 2011.
Target substantially achieved – Report sent to printers in January 2011 and subsequently laid before the NI Assembly and published in March 2011

2.4 To reform the law and procedures relating to vulnerable witnesses in civil cases.

In year targets:

- To complete consultation exercise at end of June 2010.
Target achieved
- To receive, collate and analyse responses to the Consultation Paper – during July to September 2010.
Target achieved
- Final Report completed and approved in-house (but not published) – by March 2011.
Target substantially achieved – report delayed awaiting unforeseen additional DOJ approvals for procurement of legislative drafting services, together with sickness absence of project lawyer

2.5 To reform the law and procedures relating to multi-unit (domestic) developments (apartments).

In year targets:

- Commence drafting of consultation paper during May 2010.
Target not achieved – Target revised due to the complexity of issues arising during the project scoping phase and the need to reallocate additional legal resources to the project
- To commence engagement with key stakeholders during May and June 2010.
Target achieved - A series of stakeholder meetings have continued throughout the pre-consultation period, followed by a questionnaire issued in February 2011 to apartment owners / owners' management companies to ascertain the views of this key stakeholder group
- "Issues emerging" paper to be available no later than March 2011.
Target achieved – completed in Autumn 2010 and comments received from experts in property law

Strategic Aim 3: To develop a Second Programme of Law Reform for the period 2011-2014 (now ending 2015 in line with Budget 2010 CSR period).

STRATEGIC OBJECTIVES

3.1 To publically consult on a draft Second Programme in May 2010 and to present a Second Programme of Law Reform to the Secretary of State in October 2010.

In year targets

- Finalisation of draft consultation paper by September 2010.
Target achieved – Consultation paper published 9 August 2010
- End of consultation period – 31 December 2010.
Target achieved – Consultation ended 31 October 2010
- Submission to Department of Justice – early/mid February 2011.
Target not achieved – Submission delayed until after the NI Assembly Elections in May 2011 and appointment of new Minister of Justice
- Second Programme of Law Reform issued – by 31 March 2011.
Target not achieved – Rescheduled awaiting approval of the new Minister of Justice post NI Assembly Elections

Forward look to 2011-12

The resources of the Commission during the next year (2011-12) will be focused on completing the projects rolled over from the First Programme (Bail law and Multi-unit developments) and commencing work on the new projects contained within the Second Programme of Law Reform.

The work involved will be a combination of stakeholder engagement, desk research, policy analysis and the publication of consultation and report papers.

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

Sickness absence data

The reported average number of working days lost due to sickness for 2010-11 was 12.5 days (2009-10: 6.6 days).

Personal data related incidents

During the financial year 2010-11, the Northern Ireland Law Commission reported no incidents of personal data related incidents.

Commitment to Environmental, Social and Community Matters

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

The Commission, despite its small size, is concerned to ensure that it minimises its environmental impact. The Commission has continued its commitment to reducing waste, implementing a policy to recycle waste paper, cardboard and spent printer toner cartridges. In addition, our modern office premises incorporates an extensive range of energy saving systems, including automatic lighting, zoned air conditioning, and water systems.

Full Membership of the Commission during 2010-11

COMMISSION BOARD

Chairman

The Honourable Mr Justice McCloskey

Commissioners

Professor Sean Doran (Barrister-at-Law)

Mr Neil Faris (Solicitor)

Mr Robert Hunniford (Lay Commissioner)

Dr Venkat Iyer (Law Academic)

Chief Executive

Ms Judena Goldring Solicitor

Mr Ken Millar (Interim Manager from 16/06/10 until 05/08/10)

LEGAL TEAMS

Land Law Project

Mrs Sarah Witchell LLB, Solicitor (until 31/12/10)

Professor John Wylie LLM (Harvard), LL.D. (Belfast), Professor of Law at Cardiff University (Consultant) (until 31/12/10)

Mrs Diane Drennan LLB, M Phil, Solicitor (until 31/12/10)

Mrs Leigh McDowell LLB, Solicitor (until 31/12/10)

Bail Project

Ms Katie Quinn LLB, MSc

Mrs Patricia MacBride BA, J.D., Attorney-at-law - (Legal Researcher)

Miss Joan Kennedy BCL - (Legal Researcher until 31/08/10)

Vulnerable Witnesses

Ms Clare Irvine LLB, Solicitor

Ms Nicola Smith BA (Int), LLB, LLM - (Legal Researcher)

