



COURTS SERVICE  
*An tSeirbhís Chúirteanna*

**REPORT AND FINANCIAL STATEMENTS OF THE OFFICE OF THE  
ACCOUNTANT OF THE COURTS OF JUSTICE  
FOR YEAR ENDED 30 SEPTEMBER 2008**



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## INVESTMENT COMMITTEE AND OTHER INFORMATION

### INVESTMENT COMMITTEE

Justice Richard Johnson,  
President of the High Court

Judge Katherine Delahunt  
(Circuit Court Judge)

Judge Cormac Dunne  
(District Court Judge)

Sean Quigley,  
The Accountant of the Courts of Justice and Director of Finance

Noel D. Doherty,  
The Registrar, Office of Wards of Court

John Mahon,  
Courts Service

Fintan Murphy,  
County Registrar, Mayo

John Molloy,  
Chief Clerk, Dublin Metropolitan District Court

Jim Farrell,  
Independent External Expert (formerly of National Treasury  
Management Agency) - Resigned 14th July 2008

### REGISTERED OFFICE

Office of the Accountant of the Courts of Justice  
Phoenix House  
15 - 24 Phoenix Street North  
Smithfield  
Dublin 7.

### INVESTMENT MANAGER

Bank of Ireland Asset Management  
40 Mespil Road  
Dublin 4.

State Street Global Advisors  
21 St. James Square  
London SW1Y 4SS  
United Kingdom.



**CUSTODIAN AND  
ADMINISTRATOR**

JP Morgan Admin Services (Ireland) Ltd  
JP Morgan House  
IFSC  
Dublin 1.

**INVESTMENT ADVISOR**

Mercer Investment Consulting  
Charlotte House  
Charlemont Street  
Dublin 2.

**LEGAL ADVISORS**

A & L Goodbody  
IFSC  
North Wall Quay  
Dublin 1.

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2.



## BACKGROUND INFORMATION

### THE COURTS AND COURT FUNDS:

The Courts have a custodial role in relation to funds that are lodged in court pursuant to Court Orders or in compliance with legislative requirements. The main primary and subordinate legislation governing the receipt, management and investment of court-controlled funds is as follows:

- Court Officers Act 1926
- The Trustee (Authorised Investments) Act 1958 and the Trustee (Authorised Investments) Orders made thereunder
- The Rules of the Superior Courts
- The Rules of the Circuit Court
- The Rules of the District Court

The categories of funds held by the Courts include, principally:

- Wards of Court; the funds of persons taken into wardship are lodged in Court
- Minors; financial awards made by the Courts to persons under 18 will have their award lodged in Court until they reach the age of majority. Where a long-term care regime is considered necessary, a minor may be made a Ward of Court
- Lodgements by Parties to Court Proceedings; a party to civil court proceedings may lodge money in court with a view to satisfying the claim of another party to the proceedings.

Other funds held by the Court include:

- Funds lodged by Trade Unions, Insurance Companies and Auctioneers
- Trustee matters (proceeds of trusts directed by the Court to be lodged in court)
- Unclaimed dividend in Company liquidations
- Proceeds of compulsory land purchases where the beneficiary is unknown
- Lodgements under the Land Clauses Act 1845

It is intended that a Central Funds Office, headed by a Fund Executive, will be established for the management of all court funds countrywide.



## THE ACCOUNTANT OF THE COURTS OF JUSTICE:

The Accountant's Office and the position of the Accountant of the Courts of Justice was established, shortly after the foundation of the State, under the Court Officers Act 1926. The Act stipulates that the Accountant shall perform such functions as shall be conferred on or assigned by statute or rule of court and in particular shall perform and fulfil in relation to the High Court, the Supreme Court and the Chief Justice all such duties and functions as were formerly performed and fulfilled by the Accountant General of the Supreme Court of Judicature in Ireland in relation to that Court and in relation to the Lord Chancellor for Ireland. Currently the Accountant has responsibility for the management and investment of funds amounting to €1.033 billion.

The funds managed by the Accountant are funds that are held under the control of the Courts and are managed in a fiduciary capacity on behalf of beneficiaries, who include various categories of litigant, persons who are Wards of Court and Minors who have been awarded damages by the Courts. Funds under the control of the Courts are required by law to be invested in accordance with the Trustee (Authorised Investments) Act 1958 and the orders made thereunder.



## FOREWORD BY THE CHAIRMAN OF THE INVESTMENT COMMITTEE

I am pleased to present this Annual Report and Financial Statements of the Office of the Accountant of the Courts of Justice in respect of the year ended 30th September 2008.

