

JUDICATURE (NORTHERN IRELAND) ACT 1978

Funds in Court in Northern Ireland

Statement of Accounts 2021-22

Accounts of Funds in Court of the Court of Judicature of Northern Ireland and of the county courts in Northern Ireland in respect of the year ended 31 March 2022 together with the Certificate and Report of the Comptroller and Auditor General thereon.

*Laid before the Northern Ireland Assembly
under section 78(3) of the Judicature (Northern Ireland) Act 1978,
as amended by Schedule 18 Paragraph 22 of the Northern Ireland Act 1998
(Devolution of Policing and Justice Functions) Order 2010
by the Department of Justice on behalf of the Comptroller and Auditor General*

on

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Performance Report

Overview

This overview provides a summary of the activities and performance of the Court Funds Office for the year ended 31 March 2022.

Foreword by the Accountant General

I present the Statement of Accounts for Funds in Court in Northern Ireland for the year ended 31 March 2022.

The Court Funds Office (CFO), which is a business unit of the Northern Ireland Courts and Tribunals Service (NICTS), continues to administer the funds held in court on behalf of minors and individuals who are deemed incapable of managing their own affairs by way of mental incapacity. As at 31 March 2022, £343m was held in court, up from £319m as at 31 March 2021.

I was appointed to the role of Accountant General from 26 July 2021, following Anthony Harbinson's temporary promotion to Permanent Secretary of the Department of Agriculture, Environment and Rural Affairs and subsequent retirement. I wish him all the best for the future.

This year presented similar challenges to the last one, as the COVID-19 global pandemic continued to have an adverse effect, with further lockdowns and restrictions. As CFO provides essential services to some of the most vulnerable members of society, it is extremely important that these services are able to continue uninterrupted. I am pleased to report that the staff in CFO continued to meet the challenges head-on and, with determination and commitment, ensured that all services continued with minimal disruption.

During the year, a project under the umbrella of the Digital Transformation Team progressed to develop a new IT system for the Office of Care and Protection and the Official Solicitor's Office. The intention is that the new system will integrate with the existing CFO system, leading to efficiencies in communication, sharing of information and an improved payment process. The project is due for completion in spring 2023.

In 2021, a decision was taken to revise the investment performance targets, from absolute targets to inflation-based targets. This was a timely decision, as inflation rose significantly in late 2021 / early 2022, so it ensures that the performance of client investments is measured in real terms, with a target of meeting or exceeding long-term inflation depending on the type of portfolio.

In closing, I would like to thank the staff of CFO for their commitment and hard work during the year, and particularly when responding to the COVID-19 pandemic. Despite the challenges faced, the staff continue to deliver a high quality service to all clients.



Glyn Capper
*Accountant General of the
Court of Judicature of Northern Ireland*

Statement of Purpose and Activities

The Court Funds Office

The Court Funds Office conducts the business of the Accountant General of the Court of Judicature of Northern Ireland and has been delegated the administrative responsibilities for funds in court. CFO is an office of the court, but administratively it operates as a discrete business unit within the Northern Ireland Courts and Tribunals Service, an agency of the Department of Justice (DoJ). It manages the funds held in court on behalf of clients, including:

- those who are deemed by the court to be incapable of managing their own affairs due to mental incapacity, or those who are wards of court. These cases relate predominately to the Court of Judicature.
- minors for whose benefit funds are lodged into court, usually as a result of a compensation award. These funds are held in court until the client claims their fund after they reach 18 years old, unless a court order instructs otherwise. These cases will arise both in the Court of Judicature and county courts.
- suitors involved in legal action where money is paid into CFO. These are cases in the Court of Judicature or the county courts. Monies are lodged into court in satisfaction or against costs as a token of intention to proceed with civil litigation. CFO will hold such monies until authorised to release them.

In addition, CFO holds funds for the Chancery Division of the Court of Judicature which acts as a receiver of last resort for the assets of individuals, partnerships or companies. CFO also holds all monetary bails received in the Court of Judicature and the county courts. Bails are retained by CFO until the court directs them to be remitted once the case has been dealt with.

The Accountant General is required to keep proper accounts in respect of funds held in court, in accordance with section 78(1) of the Judicature (Northern Ireland) Act 1978 (“the 1978 Act”). Where reference is made to the 1978 Act in this document, it should be interpreted to mean the 1978 Act, as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

This Statement of Accounts has been prepared in accordance with the direction given by the Department of Finance (DoF) in pursuance of section 78(2) of the 1978 Act.

CFO operates under the Court Funds Rules (Northern Ireland) 1979 (“the Rules”). Following the devolution of justice, the rules are made by DoJ with the concurrence of DoF, in exercise of the powers conferred by section 82(1) of the 1978 Act.

Bank accounts

The Accountant General is required by section 79(1) of the 1978 Act to maintain a bank account for the receipt and payment of Court of Judicature and county court monies. Accounts for this purpose are held with Danske Bank, enabling the Accountant General to meet the immediate cash requirements of CFO clients.

Monies in excess of the amount required to satisfy current demands are transferred to the Commissioners for the Reduction of National Debt (CRND) for investment. Funds are then drawn down from CRND, through the NICTS Investment Account, when additional money is required for investment transactions or to meet payments out of court.

Principal Risks and Uncertainties

Risk management is integrated into the activities of NICTS by linking risk directly to the achievement of objectives. NICTS implements effective risk management arrangements, which are detailed in a Risk Management Policy Statement. These include developing, monitoring and reviewing an Agency Risk Register which identifies the key risks, those responsible for ensuring that the risks are managed, and the action that will be taken to manage/mitigate them.

Senior management are responsible for the day to day management of risk, with the Agency Board owning the overall risk management framework. The Head of CFO is responsible for ensuring the management systems within CFO are robust in respect of accountability, critical challenge and oversight of risk. Risk management is taken forward as an integral part of the business planning process and is monitored on a quarterly basis by the NICTS Audit and Risk Assurance Committee.

There are seven risks appearing on the CFO Risk Register at the end of 2021-22:

Risk 1: Investment risk

Risk 2: Failure to progress outstanding NIAO VFM review or PAC recommendations

Risk 3: Incorrect / inconsistent data

Risk 4: Fees not applied correctly

Risk 5: Cost recovery shortfall

Risk 6: Compliance with General Data Protection Regulations

Risk 7: COVID-19

Performance Summary

Number of cases

The number of minor and patient cases with funds in court decreased from 12,749 at 31 March 2021 to 12,374 at 31 March 2022. During the year, a total of 1,620 minor and patient cases were paid out in full with funds being received for 1,245 new cases. The fall in the number of cases with funds in court reflects the number of guardians that opted to transfer a minor's fund into a Junior Cash ISA when given the opportunity to do so.

CFO operational performance

A number of performance targets relating to CFO were published in the NICTS Business Plan for 2021-22. The targets (and the performance achieved) are as follows:

Task	Measure of Performance	Target	Achieved
Receipts	Receipt transactions will be posted on the day of receipt in respect of cheques, cash and money orders	95.0%	99.8%
	Receipt transactions will be posted within two working days of receipt in the bank in respect of direct credits	95.0%	99.9%
	Receipts will be posted within seven working days of the Registrar's payment date in respect of dividends	90.0%	99.3%
Payments	Payments will be made within five working days of receiving the relevant paperwork in respect of payments made: <ul style="list-style-type: none"> ○ to minors reaching 18 years old; ○ on foot of a court order or invoice; or ○ on receipt of a Notice of Acceptance 	95.0%	99.8%
	Regular payments will be made on or before the due date	95.0%	99.7%
Investments	Transactions will be completed within five working days of the relevant trade date in respect of sales and purchases of stock	98.0%	99.8%
Customer Services	Letters of confirmation that funds have been received by the Court Funds Office will be issued within five working days of receipt of funds in full in respect of minor cases	95.0%	99.9%
Accounts	Draft accounts to be issued to Comptroller and Auditor General for Northern Ireland in line with statutory deadline	By 30/11/21	Issued 15/06/21

All of the performance targets were achieved in 2021-22.

CFO modernisation

NICTS has proposed a number of steps that could be taken to introduce a modern and more flexible approach in the management of minors' and patients' funds. However, some of these proposals require significant and complex legislative changes and so cannot be taken forward immediately with current resources.

One such proposal was to offer clients the opportunity to transfer funds into an existing Junior Cash ISA, if a suitable investment alternative was not available if the funds remained in court. This allows a child's fund to benefit from higher interest rates available on these products, and the award would remain protected until the child reached 18. This proposal was fully implemented during the year.

During the year, a project progressed to develop a new IT system for the Office of Care and Protection and the Official Solicitor's Office. The new system is planned to integrate with the existing CFO system, leading to efficiencies in communication, sharing of information and an improved payment process. The project is due for completion in spring 2023.

Performance Analysis

Results for the year

The results for the year are detailed on page 29 and show a surplus for the year of £16,000 (2020-21 deficit of £42,000).

The fund reported an overall surplus in 2021-22 as the Bank of England base rate increased during the year from 0.10% to 0.75%. However, as with 2020-21, the fund did not generate sufficient income to enable any funds to be drawn down towards the running costs of CFO. The surplus for the year has been added to the accumulated reserves brought forward.

The introduction of fees in January 2017 ensures that CFO clients make a contribution to the running costs of the office. A total of £594,000 was payable to NICTS for the year to 31 March 2022 (2020-21 £602,000).

DoF have agreed where a deficit results after the deduction of interest payable to CFO clients and CRND management charges, this can be recovered from the Northern Ireland Consolidated Fund (NICF). In 2021-22, the amount recoverable totalled £29,000 (2020-21 £21,000) and this has been added to the reserves.