Business Tenancies and Multi Unit Developments

Ms Imelda McAuley LLB, LLM

Mrs Rebecca Ellis LLB, (Hons), Solicitor - (Legal Researcher)

Legislative Draftsman (for Vulnerable Witnesses and Bail projects)

Mr Ronan Cormacain LLB, LLM (Legislative Draftsman Consultant)

Second Work Programme

Ms Catherine O'Dwyer BA Hons, M.A., PhD - (Legal Researcher from 01/11/10)

BUSINESS SUPPORT TEAM

Business Manager - Mr Derek Noble

Communications & HR Manager - Mrs Cathy Lundy

Personal Secretary to Chairman & Chief Executive - Ms Paula Martin

Administrative Officer - Mr Andrew McIlwrath

Administrative Officer - Miss Joanne Kirk (from 06/12/10)

Administrative Officer - Mr Chris Gregg BA Hons (until 22/10/10)

Remuneration Report

Remuneration Policy

The remuneration of directly recruited staff employed by the Commission is in line with Northern Ireland Civil Service (NICS) pay agreements. Performance is appraised by line managers of achievement against agreed objectives and targets.

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

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

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

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

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

The report covers the remuneration of the Chief Executive, Chairman and Commissioners for the period they were in post during 2010-11. The Commissioners are covered by FReM's definition of "directors".

Service Contracts

Appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The code 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. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Salary and pension entitlements

The following sections provide details of remuneration and pension interests of the Chairman and most senior management of the Commission.

Remuneration – Audited information

	Salary	2010-11 Bonus Payments	Benefits in kind (to nearest £100)	Salary	2009-10 Bonus Payments	Benefits in kind (to nearest £100)
	(£'000)	(£'000)		(£'000)	(£'000)	
Ms Judena Goldring <i>Chief Executive</i>	50-55 (80-85 full time equivalent)	-	-	60-65 (80-85 full time equivalent)	-	-
Robert Hunniford <i>Commissioner</i>	30-35	-	-	30-35	-	-
Prof. Sean Doran <i>Commissioner</i>	15-20	-	-	15-20	-	-
Neil Faris <i>Commissioner</i>	30-35	-	-	30-35	-	-
Dr Venkat Iyer <i>Commissioner</i>	15-20	-	-	15-20	-	-

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

The Commission's Chairman, Mr Justice McCloskey was appointed on 2 November 2009 for a three year period.

The Chairman is a member of the judiciary and is appointed by the Lord Chancellor. Judicial salaries are paid directly from the Consolidated fund and from DOJ funds the related pensions in the year of account. Judicial pay increases are decided by

Government after taking advice from the Senior Salaries Review Board in the year of account.

The time spent by the Chairman on Commission duties during the year was on average one day per week. The cost of time spent on Commission duties by Mr Justice McCloskey for 2010-11 was £32,952 (2009-10: £12,427) of which £25,648 (2009-10: £9,688) was reimbursed by the Commission to the Consolidated Fund and £7,304 (2009-10: £2,739) was reimbursed to the NIO. The cost of time spent on Commission duties by the previous Chairman, Mr Justice Morgan for 2009-10 was £13,880 of which £10,837 was reimbursed by the Commission to the Consolidated Fund and £3,043 was reimbursed to the Northern Ireland Court Service.

The Chief Executive was on a period of absence from 11 May to 13 August 2010. During the period from 16 June 2010 to 5 August 2010, Mr K Millar undertook the role of Interim Manager and Interim Accounting Officer. His services were supplied under contract and remuneration was received by way of a daily fee. The amount paid in respect of this role was £8,803, and is included under staff costs.

Salary

'Salary' includes gross salary; performance pay; overtime; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation and any gratia payments. This report is based on payments made by the Commission and thus recorded in these accounts.

Benefits in kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010-11 relate to performance in 2010-11 and the comparative bonuses reported for 2009-10 relate to the performance in 2009-10.