This year has been a challenging one for the management of Court Funds. The world financial markets experienced very significant turbulence during the period under review. This has had a detrimental impact on the performance of Court Funds. The magnitude of the fall in stock markets has been unprecedented in recent decades. Fortunately a significant element (58.47%) of court funds are invested in cash based assets and this has insulated these funds from the worst effects of the fallout from the credit crisis. As you will see from the report investment performance across all five strategies averaged a return of -4.23% (net of fees) in the twelve month period ended 30th September 2008. The returns for each fund ranged from 0.66% on the Cash Plus Fund to -17.04% on the Growth Fund. Despite the turbulent financial markets in 2008, by adopting the prudent investment strategies set out in this report, cumulative investment performance over the last five years is still very positive.

Total investments managed by the Accountants Office at the year end was €1.033 billion, an increase of €11 million on the previous year.

Very good progress was made during the year in progressing the transfer of minor's funds from the Circuit and District Courts, which is part of the overall modernization programme for the management and investment of court funds. Virtually all these funds were transferred by the year end.

I would like to acknowledge the excellent contribution made by Mr. Jim Farrell who retired from the Committee in July 2008. As a founder member of the Investment Committee he has played a key role overseeing the transformation of the arrangements for the investment and management of court funds over the past five years.

The Investment Committee met five times during the period under review and in conjunction with our investment advisors, monitor investment performance and compliance with investment strategies. The Committee continues to seek opportunities for adding value and ensuring that the investment approach is at all times discharged in the best interests of beneficiaries. In this regard a major review of all aspects of the management and investment of court funds was completed in 2008 and was approved by the Investment Committee. The recommendations contained in the report are currently in the process of being implemented.

I would like to acknowledge the excellent contribution of staff in the Accountants Office throughout the year.

**Richard Johnson**  
*President of the High Court*  
*Chairman of the Investment Committee*

9 February 2009



## INVESTMENT COMMITTEE

The Investment Committee comprises members of the judiciary, court officers with investment decision making responsibilities, the Director of Finance and an independent expert. The Committee is chaired by the President of the High Court. Its role is advisory and its main function is to devise investment policy for Court funds and to oversee the implementation of the recommendations in the Mercer report and to ensure compliance with best practice in the management of court funds.

The Committee meets on a quarterly basis and its membership is as follows:



The Honourable Mr Justice  
**Richard Johnson**  
*President of High Court or a  
judge of the High Court  
Nominated by the President*



Her Honour Judge  
**Katherine Delahunty**  
*President of Circuit Court or a  
judge of the Circuit Court  
Nominated by the President*



Judge  
**Cormac Dunne**  
*President of District Court or a  
judge of the District Court  
Nominated by the President*



Mr **Sean Quigley**  
*The Accountant of the Courts of  
Justice/The Director of Finance of  
the Courts Service*



Mr **Noel D. Doherty**  
*The Registrar, Office of Wards of  
Court*



Mr **John Mahon**  
*Courts Service*



Mr **Fintan Murphy**  
*A County Registrar nominated by  
the Chief Executive Officer in  
consultation with the President of  
the Circuit Court*



Mr **John Molloy**  
*A Chief Clerk from the District  
Court nominated by the Chief  
Executive Officer in consultation  
with the President of the District  
Court*



Mr **Jim Farrell**  
*Independent External Expert,  
formerly of the National Treasury  
Management Agency. Resigned 14th  
July 2008.*