The accumulated reserves carried forward as at 31 March 2022 totalled £61,000 (31 March 2021 £16,000). Under section 39(2) of the 1982 Act, all of the accumulated reserves are ultimately payable to NICF.

Performance of client portfolios

Client income for the year, including interest allocated to their accounts, totalled £2.9m, equivalent to 0.8% of client holdings at year end (2020-21: £3.2m or 1.0%). Income has reduced compared with last year, primarily due to a reduction in dividends received. There has been a switch to some investment holdings that are accumulating units rather than distributing units.

Total client holdings increased from £318.7m to £343.0m during the year. Accounting for net receipts from clients of £17.6m and net transfers of investments to clients of £4.7m, this represents an increase value of £11.4m (3.6% of client holdings at the start of the year). The gain in valuation of securities held on behalf of clients was £8.5m (2020-21: £24.5m).

Table 1 shows the market value of cash and securities held on behalf of clients as at 31 March 2022 and 31 March 2021.

Table 1	Patients		Minors		Other funds	
	(£000's)		(£000's)		(£000's)	
	31/3/22	31/3/21	31/3/22	31/3/21	31/3/22	31/3/21
Cash Account Balances	25,679	31,343	48,526	46,274	28,887	19,125
Debt Securities	-	-	-	-	-	-
Investment Securities	194,127	178,414	45,406	43,046	-	-
Total	219,806	209,757	93,932	89,320	28,887	19,125

Given the protective role of CFO, and subsequent low risk approach to investment, it had been the policy of CFO to invest the majority of funds lodged into court directly in government gilts (debt securities), as long as this is appropriate. However, the returns on government gilts remain exceptionally low, meaning that they are no longer considered appropriate for direct investment by CFO clients. As a result, no funds were invested directly in gilt holdings during the year.

A portfolio restructuring exercise took place in 2018-19 to replace direct government gilt holdings with a balanced portfolio including some exposure to corporate bonds, other government bonds and equities. Rather than investing directly in gilts, clients' funds are now invested in exchange traded funds (ETFs) with underlying gilt holdings. These provide CFO clients with exposure to a wide variety of gilt holdings.

Overall, client holdings in investment securities increased from £221.5m to £239.5m. Purchases exceeded sales and transfers out by £9.5m, with the overall value of investment securities increasing by £8.5m. The total of £239.5m includes ETFs with underlying holdings in corporate bonds (£35.9m), UK gilts (£15.8m) and other government bonds (£42.8m). There was a reduction in underlying UK gilt holdings during the year as the portfolios were re-balanced in accordance with the recommendations of the investment manager.

Table 2 details the investment activity during the year for minors and patients.

Table 2	Patients		Minors		Total
	Investment Securities		Investment Securities		
	Bonds	Equities	Bonds	Equities	
Underlying holdings	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)
Opening value 1/4/21	80,689	97,725	20,354	22,692	221,460
Purchases	17,558	30,566	3,209	5,631	56,964
Sales	(17,149)	(19,884)	(2,671)	(3,042)	(42,746)
Net transfers out***	(1,422)	(2,697)	(176)	(394)	(4,689)
Internal transfers**	847	1,218	(847)	(1,218)	-
Gain / (Loss) in value	(4,783)	11,459	(1,152)	3,020	8,544
Closing value 31/3/22	75,740	118,387	18,717	26,689	239,533
% gain / (loss) in value*	(6.12)%	10.60%	(5.90)%	12.23%	3.71%

*The percentage gain / (loss) in value has been calculated using the average value of holdings at the start and end of the year.

**Internal transfers occur from minor accounts to patient accounts in cases where a minor becomes a patient once they turn 18.

***Net transfers out represents the value of investments that have been transferred out of court.

For comparison purposes, Table 3 provides a summary of capital returns for certain types of investments for the year, measured by market indices.

Table 3		Index at 31/3/2021	Index at 31/3/2022	Movement in index	% movement in index
Investment securities	FTSE All share	3,831.05	4,187.78	356.73	9.31%
	FTSE 100	6,713.63	7,515.68	802.05	11.95%
	FTSE All World (Ex UK)	501.58	554.58	53.00	10.57%
Debt securities	FTSE Fixed rate gilts up to 5 years	88.12	84.65	(3.47)	(3.94)%
	FTSE Fixed rate gilts 5-15 years	186.27	173.96	(12.31)	(6.61)%
	FTSE Index-linked gilts up to 5 years	302.72	321.64	18.92	6.25%
	FTSE Index-linked gilts 5-15 years	501.06	527.20	26.14	5.22%

The overall capital return on investment securities was positive over the 12 month period to 31 March 2022, despite a fall in value from a peak in December 2021. This continued a strong run from 2020-21 as the economy recovered after the COVID-19 pandemic. With the recent increase in inflation, steps have been taken to reposition the portfolios to react to this.

On average, the capital value of investment securities held by CFO increased in value by just over 3.7%. This reflects the balanced nature of the portfolios, which include underlying investments in corporate and government bonds. Equities held generated significant capital gains, whereas the capital return on investments with underlying bond holdings in the portfolios was negative.

The gilt indices noted above show that index-linked gilts reported positive capital returns whereas fixed rate gilts reported negative returns. As noted above, CFO client funds that were previously invested in direct gilt holdings are now invested in ETFs where the underlying assets are UK gilts and other government bonds. This has allowed CFO clients to gain exposure to a wider range of the gilt and bond market, thus reducing risk due to increased diversification. An allocation to index-linked bonds was added to the portfolios in February 2022.

Our contracted investment managers, Davy Private Clients, have commented in respect of the investment performance within the Investment Manager's Report on page 10. They have also provided a factsheet in respect of each of their target portfolios, which can be found in Appendix A.

Five Year Performance

The investment strategy recommended by Davy Private Clients is with a long-term view in mind and, for this reason, clients' funds are only invested if they are likely to be held in court for more than five years. Table 4 provides a summary of the portfolio returns for the last five year period.

Table 4	2017/18	2018/19	2019/20	2020/21	2021/22	Five year average
	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)
Capital return Gain / (Loss)	(4,929)	8,898	(7,164)	24,484	8,544	5,967
Portfolio income (Dividends/Interest)	4,086	4,272	4,334	3,150	2,764	3,721
Total Portfolio Return	(843)	13,170	(2,830)	27,634	11,308	9,688

The five year period has generated an overall positive capital return and this should be added to the portfolio income to get the total portfolio return. The average annual total return for the five year period is almost £10m and with an average portfolio value of £211m, this equates to an average annual return of 4.6%. This is in line with the targeted annual returns of the portfolios, which range from 2% to 5% depending on the level of risk in the portfolio.

Auditors

The statement of accounts for Funds in Court in Northern Ireland is audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the 1978 Act.

The audit of the financial statements for 2021-22 resulted in a notional audit fee of £14,150 (2020-21: £13,800). This charge is included within non-staff programme costs within the accounts of NICTS. The C&AG did not provide any non-audit services during the year.



Glyn Capper

*Accountant General of the
Court of Judicature of Northern Ireland*
13 March 2023

[The following report has been provided by Davy Private Clients UK, who are contracted to provide investment portfolio management services to CFO]

Investment Manager's Report

This report comprises three sections:

1. Review of the investment markets in the period to 31 March 2022
2. Outlook for the year ahead
3. Portfolio Positioning

Review of investment markets in the period to 31 March 2022

We entered the reporting period grinding our way out of a third lockdown, with growth forecasts rising off historic lows and more stimulus on the way. The main questions that investors will be asking themselves for the period is whether the rapid recovery in markets was too fast or too strong and what pathway inflation might take as we leave lockdown.

The bounce in the economy and expectations

During the first lockdown, when everything ground to a halt, economic forecasts were dire. And they weren't far off, with Q2 2020 seeing the largest ever recorded drop in GDP (Gross Domestic Product). But with central banks supporting the financial system and governments spending trillions to replace lost wages and activity, we avoided a genuine depression. So, when lockdowns were eased, the economy was able to bounce, and in Q3 of 2020 we saw the largest recorded increase in GDP.

While optimists cheered, pessimists warned that this was a false recovery and that the economy would collapse once the money taps were turned off. Since then, we've had Biden and Democratic victories with the promise of continued spending, and earlier-than predicted vaccine approvals, expectations for 2021 soared. But the doubters now had a new worry – that we've had too much financial support and all this extra money will lead to inflation. Although the US economy and employment levels will be below the pre-Covid trend for several more years, the Biden stimulus bill was larger, in pure dollar terms, than the output gap. In contrast, the economic decline in Europe had been worse, and the road to recovery will be longer, even with the vaccination success in the UK.

What might bring the end of the cycle?

As we've discussed before, cycles end in three different ways. The most common way is for the economy to overheat (high inflation), causing the central bank to tighten conditions (raise rates and restrict lending), usually leading to a recession. The less common way is for the financial system to overheat and break down. This is more painful as it usually involves unwinding debt and asset bubbles. The third way for a cycle to end is via a shock event, like a military or health crisis, which brings a temporary halt to the economy. We did expect to see higher inflation, at the beginning of the reporting period (Q2 '21), mainly because it's a 12-month measurement, and prices slumped in Q2 2020.

Most importantly the Fed (US Federal Reserve) have been clear that they are prepared to allow inflation to run above their 2% target for some time, until they see maximum employment.