Pension Entitlements – Audited information

	Accrued pension at age 60 as at 31/3/11 and related lump sum £000	Real increase in pension and related lump sum at age 60 £000	CETV at 31/3/11 £000	CETV at 31/3/10* £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Ms Judena Goldring <i>Chief Executive</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	384	353	7	800
Robert Hunniford <i>Commissioner</i>	0-5	0-2.5	33	21	9	-
Sean Doran <i>Commissioner</i>	0-5	0-2.5	12	8	3	-
Neil Faris <i>Commissioner</i>	0-5	0-2.5	43	29	11	-
Venkat Iyer <i>Commissioner</i>	0-5	0-2.5	12	7	4	-

* The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011, pensions payable under classic, premium and classic plus are increased in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

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

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

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 CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

Judicial Pensions Scheme arrangements

The Chairman is a member of the Judicial Pensions Scheme. The terms of the pension arrangements are set out in (or in some cases are analogous to), the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions and Retirement Act 1993 (JUPRA).

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

The contribution rate required from the Judicial Appointing or Administering Bodies to meet the cost of benefits accruing in the year 2010-11 has been assessed as 32.15% (2009-10: 32.15%) of the relevant judicial salaries. This includes an element of 0.25% as a contribution towards the administration costs of the scheme. A contribution rate of 32.15% has been recommended for the year commencing 1 April 2012.

The liability for future payment is not chargeable to the Department of Justice but is a charge on the Judicial Pensions Scheme. The Department of Justice is unable to identify its share of the underlying assets and liabilities. Similarly, as the Chairman works part time for the Commission it is not possible for the Commission to identify its share of the underlying assets and liabilities. There is a separate scheme statement for the Judicial Pensions Scheme as a whole and a full actuarial valuation was carried out as at 31 March 2009. Details of the Resource Accounts of the Ministry of Justice: Judicial Pensions Scheme can be found on the Ministry of Justice website www.justice.gov.uk.

Payments of £7,304 for 2010-11 (2009-10: £5,782) were made to the Northern Ireland Court Service in respect of pension costs of the Chairman.

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 CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The actuarial factors used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Services pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

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.



Judena Goldring
Chief Executive and Accounting Officer
18 October 2011

Statement of Accounting Officer's Responsibilities

Under paragraph 6(2) of Schedule 9 to the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Department of Justice has directed the Northern Ireland Law Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net expenditure, changes in taxpayers' equity, cash flows for the financial year and balances held at year end.

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

- observe the Accounts Direction issued by the Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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

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 Commission's policies, aims and objectives, whilst safeguarding the public funds and public assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland* as the guidance relevant for the year of account.

I ensure that sufficient staff resources are secured and allocated to the agreed work programme, ensure the efficient and effective deployment of all NILC resources, and provide advice direction and line management to the NILC staff with a view to achieving the Commission's legal, strategic and operational objectives and targets.

I am responsible for the recruitment and secondment of lawyers, researchers and administrators to the Commission, and ensure that pay and rewards are consistent with DOJ and DFP guidance and the agreed pay remits (for both Senior Civil Service and Northern Ireland Civil Service grades).

I liaise with the DOJ sponsoring Department on governance issues, within the context of quarterly oversight meetings with the Department.

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 the Commission's 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 Commission for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with DFP Guidance.

Capacity to handle risk

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

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

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that all public funds made available to the Commission are used for the purpose intended by the Assembly, and that such monies, together with the Commission's assets, equipment and staff, are used economically, efficiently and effectively;

- ensure that secure and appropriate protocols and procedures are in place and complied with regarding ad hoc departmental referrals and/or joint projects with its counterparts;
- ensure that adequate internal management and financial controls are maintained by the Commission, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained.

Leadership has been given to the risk management process by the Commission Board ensuring that all project managers review and evaluate their key risks and controls on a regular basis.

The risk and control framework

The Commission Board, assisted by the project steering groups, maintains and reviews the system of risk and internal control within the Commission, by continually monitoring progress on the Programme of Law Reform, to ensure that objectives set within the programme and Strategic and Business Plans are achieved.

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

The DOJ FSD processed all Commission related payments during the period of this report and produced monthly expenditure reports.

In addition, quarterly oversight meetings with the DOJ required under the Management Statement and Financial Memorandum continued to be held during the year. At these meetings a range of key financial, personnel and governance matters are permanent items on the agenda, together with a report from the Commission's Chief Executive on progress towards achievement of key work programme objectives and targets.

There were no protected personal data related incidents during the year.