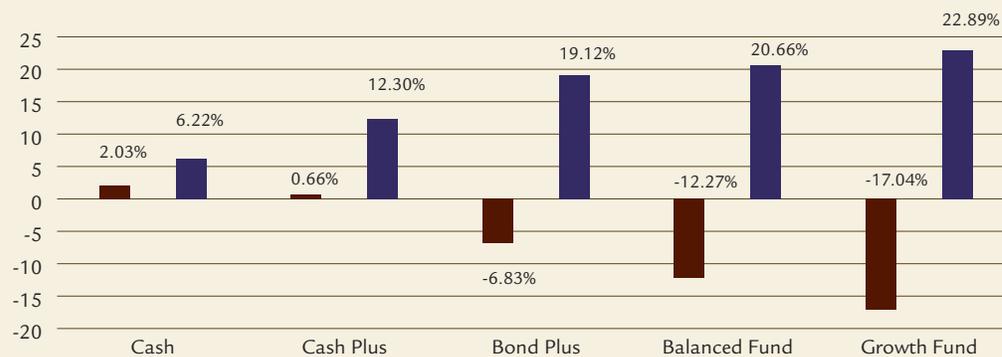
## REPORT OF THE ACCOUNTANT OF THE COURTS OF JUSTICE

Total assets managed by the Accountant’s Office increased to €1.033 billion at the end of September 2008, up €11m on the previous year. Of the total assets managed by the Office €952m were invested in Spectrum Funds established in December 2003 as part of the modernisation programme for the management and investment for court funds. The increase in the value of assets managed by the Accountants Office to €1.033 billion at 30th September 2008 from €1.022 billion at 30th September 2007 is attributable to an increase in capital transactions of €86m (i.e. excess receipts over disbursements) and a net decrease, including unrealised losses of €88m, in court funds from investment activities of €75m. In the period covered by these accounts actual realised gains on investments amounted to €10.164m. The average investment return for the spectrum funds for the year ended 30th September 2008 was -4.23% (net of fees) (2007: +3.94%). The other significant factor contributing to the increase in assets was the completion of the transfer of minor funds from the District Courts during the year and the funds from the Circuit Court Offices, with only a small amount of funds to be transferred at the year end. At the year end the total assets managed by the Office included €100 million from the Circuit Courts and €4 million from the District Courts.

Investment performance for the year for all funds has been adversely affected by the sub-prime credit crisis and turbulent financial markets. Performance ranged from 2.03% (Cash Fund) to -17.04% (Growth Fund) net of fees as shown in Table 1 below. Table 1 shows the cumulative investment performance of the funds since inception in December 2003 and performance in the year under review. The Cash Fund was established in June 2006.

It is important to put the investment performance reflected in the current financial statements in context. Despite the impact on investment performance over the past 12-18 months, due to turbulence on financial markets, the cumulative investment performance for all funds is positive. Cumulative investment performance since the new unitised funds were established in December 2003 ranged from 12.30% for the Cash Plus Fund to 22.89% for the Growth Fund.

**Table 1 – Fund Performance (Net of Fees)  
Spectrum Fund Investment**



● Since Inception (Dec 03 - Sept 08)      ● Year to date

\* Note: The Cash Fund only commenced in June 2006



The drop in the value of court funds reported in the financial statements for the period ended 30th September is based on the marked to market value of the assets held. In other words this drop in value has not materialised in a realised loss.

The turbulence in the world financial markets has had a negative impact on the investment performance of court funds during the period under review. A significant element (58.47% of the Spectrum Funds) of court funds are invested in cash based assets and this has insulated these funds from the worst effects of the fallout from the credit crisis. Overall, just 20.2% of court funds are invested in equity markets and the weakness in this asset class has been partially offset by positive returns from the cash and bonds.

Overall investment performance has been satisfactory, in the circumstances, with overall average annualised returns across all strategies of -4.23% (net of fees) in the twelve month period ended 30th September 2008. This compares favourably with the average pension managed fund return of -25.3% for the same period. The level of volatility continued after the year end and is expected to also impact on investment performance in next financial period. In the overall context of significant volatility in financial markets the performance of court funds in 2008 represents a satisfactory outcome.

It is almost five years since court funds were first invested under the new investment arrangements put in place in 2003. Accordingly the Investment Committee initiated a comprehensive review of all aspects of the management and investment of court funds. This review, which was carried out by Mercer, was completed in July 2008. The key recommendations from this report have been accepted by the Investment and Finance Committees and the Board of the Courts Service. These recommendations will be a key factor in determining the Courts Service's approach to the investment of court funds over the next five years.

During the year the Investment Committee finalised the terms of the Securities Lending programme with Bank of Ireland Asset Management (BIAM) to generate additional revenue for the beneficiaries of court funds. However just prior to the 30th September 2008, the Securities Lending programme was suspended due to the instability in the financial markets and current instability in world markets.

We continue to monitor the operation of the Accountants Office on a regular basis, seeking opportunities to improve customer service and performance. Good progress is continuing to be made in the use of electronic funds transfer (EFT) and it is intended to expand the use of electronic transfer of funds in 2009. At 30th September 2008, 47% (2007:48.5%) of payments issued were by EFT.

During the year in excess of 61,000 financial transactions (56,000 y/e 30th September 2007), with a monetary value in excess of €929m (€776m y/e 30th September 2007), were processed by the Accountant's Office. This represented an increase of 9% in the number of transactions processed, which was largely due to the increased workload from taking on the Circuit and District Court funds and Redress Board cases.



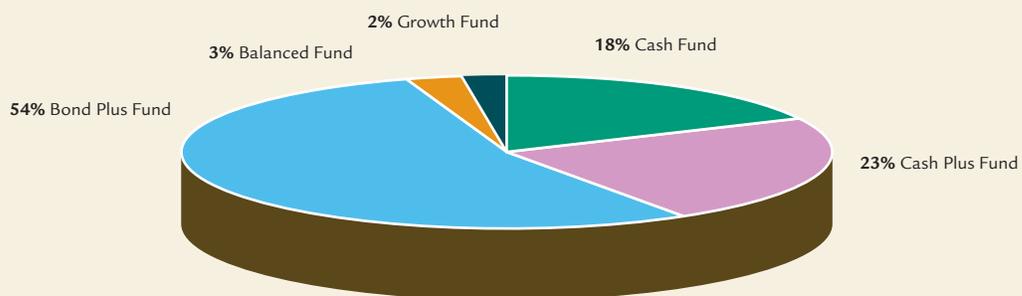
### ASSET ALLOCATION:

The investment decision takes account of each beneficiary's particular circumstances, and are allocated to one of the investment strategies on the basis of a number of criteria, including;

- the age of the beneficiary
- life expectancy
- the sum to be invested
- inflation, and
- the level of anticipated annual expenditure, where appropriate

The allocation decision making process is supported by an investment modelling tool. All cases are reviewed periodically, and if the beneficiary's circumstances change, the strategy may be varied accordingly. Based on the application of these criteria the following chart, Table 2, represents the allocation of funds to each strategy held in the three jurisdictions at the end of September 2008.

**Table 2 - Investment Allocation to Funds 30th September 2008**





In relation to the BIAM Funds, the underlying asset classes in which the funds are invested are represented in Table 3.

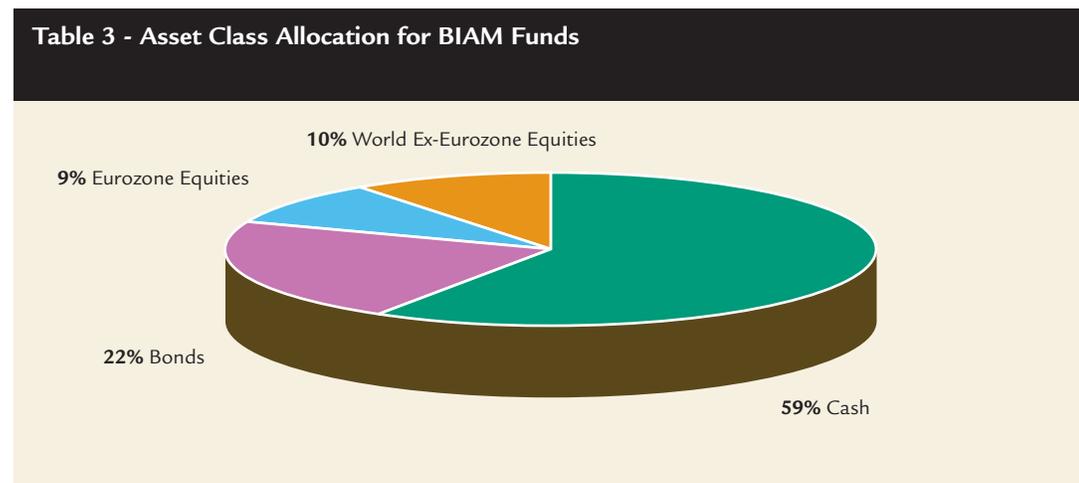


Table 4 below outlines the asset mix of the five strategies.

**Table 4 – Asset Mix of Spectrum Funds**

Spectrum Fund Asset Class	Cash Strategy 0	Cash Plus Fund Strategy 1	Bond Plus Fund Strategy 2	Balanced Fund Strategy 3	Growth Fund Strategy 4
Cash	100%	80%	40%	20%	0%
Bonds		15%	30%	32%	35%
Euro Equities		2.5%	15%	24%	32.5%
World ex Euro Equities		2.5%	15%	24%	32.5%
Total	100%	100%	100%	100%	100%



## INVESTMENT FUNDS

The risk profile of each Spectrum Fund is outlined below:

### STRATEGY 0 – SPECTRUM CASH FUND:

This is the lowest risk strategy available in the Courts Service and is aimed primarily at beneficiaries with short term investment horizons.

### STRATEGY 1 – SPECTRUM CASH PLUS FUND:

This is a low risk strategy aimed primarily at maintaining the value of the invested capital but offering the potential for returns in excess of cash assets.

### STRATEGY 2 – SPECTRUM BOND PLUS FUND:

The objective of this strategy is to maintain the stability of the capital sum while also providing a moderate level of income growth.

### STRATEGY 3 – SPECTRUM BALANCED FUND:

The Balanced Fund is designed to achieve a combination of reasonable income and sound capital growth over the medium to long term. This fund has 48% equity content and returns may be subject to market variations and there is a risk that the value may fall, particularly over short-term periods.

### STRATEGY 4 – SPECTRUM GROWTH FUND:

The Growth Fund is primarily designed to generate capital appreciation while maintaining a high level of risk control. This fund has a 65% equity content and 35% bonds. Returns may be subject to market variations, particularly over short-term periods. Accordingly funds would only be invested in this fund where there is a reasonably long term investment time horizon.