Looking at our business cycle indicator, the economy began the period, not close to overheating. It was our view that the output and jobs gap should act as a buffer for a few more years. However, we are wary that the longer the economy is allowed to run warm, the higher

the risk that the financial system overheats too, with unsustainable borrowing pushing asset prices to bubble levels. While the market cycle was unusually advanced for so early in a recovery, we note that the private credit cycle has still not extended too far, except for China.

Figure 1: Business Cycle Indicator (March 2021)



Temperature rising

In our 2022 outlook edition of MarketWatch, we listed military conflict as one of the potential risks on the horizon, but we did not expect the horrendous violence that we are seeing now. The West has turned up the heat by applying much stronger sanctions than expected, and the long-dormant Cold War is raging again. Even with China watching from the side-lines, geopolitical temperatures are at their highest in decades.

With prices already rising fast in the booming post-COVID-19 economy, the prospect of energy shortages have lifted inflation indices to their highest levels in 40 years. Central banks committing to hike interest rates are calling to mind the “stagflation” 1970s and early 1980s, when inflation and rates reached double digits and growth stalled. We note though, that the economy is stronger and less energy dependent now than it was back then, and rates are far lower, but the risk is not zero.

It’s not surprising that the markets are churning, and investors are scratching their heads. Unlike the early 1980s, major stock indices are only a few percent off their all-time highs, and valuation ratios are well above long-term averages. How can the market still be running so hot with inflation so high and policymakers tightening conditions? Underneath the surface though, different styles and sectors are showing more sensitivity to the economic conditions.

What’s different this time?

Firstly, we are starting from an unusually low interest rate. The 3% (approx.) of hikes that the Federal Reserve (the Fed) now projects would still only bring us to a low level by historical standards, and after inflation, the real rate would still be negative or close to zero. Also, governments have taken a more active role recently in supporting the economy, and so, overall conditions will still be highly accommodative.

On the downside, while interest rates have been on a downward trend since the 1980s, debt levels have risen significantly. Household and bank debt are much lower than before the GFC (Global Financial Crisis), but government debt and corporate debt are near all-time highs. Central banks are aware of the potential impact of higher rates, and we expect them to tread carefully.

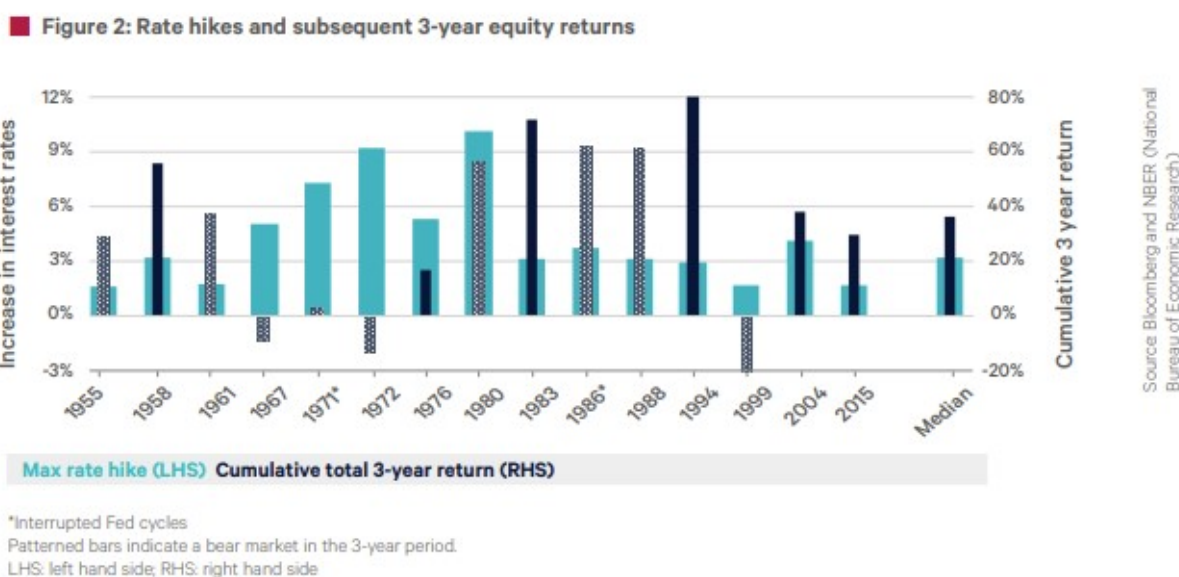
What does this mean for investors?

Cash: Higher interest rates should make cash more attractive, but rates are still likely to remain below inflation for years to come, meaning cash will continue to lose its real value.

Bonds: Long-term bond yields have already risen by over 1% in the past six months, causing bond returns to suffer their worst start to a year in over 40 years. Now with the damage done, and some yield cushion in place, it might be tempting for investors to look at bonds again. We caution that yields may yet rise further, and even at these higher levels, will likely remain below inflation for some time.

Currencies: In the long run, currencies from higher inflation economies depreciate as they lose their spending power faster. In the shorter-term investors are attracted to higher yielding currencies, even though these yields may reflect higher inflation. The US dollar, with its higher inflation and rate prospects, is also the world’s reserve currency and haven in times of crisis. As fears recede and other central banks raise rates, the US dollar may give back some of its recent gains.

Equities: The stock market’s mood is usually driven by prospects for corporate profits, and so the macroeconomic conditions around rate increases can be more important than the interest rates themselves. Raising rates in a strong economy can be a vote of confidence, leading to higher markets, whereas hiking aggressively to stop inflation can seem desperate and scare investors away. Figure 2 shows the historical performance of the S&P 500 index, since 1950, for the three years following the start of each Fed cycle.



We see that markets generally did well as rates rose. The median return of 37% even includes several bear markets. However, there were episodes where rate hikes were followed by flat or even negative three-year returns. These were almost all in the high inflation period of the 1970s, with their aggressive interest rate policies. Looking beneath the market surface to the sector level, we find more differentiation. Defensive sectors, such as healthcare or staples, tended to out-perform as rates rose, while cyclicals, such as technology and materials, did worse. The cyclical exceptions were financials, which tended to benefit from rising rates, and energy stocks, which did well in fast or high inflation cycles when energy prices were causing the inflation.

Commodities: Unless central banks tighten the economy into a recession, demand will not be the issue for most commodities. Physical and political supply constraints, which will not be solved by higher rates, will continue to drive the price of energy and some metals. The exception is gold, whose price tends to move inversely to real yields. As rates rise and inflation eventually cools off, this could put gold under downward pressure.

Portfolio Positioning

Infrastructure and property were the standout allocations for the period. Both holdings benefit from a degree of equity beta in rising markets and given their correlation with inflation, suffered more muted falls than equity and bond markets towards the end of the period.

Our focus on quality companies caused a slight drag on performance vs. the benchmark. The factors that we discussed above led to a repricing of “growth” stocks and this sell-off was indiscriminate as to the type of growth. Quality stocks tend to have higher growth than the benchmark index though we believe that these will be supported in the longer-term by strong brand power and lower earnings volatility.

The period saw a rebalance of holdings across the portfolios which served several purposes. Firstly, we removed home bias within both our equity and our fixed income allocation. The decision was not a call on the UK, and we think that moving forward a global allocation is both more flexible and diverse. Secondly, given that we think returns may be muted in comparison to recent years, we have increased the active management split in the portfolio across several holdings. Our final change was split into two parts. It looks increasingly likely that bond/ equity correlation might rise in future years, and we also are facing the prospect of higher interest rates. To avoid the negative effects of this in portfolios, we reduced the duration (exposure to interest rates) of our fixed income and incorporated inflation-linked bonds. Further, alternative assets look more attractive in the medium term as they are expected to have low correlation to traditional asset classes.

**Davy Private Clients UK
May 2022**

Accountability Report

Accountant General of the Court of Judicature of Northern Ireland

Glyn Capper was appointed Acting Director of NICTS effective from 26 July 2021 and he was also designated as Accountant General of the Court of Judicature of Northern Ireland from that date, replacing Anthony Harbinson.

Statement of the Accountant General's Responsibilities

Under section 78(1)(b) of the Judicature (Northern Ireland) Act 1978 as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 the Accountant General is required to prepare a statement of accounts for each financial year in a form directed by DoF. The accounts are prepared on an accruals basis and must give a true and fair view of the income and expenditure for the financial year and the balances held at the year end.

In preparing the accounts, the Accountant General is required to comply with International Financial Reporting Standards, adapted and interpreted for the public sector context, having regard to the *Government Financial Reporting Manual* (FReM) and in particular to:

- observe the Accounts Direction issued by DoF, 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 FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accountant General has been appointed as Accounting Officer for the funds in court. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the funds, for keeping proper records and for safeguarding assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money Northern Ireland* (MPMNI).

The Accountant General is required to confirm that the statement of account as a whole is fair, balanced and understandable and that he takes personal responsibility for the statement of account and the judgements required for determining that it is fair, balanced and understandable.

So far as the Accountant General is aware, there is no relevant audit information of which the auditors are unaware. The Accountant General has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.

Governance Statement

Scope of responsibility

As Accountant General of the Court of Judicature in Northern Ireland, I have responsibility, as a statutory officer, for funds in court. I have delegated the administrative responsibilities for funds in court to CFO. CFO is a discrete business unit within NICTS, which itself is an agency of DoJ and is managed within the control framework of NICTS.

As an agency of DoJ, NICTS operates under a framework document that has been agreed by DoJ and DoF. The agency framework document sets out the arrangements for the effective governance, financing and operation of NICTS. The NICTS Framework Document is currently being reviewed and updated by NICTS.