Internal Audit Programme

In accordance with the internal audit plan for the year ended 31 March 2011, the following reviews were carried out:-

Review of Financial processes and Budgetary control - The objective of the assignment was to assess the appropriateness and effectiveness of systems and controls at the Commission relating to financial processes and budgetary control. The scope of the review extended to:-

- Roles and responsibilities in relation to budgeting and financial management, including written policies and procedures;
- Agreement of funding allocation with Sponsoring Department;
- Setting budgets;
- Budgetary control mechanisms;

- Performance monitoring;
- Budget flexing / remedial actions; and
- Maintaining accountability for managing performance.

Subsequent internal audit report overall conclusion and assurance noted that there were no priority issues required to be addressed. An overall conclusion and assurance rating of Substantial was given.

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

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

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. 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 Commission 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 will develop plans to address any identified weaknesses and ensure continuous improvement of the system is in place.

Current systems in place include the following:

- regular reviews by senior management of risks at all levels within NILC;
- the establishment and regular monitoring of key performance and risk indicators;
- all relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of the Commission's policies, aims and objectives and, where necessary, are brought to the attention of the Board;
- annual internal audit reviews have commenced by independent auditors to test the adequacy and effectiveness of systems of internal control as defined in the Government Internal Audit Manual;
- twice yearly Stewardship Statements are returned by the Commission's Chief Executive to the DOJ sponsoring division to provide assurance that appropriate and effective systems of internal control and secure data management are in operation;

- the Commission recognises the need for appropriately handling information used for operational and reporting purposes, particularly where it is used by third parties. Risks to information and protectively marked data are managed in line with DFP records management systems, internet and email usage policies, and ICT network services are provided and managed by NICS IT Assist Enterprise Shared Services Centre;
- in addition the DOJ Financial Services Division (FSD) processed all payments during the period of this report and produced monthly budget and financial management reports;
- FSD monthly nominal ledger expenditure reports are checked and reconciled against NILC payments database both in terms of accuracy and appropriateness, and a detailed monthly report produced for the Chief Executive and Accounting Officer;
- procurement exercises are conducted in line with DOJ policies and procedures in accordance with guidance and advice received from the DFP Central Procurement Directorate; and
- the Commission has introduced an additional quality assurance process (to be performed by officials with appropriate professional qualifications within the DOJ sponsor division before draft annual report and accounts are submitted for audit). This improves the timescales for delivery of Annual Reports and Accounts.



Judena Goldring
Chief Executive and Accounting Officer
18 October 2011

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Law Commission for the year ended 31 March 2011 under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Northern Ireland Law Commission and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Law Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Law Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Northern Ireland Law Commission's affairs as at 31 March 2011 and of its net expenditure, cash flows and changes taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and directions issued thereunder by the Department of Justice; and
- the information given in the Chief Executive's Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with the Department of Finance and Personnel guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
11 November 2011

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	2010-11 £	2009-10 £ (restated)
Expenditure			
Staff costs	6	678,438	556,926
Depreciation	8	49,877	50,604
Other expenditure	7	284,945	311,988
Net Expenditure		<u>1,013,260</u>	<u>919,518</u>
 Other Comprehensive Expenditure			
	Notes	2010-11 £	2009-10 £
Net gain on revaluation of Property, Plant and Equipment	7, 8	(8,346)	(7,783)
Total Comprehensive Expenditure for the year ended 31 March 2011		<u>1,004,914</u>	<u>911,735</u>

The notes on pages 45 to 58 form part of these accounts.

Statement of Financial Position as at 31 March 2011

	Notes	2011 £	2010 £
Non-current assets:			
Property, plant and equipment	8	481,487	527,652
Total non-current assets		<u>481,487</u>	<u>527,652</u>
Current assets:			
Trade and other receivables	10	9,161	13,939
Total current assets		<u>9,161</u>	<u>13,939</u>
Total assets		<u>490,648</u>	<u>541,591</u>
Current liabilities			
Trade and other payables	11	(137,286)	(120,437)
Total current liabilities		<u>(137,286)</u>	<u>(120,437)</u>
Non-current assets less net current liabilities		<u>353,362</u>	<u>421,154</u>
Assets less liabilities		<u>353,362</u>	<u>421,154</u>
Taxpayers' equity			
Revaluation reserve		23,983	18,715
General reserve		329,379	402,439
		<u>353,362</u>	<u>421,154</u>

The financial statements on pages 41 to 58 were approved by the Commission on 18 October 2011 and were signed on its behalf by:



Judena Goldring
Chief Executive and Accounting Officer
18 October 2011

The notes on pages 45 to 58 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2011