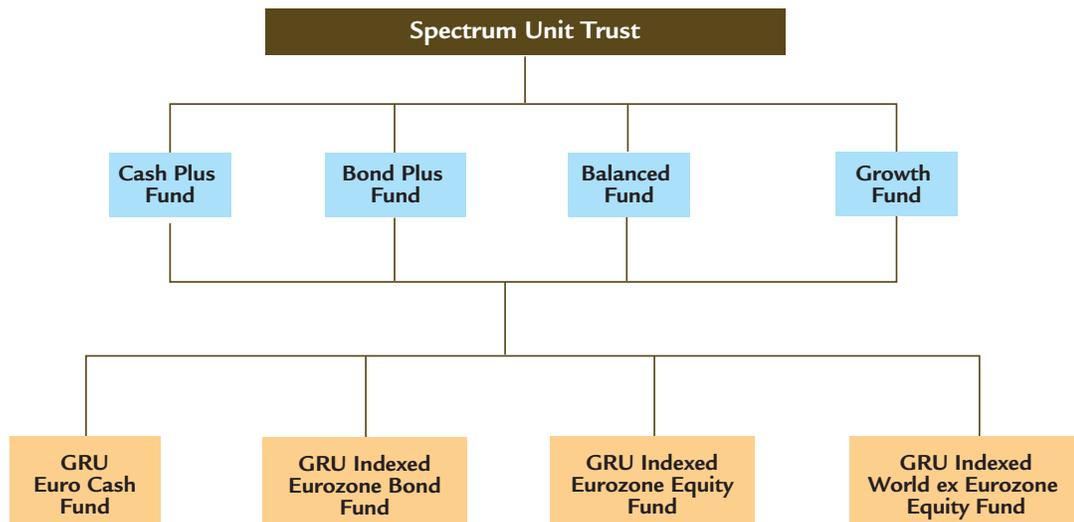


## INVESTMENT APPROACH

The investment strategy adopted by the Courts Service involves the management of bonds and equities on a passive basis, with cash being managed on an active basis. Bank of Ireland Asset Management (BIAM) and State Street Global Advisors (SSgA) are joint fund managers.

BIAM in response to the investment requirements for court funds and with the approval of the Irish Financial Services Regulatory Authority established the following investment structure (Table 5):

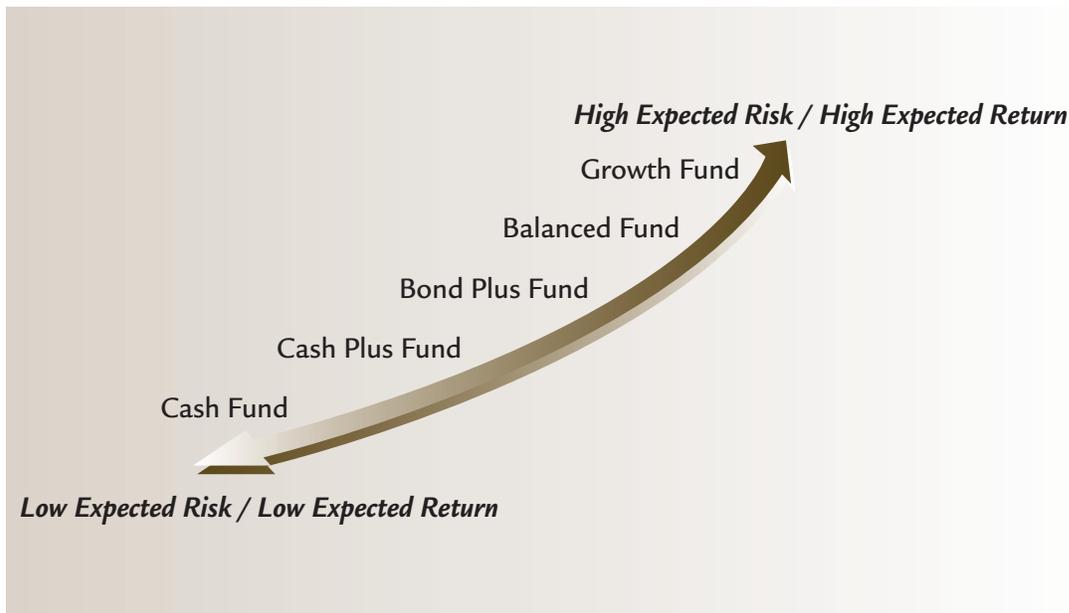
**Table 5 – Investment Structure**



In the BIAM Spectrum Unit Trust depicted in Table 5, the beneficiaries invest in the spectrum funds (highlighted in blue). These funds subsequently invest in the underlying market specific funds (highlighted in cream) in the proportions outlined in Table 4. The Cash Fund invests 100% in the BIAM GRU Euro Cash Fund



The following diagram illustrates how the five investment funds differ according to risk and return.