As Acting Director of NICTS, I am responsible for the day-to-day operation and administration of the organisation and the leadership and management of its staff. I am also accountable for the NICTS budget and the efficient and effective delivery of NICTS business. Managerial responsibility for CFO rests with the Head of Corporate Services.

Purpose of the governance framework

The governance framework is the system which ensures the effectiveness of the direction and control of NICTS. As Accounting Officer, I have established a governance framework and management structure to support me in the management of the key risks for NICTS, including CFO. The framework is not designed to eliminate all risk but to manage risk to a reasonable level. The framework is based on an ongoing process which is designed to identify and prioritise the risks to the achievement of policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

Governance framework and management structure

During 2021-22, NICTS complied with the key principles of the Corporate Governance in Central Government Departments – Code of Good Practice (Northern Ireland) 2013 which it considered applicable. The key management structures which support the delivery of effective corporate governance in NICTS and CFO are detailed below:

NICTS Agency Board

The Agency Board (the Board) provides a vital role in shaping and directing the organisation to ensure it is equipped to deliver high quality and cost effective services to court and tribunal users. The Board is responsible for business and corporate planning and reporting and the oversight of the functions of NICTS including finance, planning, performance and policy initiatives. The Board operates within the parameters of the agency framework document and the agreed terms of reference. The framework document is published on the NICTS website.

The Board met on four occasions during the 2021-22 financial year. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest they are provided with an agenda and all papers to be discussed five working days before the meeting. During 2021-22, no potential conflicts of interest were identified in relation to CFO.

NICTS Finance Committee

The Finance Committee (the Committee) is a sub-committee of the Agency Board and assists the Board with financial oversight and budgetary control. The terms of reference for the Committee are included in the agency framework document.

The role of Finance Director in NICTS is performed by the Head of Corporate Services who advises the Committee on any material issues concerning financial oversight and budgetary control, including CFO. Management information on funds in court is presented to the Committee at each meeting. The Committee met on four occasions during 2021-22. After each meeting, the Head of Corporate Services provides a highlight report to the Board covering the main issues discussed by the Committee.

NICTS Audit and Risk Assurance Committee (ARAC)

The ARAC is a sub-committee of the Agency Board and its role is to provide the Board and myself, as Accounting Officer, with independent assurance over the adequacy and effectiveness of the established internal control and risk management systems within NICTS, including CFO. ARAC monitors the effective implementation of all agreed audit recommendations; examines the effectiveness of the overall risk management process; and receives assurance from the NICTS Risk Co-ordinator.

ARAC operates in accordance with the Audit Committee Handbook (Northern Ireland) which was published on 29 May 2013 and updated on 1 April 2018. Although ARAC primarily considers matters within NICTS, including CFO, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The terms of reference for ARAC are included in the framework document.

ARAC met on five occasions during 2021-22. After each meeting, the Chair of the committee presents a report to the Agency Board covering the main issues discussed by the committee. Matters considered include:

- NIAO audit strategy and reports to those charged with governance;
- Internal Audit plan, including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- Risk management and corporate governance;
- Fraud governance and fraud reporting; and
- Annual reports and accounts.

Court Funds Judicial Liaison Group

The Court Funds Judicial Liaison Group (JLG) provides a forum for the judiciary to express their views in relation to CFO operations. The JLG is provided with an up-to-date overview of investments and a six-monthly review of investment performance. A representative of the contracted investment manager presents the six-monthly investment performance report and is in attendance at all meetings to respond to any queries from the JLG in respect of the investment performance or any related issues.

Meetings are usually held at least once per legal term. The Group met on three occasions during 2021-22. Matters discussed include:

- Investment performance;
- Investment portfolio models;
- Non-invested patient funds; and
- Environmental, Social and Governance (ESG) considerations.

CFO Management Team

The CFO management team also contributes to the governance framework of CFO. The team consists of the CFO Business Manager, the Office Manager and managers of each team within CFO. The team meets regularly to review the performance of CFO and address any other business issues that arise. The team is also responsible for preparing the CFO risk register on a quarterly basis.

The CFO Business Manager meets with the Head of Corporate Services on a monthly basis to discuss the performance of CFO and report on progress against the CFO Business Plan.

Full details of the membership and attendance of the Board, its sub-Committees and the Judicial Liaison Group are shown in Tables 5-8 on pages 22 and 23.

NICTS Emergency Response Team (ERT)

In addition to the above structures the ERT was formed to deal with COVID-19 specific issues. Initially the focus was on managing the immediate impact of the pandemic on court business, compliance with the public health guidance and the varying degrees of restrictions introduced by the Assembly. The ERT continued to meet as required during 2021-22, for example to consider the impact of emerging variants, and can be reconvened if the circumstances arise.

Risk management and internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of NICTS, including CFO, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in MPMNI.

Internal Control

The system of internal control is not designed to eliminate all risk of failure, but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts. This accords with DoF guidance.

NICTS has in place a range of policies and processes to ensure that it is compliant with MPMNI, policies and guidance issued by DoJ and financial delegations granted by DoJ and DoF.

Risk Management

Risk management forms a central element of the governance framework. Risk management is championed by the Head of Corporate Services, with the Agency Board owning the overall risk management framework.

The Agency aims to assess and effectively manage risk in the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Departmental Risk Management Framework is in line with best practice set out in the NIAO report on 'Good Practice in Risk Management'.

The framework details the approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management.

This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Board provides leadership and direction in managing the risk environment in which the agency operates. Each Head of Division provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Board, the Audit and Risk Assurance Committee and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level are documented in risk registers and reviewed during the year. CFO management contributes fully to this process.

Risk management is considered formally by senior management through quarterly reviews of the Corporate Risk Register. The overall arrangements of the Agency for effective risk management include:

- an approach to risk management that aligns directly with that of the Department;
- an agreed risk appetite in line with the DoJ's policy;
- Branch, Directorate and Corporate Risk Registers to identify and escalate the risks threatening to impact upon the achievement of the Agency's objectives;
- Board review of corporate risks;
- Audit and Risk Committee agenda focusing specifically on risk management;
- structures in place to assess and report on information risk; and
- Stewardship Statements from managers, providing formal assurance on their management of risk for their respective business areas.

A key element of the Agency's risk and control framework is a professionally led Internal Audit function that works to Government Internal Audit Standards. It reviews the overall arrangements for managing risk, provides assurance, and reports any matters of concern to the ARAC. Assurance is also obtained from NIAO who present their report to ARAC following the statutory audit of the Agency's Annual Report and Accounts.

Emerging risks are identified, considered and managed; all risks are assessed in terms of their probability of occurrence and impact on the achievement of objectives, then scored and reported on accordingly. The corporate risk appetite is set by the Board and used as a starting point for setting levels of risk tolerance. Managers and Heads of Division escalate risks which have exceeded specific risk appetites to the next level of management.

The Senior Management Team completed a review of the Corporate Risk Register in September 2021 focussing on the strategic risks linked to the delivery of the Business Plan. Agency Board members completed a refresher course focusing on the "Effective Board" in January 2022 with part of the course content focusing specifically on risk management.

The Corporate Risk Register continues to be reviewed regularly by the Board and is presented routinely to ARAC each quarter. NICTS operates a process to enable escalation of risks to the DoJ Corporate Risk Register if risks breach NICTS tolerance levels. Assurance on risk management is provided to DoJ in the form of bi-annual stewardship statements, which are signed by the Accounting Officer.

Information assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in accordance with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of departmental groups including the Information Risk Owners' Council, Accreditation Panel and Security Managers' Forum. In addition, bi-annual updates on records and information management are provided to ARAC.

Data incidents are reported and managed in line with the DoJ Security Incident Reporting policy. Minor or low risk incidents are recorded and managed locally by NICTS. Major incidents involve an actual data breach which may result in the Information Commissioner's Office (ICO) taking enforcement action or could cause potential harm/distress to individuals. Any such incidents are reported to the DoJ Information Security (IS) Team to allow for potential notification to the ICO within 72 hours of becoming aware of the incident.

During 2021-22 there were no incidents within CFO that were required to be reported to the ICO. The findings from all investigated information assurance incidents are reviewed to identify any lessons learned and, where appropriate, existing processes amended.

The Information Assurance Risk Register continues to be reviewed at every meeting of IROC and the Chief Information Officer presents a report for discussion covering all incidents.

The accreditation of the network and infrastructure is the responsibility of DoF Enterprise Shared Services, which has confirmed that these elements of its service are fully accredited. NICTS is responsible for only accrediting the aspects of the service that relate to line of business systems. Typically this relates to the operating system, database and application software. Full accreditation certificates have been issued by DoJ for all NICTS line of business systems, including the CFO systems.

Annual IT Health Checks on all NICTS line of business systems were completed in 2022.

IT Assist, part of DoF Enterprise Shared Services, provides and hosts all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster Recovery tests were completed in October 2021 for the main NICTS line of business applications and are currently being planned for early 2023. The accreditation of the network and infrastructure are the responsibility of DoF Enterprise Shared Services, who have confirmed that these elements of its service are fully accredited.

NICTS continues to monitor and review the application of information assurance policies (including a series of unannounced clear desk inspections) to ensure data is handled appropriately and that any associated risks are identified and managed.

Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across NICTS which includes:

- Agency Board;
- Audit and Risk Committee with independent membership;
- Governance reviews;
- Annual governance statement;
- Stewardship statements; and
- Independent reviews by Internal Audit.

The CFO Business Manager prepares a stewardship statement for submission to the NICTS Head of Corporate Services on a bi-annual basis.