	Notes	2011 £	2010 £ (restated)
Cash flows from operating activities			
Net expenditure		(1,013,260)	(919,518)
Decrease / (increase) in trade and other receivables	10	4,778	(2,959)
Increase in trade and other payables	11	16,849	42,853
Loss on disposal of property, plant and equipment	7	4,119	-
Excess downward revaluation of property, plant and equipment	7	72	-
Depreciation	8	49,877	50,604
Net cash outflow from operating activities		<u>(937,565)</u>	<u>(829,020)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	-	(3,358)
Net cash outflow from investing activities		<u>-</u>	<u>(3,358)</u>
Cash flows from financing activities			
Grants from parent department		937,565	832,378
Net financing		<u>937,565</u>	<u>832,378</u>
Increase/(decrease) in cash and cash equivalents in the period		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		<u>-</u>	<u>-</u>

The notes on pages 45 to 58 form part of these accounts.

Statement of Taxpayers' Equity for the year ended 31 March 2011

	Notes	General Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2009		487,314	13,197	500,511
Changes in Taxpayers' Equity for 2009-10				
Grant from Parent		832,378	-	832,378
Net gain on revaluation of property, plant and equipment	8	-	7,783	7,783
Transfer between reserves		2,265	(2,265)	-
Net expenditure (restated)	2	(919,518)	-	(919,518)
Balance at 31 March 2010		<u>402,439</u>	<u>18,715</u>	<u>421,154</u>
Changes in taxpayers' equity for 2010-11				
Grant from Parent		937,565	-	937,565
Net gain on revaluation of property, plant and equipment	8	-	8,418	8,418
Disposal on property, plant and equipment	8	-	(515)	(515)
Transfer between reserves		2,635	(2,635)	-
Net expenditure		(1,013,260)	-	(1,013,260)
Balance at 31 March 2011		<u>329,379</u>	<u>23,983</u>	<u>353,362</u>

The notes on pages 45 to 58 form part of these accounts.

Notes to the Northern Ireland Law Commission's Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2010-11 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are 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 property, plant and equipment.

The accounts are stated in Sterling, which is the Commission's functional and presentational currency.

1.2 Property, plant and equipment

Property, plant and equipment are capitalised at their cost of acquisition and installation and are revalued annually by reference to appropriate indices compiled by the Office for National Statistics.

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

1.3 Impairment

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

1. Statement of accounting policies (continued)

1.4 Depreciation

Depreciation is provided so as to write-down the Commission's assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in above.

All categories of property, plant and equipment 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.

Estimated useful lives, which are reviewed regularly, are:

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

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

1.5 Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised on the Commission's Statement of Financial Position when the Commission becomes party to the contractual provisions of the instrument on a trade date basis. Financial assets are de-recognised when the Commission no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Trade and other receivables

Trade and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment. The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

1. Statement of accounting policies (continued)

1.5 Financial instruments (continued)

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Net Expenditure evenly over the lease term.

1.7 Grants receivable from parent department

Grants from parent department represents funding received from the Department of Justice and is credited to the general reserve.

1.8 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Commission discloses for accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.9 Value added tax

All items in these accounts are exclusive of VAT which is recovered on a departmental basis.

1.10 Notional charges

Notional charges, in respect of services received from other government departments/agencies, are included to reflect the full economic cost of services.

1.11 Related party transactions

Costs in respect of services received from other government departments/agencies, are included prepayments and accruals but are disclosed in the notes to the accounts in accordance with FReM.

1. Statement of accounting policies (continued)

1.12 Pension costs

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

1.13 Employee Benefits

Under IAS 19 an employer should recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for the service. The Commission has therefore recognised both annual and flexi leave entitlements that have been earned at the year end but not yet used. These are included in current liabilities.

2. Prior period adjustments

In accordance with the 2010-11 FReM it is no longer a requirement to calculate a cost of capital charge for the year. The 2009-10 year has been adjusted to reflect this change in accounting policy with comparatives in the Statement of Comprehensive Net Expenditure, Statement of Cashflows and the Statement of Changes in Taxpayer's Equity being restated. Under IAS 8, a change in accounting policy would also require the restatement of the opening balances for the earliest period presented in the Statement of Financial Position. However, in this instance the removal of the cost of capital has no impact on the Statement of Financial Position, and as such the opening figures at 1 April 2009 are not presented.