#### MANAGEMENT OF COURT FUNDS:

The following is an overview of the governance and management arrangements in place in respect of court funds:

**Investment Committee:** An Investment Committee was established in 2002 to oversee the implementation of the arrangements approved by the Board for the management and investment of court funds. The membership of the Committee comprises representatives of the judiciary, court officers with responsibility for court funds and independent external expertise. (See membership of the Committee on page 7). Mr. Jim Farrell resigned from the Committee on the 14th July 2008. The following new members were appointed to the Investment Committee on the 20th October 2008; Ms. Denise Mullins, Head of the Court Funds Office, Mr. John Corrigan, National Treasury Management Agency and Mr. Paul Farrell, Investment Expert. The Committee meets on a regular basis to monitor progress and to review reports from the Director of Finance, investment advisors and fund managers.

**Investment Advisors:** The Courts Service avails of the services of Mercer Investment Consulting, as independent investment advisors to advise on a range of matters related to the management and investment of court funds.



**Fund Managers:** Following a competitive tendering exercise, in compliance with EU procurement regulations, the Courts Service appointed Bank of Ireland Asset Management and State Street Global Advisors as joint fund managers.

**External Audit:** Shortly after the establishment of the Courts Service in 1999, arrangements were put in place for the audit of funds managed by the Accountant's Office. Deloitte and Touche are the current auditors.

**Internal Audit:** The management of court funds is also subject to audit by our Internal Audit Unit.

**Risk Management:** As part of the risk management policy and framework implemented by the Courts Service the management of court funds is subject to regular monitoring and review to ensure that all major risks are adequately managed.

**Central Funds Office:** Following changes to Circuit and District Court Rules the Accountant's Office has the legal authority to manage and invest funds from both these jurisdictions, subject to the appropriate court order having been made. Legislative proposals have been submitted to the Department of Justice, Equality and Law Reform to establish a Central Funds Office that will among other things provide for the audit of these funds by the Comptroller and Auditor General.

I would like to thank the staff in the Accountants Office for the excellent work done during the year and who have contributed to delivering an efficient service to a diverse mix of clients, many of whom are vulnerable. I would also like to acknowledge the support provided by other business units in the Courts Service and external service providers that have enabled the Accountants Office achieve its objectives during the year.

**Sean Quigley**  
*Accountant of the Courts of Justice*

**9th February 2009**



## THE ROLE OF THE OFFICE OF WARDS OF COURT

A significant amount of funds managed by the Accountant relate to individuals who are wards of court and whose affairs are managed by the Office of the Wards of Court. The following is a brief overview of the work of the Office.

There are many people who, due to illness or accident, lose the ability to make decisions for themselves; there are many others who are born with an intellectual disability and are never able to look after their own affairs.

The Wards of Court system allows for substitute decision making so that the Court may make decisions necessary for the protection of both the person and the property of those who do not have full mental capacity. The principle underlying the Wardship jurisdiction is that the Court acts in the same way as a prudent parent would act regarding the welfare of a child.

The Wardship jurisdiction, although provided for by legislation and rules of court, is not limited by statute and is a jurisdiction exercised by the Court subject only to the provisions of the Constitution. Therefore, the Court has extremely wide powers and duties in relation to persons under disability. The jurisdiction is vested in the President of the High Court and, accordingly, he has the responsibility for the management of affairs of Wards of Court. The day to day management is delegated by him to the Registrar and staff of the Wards of Court Office. A Committee, usually a member of the Ward's family, is appointed by the Court and is asked to make recommendations in relation to matters such as the Ward's welfare, property and future residence.

Wardship usually arises in cases where a person with an intellectual disability has property that needs to be applied for his or her maintenance and benefit. For example, a house may have to be sold or funds may have to be withdrawn from a bank account to pay for nursing home care. Following a sale or closure of bank accounts, funds belonging to Wards are lodged in Court and held under the control of the Accountant of the Courts of Justice. The Accountant is responsible for providing accounting and investment services on behalf of Wards of Court. The Registrar determines the appropriate investment strategy for each case. The decision on the appropriate strategy is chosen by the Registrar having regard to the assets of the Ward and his or her ongoing financial needs. The funds are invested so that, where possible, they will provide for those needs for the remainder of the Ward's lifetime.

Minors, persons under eighteen years of age, are sometimes taken into Wardship. This may happen where a minor is entitled to a substantial amount of money arising from a Court award or from an inheritance. Again, the funds are invested at the direction of the Registrar in one of the four strategies. Regular payments are made to the parents or guardians of the minor. Upon reaching eighteen unless there is medical evidence to show mental incapacity, the minor is entitled to have the balance of the funds paid out.