I received additional comfort from the inter-departmental assurance report relating to shared services provided to the various NI departments, by the DoF Head of Internal Audit. This report offers an update on the key business areas and provides satisfactory assurance.

The Head of Internal Audit has provided overall **Satisfactory Assurance** over the NICTS systems based on the work carried out during the year. In relation to CFO, an internal audit carried out during 2021-22 provided overall **Satisfactory Assurance**.

In addition to the planned internal audit programme, an independent review of non-invested patient's and minor's funds was commissioned by the Accountant General during the year. This report provided **Limited Assurance** on some aspects of the systems by which patient funds were invested, leading to delays in the process in some cases.

NICTS Agency Board Effectiveness

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. Information received is considered to be of a high standard and allows the Board to be kept informed of any issues it needs to be aware of, or take action on, to support decision making and drive improvement.

A review of effectiveness of the Board was commissioned in March 2022 and the findings will be analysed and presented to the Board during 2022-23. Governance training was provided for the Board in January 2022 and the Board has considered the scheduling of its meetings, the format of the papers presented and reviewed the standing items. The Board considers that it is fulfilling its governance requirements.

Significant internal control issues

A review of the non-invested patient's and minor's funds in 2021-22 highlighted some delays in the investment and review processes regarding patient cases administered in the Office of Care and Protection (OCP). It has been agreed that there will be regular reviews of relevant cases at senior management level in CFO and OCP to ensure cases are not overlooked and necessary actions are progressed.

Audit recommendations

Internal audit

The 2021-22 report on CFO from the internal auditors made one priority three recommendation which has been fully implemented. This was in relation to the recording of review dates of desk instructions.

Additionally a review of non-invested patient's and minor's funds was carried out in 2021-22 at the request of the Accountant General. The report contained one priority one recommendation for CFO, to carry out regular reviews with OCP to agree actions to progress cases where necessary. This recommendation has been fully implemented. A follow up review is due to be carried out in 2023.

All outstanding recommendations are monitored by ARAC every six months and Internal Audit will confirm implementation of all priority one recommendations.

External audit

The 2020-21 report on CFO from the external auditors made one priority three recommendation which has been fully implemented. This was in relation to the recognition of a partial dividend receipt at the year end.

Accounting Officer Statement on Assurance

NICTS has an established and robust assurance framework that includes primary assurance, through line management structures, on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity.

In addition, independent assurance is provided by the NICS Group Internal Audit and Fraud Investigation Service, operating to Public Sector Internal Audit Standards. Internal Audit delivers an agreed prioritised programme of systems based audits covering all NICTS systems, including CFO, over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done. For the 2021-22 year an overall **satisfactory assurance** was provided.

NICTS has maintained a framework of control to ensure that there are sufficient processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control.

I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support NICTS, including CFO, in delivering its statutory duties and to meet the aims and objectives of the Department, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with MPMNI.

**Glyn Capper**

*Accountant General of the
Court of Judicature of Northern Ireland*
13 March 2023

Table 5 – Membership and attendance at Agency Board for 2021-22

Member	Position	Attendance
¹ Mr G Capper	Acting Director (Chair)	3 / 3
¹ Mr A Harbinson	Acting Director (Chair)	1 / 1
Mr M Goodfellow	Chief Operating Officer	3 / 4
² Karen Ward	Chief Modernisation Officer	3 / 4
Mrs M Kilpatrick	Lady Chief Justice's Office (LCJO)	3 / 4
Mr P Butler	Head of Legacy Inquest Unit	4 / 4
Ms N Lappin	Non-Executive Member	4 / 4
Mr G Dalton	Non-Executive Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4
His Honour Judge Fowler QC, Recorder of Belfast	Judicial Representative	4 / 4
³ Presiding District Judge Bagnall (Magistrates Court)	Judicial Representative	0 / 1
³ Presiding District Judge McGarrity (Magistrates Court)	Judicial Representative	3 / 3
Mr J Duffy (President of the Appeals Tribunal)	Judicial Representative	3 / 4

¹ Mr G Capper was appointed Acting Director of NICTS effective from 26 July 2021; from that date he was designated as Accounting Officer of NICTS. (Mr A Harbinson stepped down as Chair of the Agency Board on 26 July 2021 and was replaced by Mr G Capper).

² Mrs K Ward became a member of the Agency Board on 25 May 2021.

³ Presiding District Judge Bagnall was replaced on the Agency Board by Presiding District Judge McGarrity on 21 June 2021.

Table 6 – Membership and attendance at Finance Committee for 2021-22

Member	Position	Attendance
¹ Mr G Capper	Acting Director of NICTS (Chair)	3 / 3
¹ Mr A Harbinson	Acting Director of NICTS (Chair)	1 / 1
Mr M Goodfellow	Chief Operating Officer	3 / 4
² Mrs K Ward	Chief Modernisation Officer	4 / 4
Mrs L Lavery	Acting Head of Corporate Services	4 / 4
Mr G Dalton	Non-Executive Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4

¹ Mr G Capper was appointed Acting Director of NICTS effective from 26 July 2021; from that date he was designated as Accounting Officer of NICTS. (Mr A Harbinson stepped down as Chair of the Finance Committee on 26 July 2021 and was replaced by Mr G Capper).

² Mrs K Ward became a member of the Finance Committee on 25 May 2021.

Table 7 – Membership and attendance at NICTS ARAC for 2021-22

Member	Position	Attendance
Ms N Lappin	Non-Executive Member (Chair)	5 / 5
¹ The Honourable Madam Justice McBride	Judicial Representative	2 / 3
¹ The Honourable Mr Justice Huddleston	Judicial Representative	2 / 2
² Mrs N McAuley	Non-Executive Member	5 / 5

¹ The Honourable Madame Justice McBride was replaced on the Audit and Risk Assurance Committee by The Honourable Mr Justice Huddleston on 21 October 2021.

² Mrs N McAuley was replaced on the Audit and Risk Assurance Committee by Mr P Cromie on 1 April 2022.

Table 8 – Membership and attendance at Judicial Liaison Group for 2021-22

Position	Member	Attendance
¹ High Court Judge (Chair)	The Rt. Hon. Mr Justice Maguire	1 / 1
¹ High Court Judge (Chair)	The Hon. Mr Justice Rooney	2 / 2
² Accountant General	Mr G Capper	2 / 2
² Accountant General	Mr A Harbinson	1 / 1
Master (Queen's Bench and Appeals)	Master McCorry	2 / 3
Master (Care and Protection)	Master Wells	3 / 3
District Judge	District Judge Duncan	3 / 3
County Court Judge	His Hon Judge Devlin	2 / 3
Official Solicitor	Ms Mairead Holder	3 / 3
Acting Head of Corporate Services	Mrs L Laverty	2 / 3
Deputy Accountant General	Mr R Ronaldson	3 / 3
Office of Care and Protection	Ms O Edwards	3 / 3
Independent member	Mr J West	3 / 3
Independent member (M J Hudson)	Mr J Arthur	3 / 3

¹ The Hon. Mr Justice Rooney replaced The Rt. Hon. Mr Justice Maguire as Chair on 26 May 2021.

² Mr G Capper replaced Mr A Harbinson as Accountant General on 26 July 2021.

FUNDS IN COURT IN NORTHERN IRELAND**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY****Opinion on financial statements**

I certify that I have audited the financial statements of Funds in Court in Northern Ireland for the year ended 31 March 2022 under the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows; and the related notes 1 to 20 including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Funds in Court in Northern Ireland affairs as at 31 March 2022 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Finance directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Funds in Court in Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council’s Revised Ethical and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Funds in Court in Northern Ireland's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Funds in Court in Northern Ireland's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Funds in Court in Northern Ireland is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accountant General with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my audit certificate and report. The Accountant General is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion based on the work undertaken in the course of the audit:

- the information given in the Performance Report, Investment Manager's Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Funds in Court in Northern Ireland and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, Investment Manager's Report and Accountability Report.

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 are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accountant General for the financial statements

As explained more fully in the Statement of Accounting General's Responsibilities, the Accounting General is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accountant General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Funds in Court in Northern Ireland's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accountant General anticipates that the services provided by Funds in Court in Northern Ireland will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Judicature (Northern Ireland) Act 1978 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Funds in Court in Northern Ireland through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the financial reporting framework, International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual;
- making enquires of management and those charged with governance on Funds in Court in Northern Ireland's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Funds in Court in Northern Ireland financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement partner led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - o performing analytical procedures to identify unusual or unexpected relationships or movements;
 - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - o investigating significant or unusual transactions made outside of the normal course of business; and

- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

27 March 2023

Statement of Income and Expenditure for the year ended 31 March 2022

	Note	Year Ended 31 March 2022 £000	2021 £000
Income			
Interest Income	3	192	95
Interest Expense	4	(124)	(85)
Net Interest Income		68	10
Dividend Income		2,764	3,150
Gains Arising from Securities	5	8,544	24,484
Transfer to Client Holdings		(11,308)	(27,634)
Net Income		68	10
Expenditure			
Administrative Expenses - CFO		-	-
Management Charges from CRND		(52)	(52)
Total Expenses		(52)	(52)
Surplus / (Deficit) Transferred to / (from) Reserves		16	(42)

The notes on pages 32 to 39 form part of these accounts

Statement of Financial Position as at 31 March 2022

	Note	31 March	
		2022 £000	2021 £000
Assets			
Cash and Cash Equivalents	6	2,201	1,774
Loans and Advances	7	100,937	94,983
Debt Securities	8	-	-
Investment Securities	9	239,533	221,460
Other Assets	10	442	544
Total Assets		343,113	318,761
Liabilities			
Clients Cash Account Balances	11	103,092	96,742
Clients Holdings in Securities	12	239,892	221,975
Other Liabilities : Payables	13	129	44
Total Liabilities		343,113	318,761