The effect on Net Expenditure in the prior period is as follows:

	£
Net expenditure for 2009-10	935,722
Adjustments for:	
- Removal of cost of capital	(16,204)
Restated net expenditure for 2009-10	<u>919,518</u>

3. Adoption of new and revised standards

3.1 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2011

The Commission has reviewed the remaining standards, interpretations and amendments to published standards that became effective during 2010-11 and which are relevant to its operations. The adoption of these standards has not had a significant impact on the financial position or results of the Commission.

In addition, the Commission has considered the additional or revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FReM) 2010-11. Other than as outlined in the table below, the Commission considers that these changes are not relevant to its operations.

Chapter in FReM 2010-11	Area affected	Description of revision	Comments
11	Income and Expenditure	The removal of Cost of Capital charging from accounts.	<p>Applies to all public sector bodies. Guidance issued by HM Treasury meant that this change was budgetary neutral. No impact on the Commission other than disclosure.</p> <p>2009-10 comparatives have been restated accordingly to exclude cost of capital charges. Prior year expenditure included within Net Expenditure decreased by £16,204 as a result of this restatement. The decrease was off-set by a corresponding reduction in the level of notional charges against the General Fund. Further details are contained in Note 2.</p>

3. Adoption of new and revised standards

3.2 Accounting standards, interpretations and amendments to published standards not yet effective

The Commission has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within the *Government Financial Reporting Manual (FReM) 2011-12* and considers that these changes are not relevant to its operations.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2011 or later periods, but which the Commission has not adopted early. Other than as outlined in the table below, the Commission considers that these standards are not relevant to its operations.

Standard	Description of revision	Application date	Comments
IAS 24	Related Party Disclosures - Revised definition of related parties	Annual periods beginning on or after 1 January 2011	Inclusion of a partial exemption for government-related entities. Given that the FReM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact.

4. Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

4.1 Depreciation of property, plant and equipment

Depreciation is provided in the so as to write-down the Commission's assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.4.

4.2 Impairment of property, plant and equipment

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

4.3 Pension and other post retirement benefits

The Commission accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates.

5 Analysis of net expenditure by segment

IFRS 8 Operating Segments requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or accumulations of operating segments. These are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in addressing performance. Due to the size and nature of the Commission, it is managed as a single segment, with all staff (and the Commissioners) contributing to the organisation's overall performance. As such, performance is not disaggregated for evaluation by the chief operating decision maker and so performance has not been disaggregated by operating segment in these financial statements.

6 Staff numbers and related costs

6.1 Staff costs comprise:

	2010-11			2009-10
	Total £	Permanently employed staff £	Others £	Total £
Wages & Salaries	607,607	292,104	315,503	497,230
Social Security Costs	21,106	21,106	-	21,140
Pension Costs	49,725	49,725	-	38,556
Total costs	678,438	362,935	315,503	556,926

Other staff includes staff on secondment, agency and temporary staff and contract staff. Included in the seconded staff costs is an amount of £32,952 (2009-10: £26,307) relating to the salary, employer's national insurance contributions and pension costs of the Chairman.

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

6.2 Pensions

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

For 2010-11, employers' contributions of £49,725 were payable to the PCSPS (NI) (2009-10: £38,556) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. From 2011-12, the rates will be in the range 18% to 25%. The contribution rates are set to meet the costs of the benefits accruing, during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2009-10: £nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5%

of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £nil (0.8% of pensionable pay), were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2009-10: £nil). Contributions prepaid at that date were £nil (2009-10: £nil).

The Remuneration Report on pages 27 to 33 contains detailed pension information.

6.3 Average number of persons employed

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

	Total	Permanent	2010-11 No Other	2009-10 No
Chairman	-	-	-	-
Commissioners	1	1	-	1
Direct Staff	6	6	-	3
Other Staff	8	-	8	8
Total	15	7	8	12

6.4 Reporting of Civil Service and other compensation schemes - exit packages

No redundancy and other departure costs have been paid in the current or prior year in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Commission has agreed early retirements, the additional costs are met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme.