## INVESTMENT MANAGER'S REPORT

### PERFORMANCE OF GRU FUNDS (YEAR ENDED 30 SEPTEMBER 2008)

	BIAM GRU Euro Cash Fund	BIAM GRU Eurozone Bond Fund	BIAM GRU Eurozone Equity Fund	BIAM GRU World Ex Eurozone Equity Fund
<b>Portfolio Return</b>	2.13%	3.86%	-29.82%	-23.66%
<b>Benchmark Return</b>	2.13%	3.83%	-30.20%	-23.73%
<b>Difference</b>	0.00%	+0.03%	+0.38%	+0.07%

### PERFORMANCE OF SPECTRUM FUNDS (YEAR ENDED 30 SEPTEMBER 2008)

	BIAM Cash Plus Fund	BIAM Bond Plus Fund	BIAM Balanced Fund	BIAM Growth Fund
<b>Portfolio Return</b>	0.81%	-6.73%	-12.08%	-16.85%
<b>Benchmark Return</b>	0.81%	-6.88%	-12.25%	-17.08%
<b>Difference</b>	0.00%	+0.15%	+0.18%	+0.23%

### DISTRIBUTION OF SPECTRUM FUNDS AT 30 SEPTEMBER 2008

	BIAM GRU Euro Cash Fund	BIAM GRU Eurozone Bond Fund	BIAM GRU Eurozone Equity Fund	BIAM GRU World Ex Eurozone Equity Fund
<b>Spectrum Fund</b>				
<b>BIAM Cash Plus Fund</b>	79.71%	15.68%	2.23%	2.37%
<b>BIAM Bond Plus Fund</b>	40.32%	31.63%	13.39%	14.66%
<b>BIAM Balanced Fund</b>	20.40%	34.00%	21.76%	23.84%
<b>BIAM Growth Fund</b>	0.00%	37.63%	29.89%	32.48%

**Notes:** The performance of the Spectrum Funds is gross of management fee.

The FTSE benchmarks for the BIAM GRU Indexed Eurozone Equity Fund and the BIAM GRU Indexed World ex Eurozone Fund have been adjusted by BIAM for irrecoverable dividend withholding tax. Source: Datastream.

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## BIAM GRU EURO CASH FUND

It was a tumultuous 12-month period for financial markets as the global credit crisis, which originated in the US subprime mortgage market, resulted in huge losses for leading banks and saw global growth projections fall steadily as the period progressed. In this volatile environment, fixed income assets grew in appeal. Some \$600 billion worth of losses and writedowns from leading global financial institutions resulted in cash being hoarded and led to central banks injecting large sums of liquidity into their banking systems. The Federal Reserve embarked on an aggressive monetary easing policy, with rates falling by a cumulative 375 basis points in the period from 4.75% to 2%.

The credit crisis, coupled with a severe housing downturn, exacerbated fears that the US was heading for recession. Fundamentals weakened significantly, with the economy shedding jobs for the ninth consecutive month in September 2008. The Eurozone economy remained resilient in the first half of the period before weaker economic data became a more regular feature, culminating in a 0.2% contraction in the second quarter. However, an inflation scare in May/June amid escalating oil and other commodity prices prompted the ECB to increase interest rates by a quarter percentage point to 4.25%.

The collapse of Lehman Brothers in September set in motion a scramble by governments to provide support for the banking system as share prices plummeted amid concerns that banks reliant on wholesale money markets for funding could also fail as credit markets seized completely. Inter-bank lending rates spiked sharply higher in September with three-month Euribor rates hitting 5.27% at the end of the month – over 100 basis points above the prevailing ECB rate.

The ECB decision to leave interest rates unchanged at 4.25% in early September looked ill-timed in hindsight although President Trichet did admit that policymakers had discussed the possibility of rate cuts. This was interpreted by the market as a signal that Eurozone rates will likely fall in coming months. Despite the fact that the deepening financial crisis overshadowed most macroeconomic developments, there was no escaping the rapidly-weakening trend in Eurozone economic data. Business and consumer confidence declined, manufacturing contracted more than expected, and unemployment ticked higher.

There was a massive increase in risk aversion among investors in the wake of the Lehman Brothers collapse and the nationalisation of Fannie Mae/Freddie Mac and AIG. At one stage, the demand for three-month US Treasury Bills was such that it yielded just 0.02%—the lowest since January 1941. As a result, credit spreads widened during the month and the new issue market was effectively closed.

Although expectations for central bank rate cuts rose during September, this was offset by an extreme widening of the credit premium for bank risk given exaggerated funding pressures over quarter-end. Although the portfolio only holds quality financials' FRNs, it was this sector in particular that saw significant weakness as the shock of the Lehman collapse to credit investors rattled confidence. As a consequence, returns were weaker than anticipated in the 12 months.