The notes on pages 32 to 39 form part of these accounts



Glyn Capper
*Accountant General of the
 Court of Judicature of Northern Ireland*

13 March 2023

Statement of Cash Flows for the year ended 31 March 2022

	Note	Year Ended 31 March	
		2022	2021
		£000	£000
Cash Flows from Operating Activities			
Net Loans and Advances (repaid) / received		(5,954)	3,866
Cost of Purchases of Securities	15	(56,964)	(54,598)
Proceeds from Sales of Securities	15	42,746	55,322
Interest Received		146	117
Dividends Received	15	2,920	2,944
Receipt from Consolidated Fund		21	-
Expenses		(52)	(127)
Net Cash (Outflow) / Inflow from Operating Activities		(17,137)	7,524
Cash Flows from Client Cash Accounts			
Lodgements from Clients	15	69,003	40,443
Payments to Clients	15	(51,439)	(47,771)
Net Cash Inflow / (Outflow) from Client Cash Accounts		17,564	(7,328)
Net Increase in Cash and Cash Equivalents		427	196
Cash and cash equivalents at 1 April		1,774	1,578
Cash and cash equivalents at 31 March		2,201	1,774

The notes on pages 32 to 39 form part of these accounts

Notes to the Financial Statements

1. Statement of Accounting Policies

These accounts have been prepared in accordance with a direction made by DoF under section 78 of the Judicature (Northern Ireland) Act 1978 as amended by Schedule 18 (22) of the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, and in accordance with applicable International Financial Reporting Standards (IFRS), to the extent that such requirements are relevant to the activities of CFO.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified by the revaluation of certain financial assets and liabilities.

No new accounting standards, interpretations or amendments to existing standards have been issued to be effective in 2021-22 for the first time. In addition, none have been published that are mandatory for accounting periods on or after 1 April 2022 that are relevant to CFO.

1.2 Recognition of Income

Income is recognised in the accounts on the following bases:

- Income on investments is recognised as it accrues rather than on a cash received basis;
- Realised gains and losses on disposals or maturities of investments are taken to the Statement of Income and Expenditure in the period they arise; and
- Valuation gains and losses on securities are recognised in the same way as realised gains and losses and are included in the carrying value of those securities in the Statement of Financial Position (SoFP). This reflects the nature of the holdings, which are held on behalf of third parties and can be ordered to be repaid at any time.

1.3 Critical Accounting Estimates and Key Judgements

There were no critical accounting estimates or assumptions used in the preparation of these accounts.

1.4 Financial Instruments

Financial assets and financial liabilities are recognised in the SoFP on the basis of the contractual provisions of the instrument, and are initially measured at fair value.

Financial assets

Debt securities and investment securities are designated as financial assets held at fair value through profit and loss, and are shown in the SoFP at the market end-of-day mid-prices, which are provided to CFO directly by the stock exchange and the investment manager. The valuation method reflects the nature of the client holdings, which can be ordered to be repaid at any time and it would therefore be inappropriate to designate investment holdings as “Held to Maturity”.

All regular way purchases or sales of financial assets (i.e. those that require delivery of assets within the time frame established by regulation or convention in the marketplace) are recognised and derecognised on a trade date basis.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred, or substantially all the risks and rewards of ownership have been transferred. The difference between the carrying amount of the financial asset derecognised and the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL). Financial liabilities are derecognised when, and only when, obligations are discharged, cancelled or they expire.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

1.5 Administrative Expenses

CFO administrative expenses are accounted for in the NICTS Agency Accounts. The element of these costs that are recovered by NICTS, and the charges levied by CRND are included in the Statement of Income and Expenditure.

1.6 Foreign Currency Transactions

Items included in the statement of accounts are measured using Pounds Sterling, which is the functional and presentational currency.

Foreign exchange gains and losses resulting from re-valuations are taken to the Statement of Income and Expenditure, but as the risk is borne by the clients a balancing transaction is reflected to adjust client holdings in the functional currency. In 2021-22, the level of foreign currency transactions was negligible.

2. Financial Risk Management

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency). CFO does not assume any financial risks in relation to its principal activity of holding funds in court, as the funds comprise solely of third party assets. The financial risks of investing in securities are borne by the clients.

The financial risks of providing the returns on deposit accounts are covered by a guarantee, on the basis that Section 39(2) of the Administration of Justice Act 1982 requires any surplus to be paid to the Northern Ireland Consolidated Fund, and Section 39(3) requires any deficits to be met by the Northern Ireland Consolidated Fund.

3. Interest Income

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Loans and Advances	192	95
Debt Securities	-	-
Total Interest Income	192	95

Interest income was received on debt securities held in 2020-21, but this totalled less than £100.

4. Interest Due to Clients' Accounts

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Court Funds – Deposit Account	12	8
Court Funds – Investment Account	112	77
Total Interest Payable	124	85

5. Gains Arising from Securities

	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Gains Arising from Client Security Holdings	8,544	24,484
Total Gains Arising from Securities	8,544	24,484

6. Cash and Cash Equivalents

Cash and Cash Equivalents include balances held in bank accounts to meet the requirements for the day to day business of the office.

	31 March 2022 £000	31 March 2021 £000
Sterling bank accounts	2,201	1,774
Cash and Cash Equivalent Holdings	2,201	1,774

7. Loans and Advances

Loans and Advances primarily represent call notice deposits placed with the Debt Management Office by the Commissioners for the Reduction of the National Debt.

	31 March 2022 £000	31 March 2021 £000
Call Notice Deposits	100,937	94,983
Loans and Advances Holdings	100,937	94,983

8. Debt Securities

Debt Securities comprised UK Government Gilts held on behalf of clients. The remaining debt securities held matured during 2020-21.

	31 March 2022		31 March 2021	
	Nominal £000	Market Value £000	Nominal £000	Market Value £000
Holdings held on behalf of clients	-	-	-	-
Total Debt Security Holdings	-	-	-	-
Maturity Analysis				
Maturing in less than 3 months	-	-	-	-
Total Debt Security Holdings	-	-	-	-

9. Investment Securities

Investment Securities relate to holdings held by the Accountant General on behalf of clients and comprise:-

- holdings of stocks, shares and loan notes; and
- holdings of National Savings Certificates and Bonds.

	31 March 2022		31 March 2021	
	Holding 000's	Market Value £000	Holding 000's	Market Value £000
Stocks, Shares and Loan Notes	26,408	239,493	24,734	221,333
National Savings and Other Holdings	36	40	119	127
Total Investment Securities	26,444	239,533	24,853	221,460

Fair Value Hierarchy

The fair value of investments has been determined using the following hierarchy:

Level 1: Where there is a quoted price for an identical asset in an active market at the reporting date.

Level 2: Where such quoted prices are unavailable, the price of a recent transaction for an identical asset.

Level 3: Where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not good estimate of fair value.

The investment securities have been included at fair value within these categories as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment Securities at 31 March 2022				
Stocks, Shares and Loan Notes	239,492	-	1	239,493
National Savings and Other Holdings	-	-	40	40
Total Investment Securities	239,492	-	41	239,533
Investment Securities at 31 March 2021				
Stocks, Shares and Loan Notes	221,332	-	1	221,333
National Savings and Other Holdings	-	-	127	127
Total Investment Securities	221,332	-	128	221,460

10. Other Assets

Receivables

Receivables comprise of amounts due from the Consolidated Fund in accordance with Section 39(3) of the Administration of Justice Act 1982.

	31 March 2022	31 March 2021
	£000	£000
Due from Consolidated Fund	29	21
Total Receivables	29	21

Accrued Income

Accrued income reflects interest that has been contractually earned but remains unpaid at the year end and dividends which have been declared and are due but which have not yet been received. It does not include unpaid dividends and distributions on stocks and shares where there is no contractual commitment to make such a distribution. The balance is comprised of the following elements:-

	31 March 2022	31 March 2021
	£000	£000
Holdings with CRND		
Accrued Interest on Deposits	54	8
Total CRND Accrued Interest	54	8
Client Holdings		
Dividends Due	359	515
Total Client Accrued Income	359	515
Total Accrued Income	413	523
Total Other Assets	442	544

11. Clients' Cash Account Balances

The cash balances for which the Accountant General is liable at the year end are:-

	31 March 2022	31 March 2021
	£000	£000
Court Funds placed on Deposit Account	26,889	18,123
Court Funds placed on Investment Account	73,241	76,085
Unclaimed balances (see note 19)	761	760
Other monies	2,201	1,774
Total Cash Balances	103,092	96,742

Other monies include monies paid into court in satisfaction of a judgment, which are only transferred to the Deposit Account if not claimed within 21 days (Court of Judicature) or 28 days (county courts).

12. Client Holdings in Securities

	31 March 2022 £000	31 March 2021 £000
Debt Securities (see note 8)	-	-
Investment Securities (see note 9)	239,533	221,460
Accrued Income (see note 10)	359	515
Total Client Holdings in Securities	239,892	221,975

13. Other Liabilities : Payables

	31 March 2022 £000	31 March 2021 £000
Accumulated Reserves (see note 14)	61	16
Interest Accrued on Clients' Accounts	68	28
CFO Administrative Expenses	-	-
Total Other Liabilities : Payables	129	44

14. Accumulated Reserves

	31 March 2022 £000	31 March 2021 £000
Opening balance	16	37
Surplus for the year	16	(42)
Receipt due from Consolidated Fund (note 10)	29	21
Closing balance	61	16

Under section 39(2) of the Administration of Justice Act 1982, the accumulated reserves are ultimately payable to the Northern Ireland Consolidated Fund.