7 Other expenditure

	2010-11 £	2009-10 £
Rentals under operating leases	74,083	82,418
Accommodation and power	48,246	55,981
General office expenditure	7,803	5,029
Conference fees	954	386
Training	2,652	8,730
Advertising	1,161	12,983
Office rates	39,055	37,214
Subscriptions	871	801
Legal services	40,900	46,286
Accountancy services	6,480	6,480
Publications	35,496	26,842
Materials	4,233	6,489
Travel and subsistence	5,371	5,128
Audit fee	8,500	11,620
Internal audit	1,745	4,537
Miscellaneous	3,204	1,064
Non-cash items		
Excess Downward Revaluation Of Property, Plant And Equipment	72	-
Loss on disposal	4,119	-
Total	<u>284,945</u>	<u>311,988</u>

During the year the Commission did not receive any non-audit services from its auditor, the Northern Ireland Audit Office (2009-10: £nil).

8 Property, plant and equipment

	Leasehold Alterations £	Computer Equipment £	Office Equipment £	Total £
Cost or valuation				
At 1 April 2010	562,717	22,179	55,768	640,664
Disposals	-	(13,986)	-	(13,986)
Revaluations	5,807	(1,310)	5,121	9,618
At 31 March 2011	568,524	6,883	60,889	636,296
Depreciation				
At 1 April 2010	92,081	11,000	9,931	113,012
Charged in year	41,347	3,351	5,179	49,877
Disposals	-	(9,352)	-	(9,352)
Revaluations	950	(590)	912	1,272
At 31 March 2011	134,378	4,409	16,022	154,809
Net book value at 31 March 2011	434,146	2,474	44,867	481,487
Net book value at 31 March 2010	470,636	11,179	45,837	527,652
Asset financing 2011:				
Owned	434,146	2,474	44,867	481,487

8 Property, plant and equipment (continued)

	Leasehold Alterations £	Computer Equipment £	Office Equipment £	Total £
Cost or valuation				
At 1 April 2009	559,611	17,200	51,199	628,010
Additions	-	1,625	1,733	3,358
Revaluations	3,106	3,354	2,836	9,296
At 31 March 2010	562,717	22,179	55,768	640,664
Depreciation				
At 1 April 2009	50,874	5,009	5,012	60,895
Charge in year	40,925	5,034	4,645	50,604
Revaluations	282	957	274	1,513
At 31 March 2010	92,081	11,000	9,931	113,012
Net Book Value				
At 31 March 2010	470,636	11,179	45,837	527,652
Net Book Value				
At 31 March 2009	508,737	12,191	46,187	567,115
Asset financing				
2010:				
Owned	470,636	11,179	45,837	527,652
Asset financing				
2009:				
Owned	508,737	12,191	46,187	567,115

9 Financial instruments

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Department of Justice, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk.

10 Trade receivables and other current assets

	2010-11 £	2009-10 £
Amounts falling due within one year		
Other Receivables	9,161	13,939
	<u>9,161</u>	<u>13,939</u>

No intra-government balances are included within trade and other receivables at year end (2010: £nil).

11 Trade payables and other current liabilities

	2010-11 £	2009-10 £
Amounts falling due within one year		
Accruals	137,286	120,437
	<u>137,286</u>	<u>120,437</u>

Intra-government balances are as follows:

	2010-11 £	2009-10 £
Balances with other central government bodies	93,870	8,321
Balances with bodies external to government	43,416	112,116
	<u>137,286</u>	<u>120,437</u>

12 Capital commitments

There were no capital commitments at 31 March 2011 or 31 March 2010.

13 Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2010-11 £	2009-10 £
Obligations under operating leases for the following periods comprise:		
Building leases		
Not later than one year	91,858	91,858
Later than one year and not later than five years	367,432	367,432
Later than five years	505,219	597,077
	964,509	1,056,367
	964,509	1,056,367

14 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities at year end (2009-10: £nil).

15 Related-party transactions

During the reporting period the Northern Ireland Law Commission was an independent advisory Non-Departmental Public Body sponsored by the Department of Justice. These bodies are regarded as related parties with which the Commission has had various material transactions during the year.

In addition, the Commission had a small number of material transactions with other central Government bodies. Most of these transactions have been with:

- Northern Ireland Office
- Department of Justice
- Northern Ireland Courts and Tribunals Service
- Department of Finance and Personnel

As noted on page 29, Mr K Millar undertook the role of Interim Manager and Interim Accounting Officer during the period 16 June 2010 to 5 August 2010. His services were supplied under contract and remuneration was received by way of a daily fee. The amount paid in respect of this role was £8,803. No other board member, key manager or other related parties has undertaken any material transactions with the Commission during the year.

16 Events after the Reporting Period

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

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