15. Clients' Receipts and Payments

	Year ended 31 March 2022			Year ended 31 March 2021		
	Court of Judicature £000	County Courts £000	Total £000	Court of Judicature £000	County Courts £000	Total £000
Opening Balance	58,193	38,549	96,742	61,791	38,357	100,148
Receipts from clients	56,315	12,688	69,003	29,255	11,188	40,443
Sales of securities	42,642	104	42,746	52,839	2,483	55,322
Dividends and interest received	2,889	31	2,920	2,913	31	2,944
Total Receipts	101,846	12,823	114,669	85,007	13,702	98,709
Payments to clients	(38,626)	(12,813)	(51,439)	(37,065)	(10,706)	(47,771)
Purchases of securities	(55,928)	(1,036)	(56,964)	(51,689)	(2,909)	(54,598)
Total Payments	(94,554)	(13,849)	(108,403)	(88,754)	(13,615)	(102,369)
Interest credited to client accounts	48	36	84	147	107	254
Transfers between Court of Judicature and county courts	69	(69)	-	2	(2)	-
Closing Balance	65,602	37,490	103,092	58,193	38,549	96,742

16. Movement in clients' securities

	Year ended 31 March 2022		
	Court of Judicature £000	County Courts £000	Total £000
Opening Balance	217,224	4,751	221,975
Purchases of securities	55,928	1,036	56,964
Sales of securities	(42,642)	(104)	(42,746)
Net transfers out	(4,689)	-	(4,689)
Movement in market value	8,290	254	8,544
Movement in accrued income	(156)	-	(156)
Closing balance	233,955	5,937	239,892

17. Financial instruments

The principal activity of the CFO is to hold funds in court on behalf of clients. Funds are held in either an interest bearing bank account or in liquid investments as recommended by the contracted investment manager. Highly liquid holdings are held in order to meet cash flows as they fall due and to generate income that is sufficient to meet the interest obligations to clients.

18. Contingent liabilities

As at 31 March 2022, there were no contingent liabilities.

19. Unclaimed balances

CFO holds a number of accounts that are classified as unclaimed in accordance with rule 55 of the Court Funds Rules (Northern Ireland) 1979. These accounts relate to funds in court where no transactions, other than the credit of annual interest, have been processed for the specified number of years. Before an account is classified as unclaimed, CFO makes all reasonable efforts to facilitate the transfer of the funds to their beneficial owner. To reduce the risk of current and future cases being classified as unclaimed, CFO maintains contact with the guardians and controllers of those with funds in court throughout the life of the case.

Included within the unclaimed balances disclosed in note 11, there are two categories of funds. These are:

- 1) those cases for which the details are known, but the beneficiary of the funds in court has not been able to be traced -

	31 March 2022			31 March 2021		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	305,141	67,027	372,168	305,141	67,027	372,168

- 2) those cases for which the details are unknown –

	31 March 2022			31 March 2021		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	75,080	4,836	79,916	75,080	4,836	79,916
Equities	26,143	-	26,143	18,700	-	18,700

Interest and dividends received since 1995 have been pooled for practical reasons, pending allocation to a specific case when a genuine claim is received and paid out. The total pooled balance of interest and dividends is -

	31 March 2022			31 March 2021		
	Court of Judicature	County Courts	Total	Court of Judicature	County Courts	Total
	£	£	£	£	£	£
Monies on deposit	234,964	74,122	309,086	234,116	74,049	308,165

Total unclaimed funds at the year end are:

- Monies on deposit of £761,170
- Equities valued at £26,143

NICTS publishes details of unclaimed balances held by CFO on its website.

20. Events after reporting period

There were no material events after the reporting period.

The Accountant General authorised these financial statements for issue on 13 March 2023.

Appendix A

Portfolio factsheets

Portfolio Performance Review



Market Review

In many ways, March was a continuation of February. The invasion of Ukraine became more violent and deadly, and western countries ratcheted up their rhetoric and sanctions. Energy prices rose and fell with the headlines. Year-on-year consumer inflation continued to hit new multi-decade highs of 7.9% in the United States, 6.2% in the United Kingdom and 5.9% in the Eurozone. The key economic news was the Federal Reserve raising US rates, for the first time since 2018, to 0.5%, and publishing new “dots”, i.e., rate forecasts, which indicate a rise to almost 2% by the end of 2022 and to 3% for 2023. The Bank of England hiked again to 0.75%, while the European Central Bank pondered the impact of the war on its border. Economists revised down their 2022 growth forecasts by amounts that would normally raise recession concerns, but so far, the momentum from last year is still strong.

Normally the quieter end of the markets, volatility continued in bonds in March. With inflation and rate hike fears pushing up long term yields by almost 1% this year already, US government bonds slumped by 5.6%, their worst opening quarter in index history. Equities however had a completely different month, with the market deciding that higher oil prices and interest rates were not going to stop the economy. Led by the US, global equities are up by over 6% (in GBP terms) since the invasion of Ukraine. For the year the global index is now down only 3% (in GBP terms), despite all the terrible news, with the UK the leading major country. At the sector level, energy stocks have beaten the global index by over 30% this year. Brent oil prices ended March at \$104, after breaching \$130 earlier in the month, and compared to \$65 this time last year. Gold also settled down to \$1,933 after earlier reaching \$2,050.

Portfolio Positioning

Despite the continued volatility in markets, March proved to be a largely positive month for portfolios.

Higher risk portfolios fared better as equities outperformed fixed income, with returns ranging from 0.0% for cautious tiered model to 2.1% for the more growth focused moderate tiered portfolio.

All portfolios are in positive territory on a 1-year annualised basis.

We continue to monitor other potential investment opportunities.

Warning: Past performance is not a reliable guide to future returns and future returns are not guaranteed. The value of investments and of any income derived from them may go down as well as up. You may not get back all of your original investment. Returns on investments may increase or decrease as a result of currency fluctuations. The holdings and their weightings are indicative in nature and have been provided for illustrative purposes only. Please note the Investment Manager has full discretion to change these holdings and weightings at any point in time. The managers of the underlying funds have similar discretion. Indicative information should not be relied on by potential investors to make investment decisions. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.

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CFO Moderate Growth Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Moderate Growth investment strategy is to achieve long-term capital growth by investing in a balanced portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Moderate Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

Portfolio Facts at a Glance

Objective	Moderate Growth
Risk Profile	Medium to High
Target Return	Inflation + 2%
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.41%
Yield	0.82%
Geography	Global

Current Portfolio Holdings

	Weighting (%)
Equities	52.5
International Equity	47.5
iShares MSCI WORLD ETF	26.5
iShare Global Quality ETF	8.0
Scottish Mortgage IT	3.0
Smithson IT	5.0
Alliance Trust	5.0
Emerging Equity	5.0
ISHARES EM ETF	5.0
Bonds	37.5
Government Bonds	24.0
Lyxor UK GILTS	6.5
iShares Global Govt. Bond	17.5
Corporate & Other Bonds	13.5
iShares Corp BD UCITS ETF	6.5
iShares Global Corp Bond	7.0
Alternatives	10.0
Property	5.0
iShares UK Property UCITS ETF	5.0
Other Alternatives	5.0
HICL Infrastructure Company	5.0
LD ORD 0.01P	5.0
Cash	0.0
Cash	0.0
Total	100.0

Table 1: Performance (Gross of Fees) to 31st March 2022

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	5 Year (Annualised)	SI (Annualised)	SI 01/07/13
Moderate Growth Portfolio	2.0%	-3.9%	0.1%	6.1%	7.1%	5.6%	7.4%	86.8%
ARC Sterling Balanced Asset PCI Index	1.1%	-3.2%	-1.0%	3.6%	4.9%	3.7%	4.6%	48.2%
FTSE UK PI Income Index TR	1.2%	-2.4%	0.6%	5.1%	6.4%	5.4%	6.7%	77.1%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	2.6%	1.9%	17.8%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
6.4%	-3.8%	15.1%	6.3%	10.9%

Portfolio Performance



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CFO Defensive Growth Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Defensive Growth investment strategy is to achieve long-term capital growth by investing in a defensive portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Defensive Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

Portfolio Facts at a Glance

Objective	Defensive Growth
Risk Profile	Low to Medium
Target Return	Inflation + 1%
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.39%
Yield	0.95%
Geography	Global

Current Portfolio Holdings

	Weighting (%)
Equities	40.0
International Equity	36.0
iShares MSCI WORLD ETF	21.0
iShare Global Quality ETF	6.0
Scottish Mortgage IT	2.0
Smithson IT	3.5
Alliance Trust	3.5
Emerging Equity	4.0
ISHARES EM ETF	4.0
Bonds	50.0
Government Bonds	31.0
Lyxor UK GILTS	7.0
iShares Global Govt. Bond	24.0
Corporate & Other Bonds	19.0
iShares Corp BD UCITS ETF	8.0
iShares Global Corp Bond	11.0
Alternatives	10.0
Property	5.0
iShares UK Property UCITS ETF	5.0
Other Alternatives	5.0
HICL Infrastructure Company	5.0
LD ORD 0.01P	5.0
Cash	0.0
Cash	0.0
Total	100.0

Table 1: Performance (Gross of Fees) to 31st March 2022

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/03/21
Defensive Growth Portfolio	1.3%	-4.2%	-0.9%	3.9%	N/A*	4.5%	4.7%
ARC Sterling Balanced Asset PCI Index	1.1%	-3.2%	-1.0%	3.6%	4.9%	4.8%	5.1%
FTSE UK PI Income Index TR	1.2%	-2.4%	0.6%	5.1%	6.4%	5.5%	5.9%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	5.8%	6.1%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
N/A*	N/A*	N/A*	N/A*	N/A*

* N/A due to inception date of 09 March 2021

Portfolio Performance



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Davy Private Clients UK and Davy UK are the trading names of J & E Davy (UK) Limited. J & E Davy (UK) Limited is authorised and regulated by the Financial Conduct Authority.

CFO Cautious Growth Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Cautious Growth investment strategy is to achieve a rate of return in excess of inflation while seeking to minimise volatility of returns by investing in a diversified portfolio of predominantly defensive assets.

The Cautious Growth investment strategy aims to mitigate the impact of inflation by adopting a low to moderate risk mandate.

Portfolio Facts at a Glance

Objective	Cautious Growth
Risk Profile	Low
Target Return	Inflation
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.37%
Yield	1.12%
Geography	Global

Current Portfolio Holdings

	Weighting (%)
Equities	25.0
International Equity	22.5
iShares MSCI WORLD ETF	13.5
iShare Global Quality ETF	4.0
Scottish Mortgage	1.0
Smithson IT	2.0
Alliance Trust	2.0
Emerging Equity	2.5
iShares EM ETF	2.5
Bonds	65.0
Government Bonds	42.0
Lyxor UK GILTS	11.5
iShares Global Govt. Bond	30.5
Corporate & Other Bonds	23.0
iShares Corp BD UCITS ETF	9.0
iShares Global Corp Bond	14.0
Alternatives	10.0
Property	5.0
iShares UK Property UCITS ETF	5.0
Other Alternatives	5.0
HICL Infrastructure Company LD ORD 0.01P	5.0
Cash	0.0
Cash	0.0
Total	100.0

Table 1: Performance (Gross of Fees) to 31st March 2022

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	5 Year (Annualised)	SI (Annualised)	SI 01/07/13
Cautious Growth Portfolio	0.5%	-4.4%	-1.7%	1.8%	4.0%	3.4%	5.1%	54.2%
ARC Sterling Cautious Asset PCI Index	0.6%	-2.4%	-1.0%	1.8%	3.5%	2.5%	3.2%	31.2%
FTSE UK PI Conservation Index TR	0.3%	-2.9%	-0.8%	2.3%	4.3%	3.9%	5.5%	60.3%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	2.6%	1.9%	17.8%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
4.2%	-2.6%	11.1%	6.2%	4.4%

Portfolio Performance



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CFO Moderate Growth II Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Moderate Growth investment strategy is to achieve long-term capital growth by investing in a balanced portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Moderate Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

Portfolio Facts at a Glance

Objective	Moderate Growth
Risk Profile	Medium to High
Target Return	Inflation + 2%
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.15%
Yield	0.64%
Geography	Global

Current Portfolio Holdings	Weighting (%)
Equities	60.0
International Equity	60.0
iShares MSCI WORLD ETF	54.0
iShares EM ETF	6.0
Bonds	40.0
Corporate & Other	40.0
iShares Global Aggregate	40.0
Alternatives	0.0
Cash	0.0
Total	100.0

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Table 1: Performance (Gross of Fees) to 31st March 2022

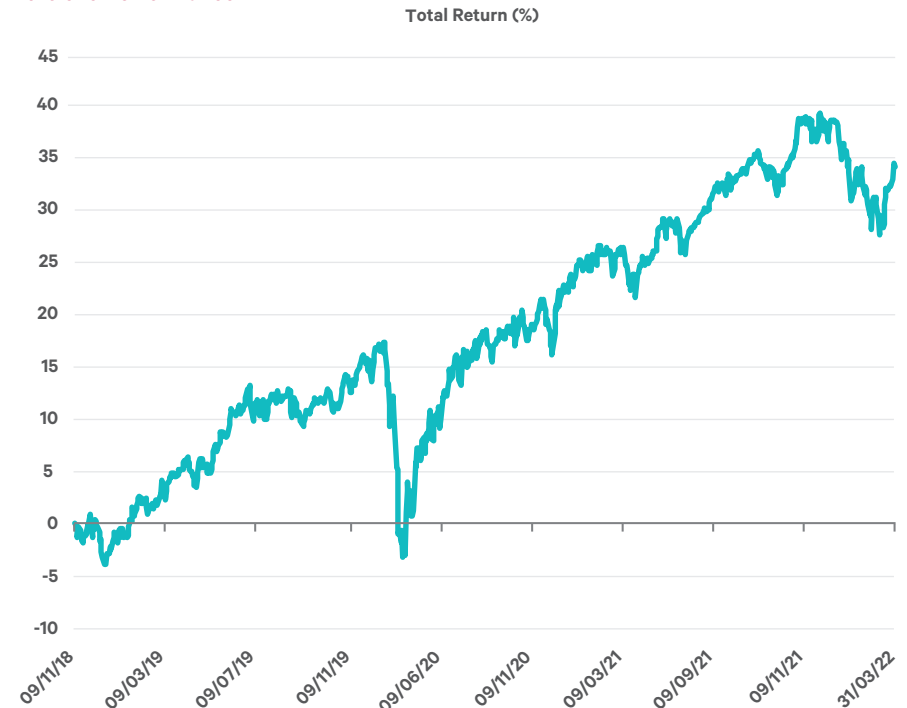
	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/11/18
Moderate Growth II Portfolio	2.1%	-3.1%	0.7%	6.7%	8.9%	9.0%	33.9%
ARC Sterling Balanced Asset PCI Index	1.1%	-3.2%	-1.0%	3.6%	4.9%	5.0%	18.0%
FTSE UK PI Income Index TR	1.2%	-2.4%	0.6%	5.1%	6.4%	6.7%	24.6%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	2.4%	8.5%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
N/A*	N/A*	15.8%	10.9%	10.8%

* N/A due to inception date of 09 Nov 2018

Portfolio Performance



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CFO Defensive Growth II Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Defensive Growth investment strategy is to achieve long-term capital growth by investing in a defensive portfolio of domestic and international equities, fixed interest securities and alternative investments.

The Defensive Growth investment strategy aims to achieve a return in excess of inflation, while seeking to achieve a balance between stability of returns and capital appreciation.

Portfolio Facts at a Glance

Objective	Defensive
Risk Profile	Low to Medium
Target Return	Inflation + 1%
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.14%
Yield	0.78%
Geography	Global

Current Portfolio Holdings	Weighting (%)
Equities	45.0
International Equity	45.0
iShares MSCI WORLD ETF	40.5
iShares EM ETF	4.5
Bonds	55.0
Corporate & Other	55.0
iShares Global Aggregate	55.0
Alternatives	0.0
Cash	0.0
Total	100.0

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Table 1: Performance (Gross of Fees) to 31st March 2022

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/03/2021
Defensive Growth Portfolio	1.0%	-3.5%	-0.7%	3.9%	N/A*	4.6%	4.9%
ARC Sterling Balanced Asset PCI Index	1.1%	-3.2%	-1.0%	3.6%	4.9%	4.8%	5.1%
FTSE UK PI Income Index TR	1.2%	-2.4%	0.6%	5.1%	6.4%	5.5%	5.9%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	5.8%	6.1%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
N/A*	N/A*	N/A*	N/A*	N/A*

* N/A due to inception date of 09 March 2021

Portfolio Performance



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CFO Cautious Growth II Portfolio

Factsheet as at 31st March 2022

Objective

The objective of the Cautious Growth investment strategy is to achieve a rate of return in excess of inflation while seeking to minimise volatility of returns by investing in a diversified portfolio of predominantly defensive assets.

The Cautious Growth investment strategy aims to mitigate the impact of inflation by adopting a low to moderate risk mandate.

Portfolio Facts at a Glance

Objective	Cautious Growth
Risk Profile	Low
Target Return	Inflation
Investment Manager	J & E Davy (UK) Limited trading as Davy Private Clients UK
Currency	GBP (Underlying funds may vary)
Third Party Total Expense Ratio	0.13%
Yield	0.99%
Geography	Global

Current Portfolio Holdings

	Weighting (%)
Equities	30.0
International Equity	30.0
iShares MSCI WORLD ETF	27.0
iShares EM ETF	3.0
Bonds	70.0
Corporate & Other	70.0
iShares Global Aggregate	70.0
Alternatives	0.0
Cash	0.0
Total	100.0

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Table 1: Performance (Gross of Fees) to 31st March 2022

	1 Month	3 Months	6 Months	1 Year	3 Year (Annualised)	SI (Annualised)	SI 09/11/18
Cautious Growth II Portfolio	0.0%	-4.0%	-2.1%	1.2%	4.7%	5.3%	19.3%
ARC Sterling Cautious Asset PCI Index	0.6%	-2.4%	-1.0%	1.8%	3.5%	3.5%	12.5%
FTSE UK PI Conservation Index TR	0.3%	-2.9%	-0.8%	2.3%	4.3%	4.8%	17.3%
UK CPI Index	0.8%	1.1%	3.3%	6.1%	2.7%	2.4%	8.5%

Table 2: Annual Performance (Gross of Fees)

2017	2018	2019	2020	2021
N/A*	N/A*	11.2%	9.2%	3.4%

* N/A due to inception date of 09 Nov 2018

Portfolio Performance



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