### **BIAM GRU EUROZONE BOND FUND**

The benchmark for this fund is the Merrill Lynch over 5 Yr. EMU Direct Government Bond Index. The fund is passively managed against this benchmark. The benchmark return was 3.83% for the twelve months under review. The performance of the fund was 3.86% over the period. The fund outperformed the benchmark by 3 basis points.

### **BIAM GRU WORLD EX EUROZONE EQUITY FUND**

The benchmark for this fund is the FTSE World Developed Ex Eurobloc Index. The fund is passively managed against this benchmark. The benchmark return was -23.73% for the twelve months under review. The performance of the fund was -23.66% over the period. The fund outperformed the benchmark by 7 basis points. Performance data is net of custody and other expenses, including trustee and audit fees. The benchmark return is the relevant FTSE index return adjusted by BIAM for irrecoverable dividend withholding tax. The gross benchmark return for the period was -23.48%

### **BIAM GRU EUROZONE EQUITY FUND**

The benchmark for this fund is the FTSE Eurobloc Index. The fund is passively managed against this benchmark. The benchmark return was -30.20% for the twelve months under review. The performance of the fund was -29.82% over the period. The fund outperformed the benchmark by 38 basis points. Performance data is net of custody and other expenses, including trustee and audit fees. The benchmark return is the relevant FTSE index return adjusted by BIAM for irrecoverable dividend withholding tax. The gross benchmark return for the period was -29.62%

**Bank of Ireland Asset Management Limited**

**November 2008**



## STATEMENT OF ACCOUNTANT'S RESPONSIBILITIES

The Office of the Accountant of the Courts of Justice and the position of Accountant was established under Sections 15 and 16 respectively of the Court Officers Act 1926. The Accountant is required by Order 77, Rule 83 of the Superior Court Rules to prepare an account on or before the 31 March showing the total amount of funds paid or transferred into and out of Court in the year ended on the 30 September in the preceding year. The account must also show the balance of funds in Court at the commencement and close of the year. Copies of the account are required to be forwarded to the Minister for Justice, Equality and Law Reform and the Minister for Finance. The basis of preparation and the accounting policies are set out on page 26.

### STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

The Accountant acknowledges his responsibility for ensuring that an effective system of internal financial control is maintained in relation to the operation of the Accountants Office.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorized and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely manner.

#### ***Key Control Procedures***

I confirm that a control environment containing the following elements is in place:

- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action
- there are clearly defined roles and responsibilities
- there are procedures for reporting significant control failures to the Investment Committee, Finance Committee and the Audit Committee and ensuring that corrective action is taken

Under the governance arrangements established by the Courts Service Board there is an internal audit function which operates in accordance within an approved charter. One of the key functions of the internal audit unit is to report on the adequacy and effectiveness of the system of internal controls operated by the Accountant's Office.

**Sean Quigley**  
*Accountant of the Courts of Justice*



## INDEPENDENT AUDITORS' REPORT OF THE OFFICE OF THE ACCOUNTANT OF THE COURTS OF JUSTICE

We have audited the financial statements of The Office of the Accountant of the Courts of Justice for the year ended 30 September 2008 which comprise the Statement of Assets and Liabilities, the Statement of Operations and Statement of Changes in Net Assets and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Accountant in accordance with the Rules of Superior Courts, Order 77, Rule 83. Our audit work has been undertaken so that we might state to the Accountant those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountant, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE ACCOUNTANT AND AUDITORS

The Accountant is responsible for preparing the Annual Report, including as set out in the Statement of Accountants' Responsibilities, the preparation of the financial statements in accordance with the Rules of Superior Courts, Order 77, Rule 83. Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Rules of the Superior Courts, Order 77, Rule 83.

We read the other information contained in the annual report for the above year as described in the contents section and considered whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to The Office of the Accountant of the Courts of Justice's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.



## OPINION

In our opinion the financial statements give a true and fair view, in accordance with the Rules of the Superior Courts, Order 77, Rule 83, of the state of the affairs of The Office of the Accountant of the Courts of Justice as at 30 September 2008 and of the result for the year then ended.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The statement of assets and liabilities and statement of operations account are in agreement with the books of account.

Chartered Accountants and Registered Auditors  
Dublin

9th February 2009

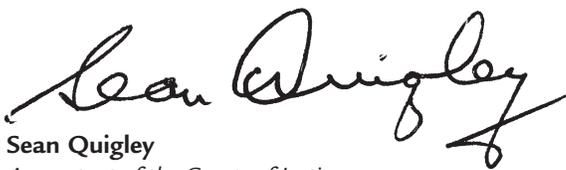


## STATEMENT OF ASSETS AND LIABILITIES

AT 30 SEPTEMBER 2008

	Notes	30/9/2008 €	30/9/2007 €
<b>INVESTMENT ASSETS</b>			
Investments	4	1,020,772,928	1,002,626,140
<b>CURRENT ASSETS</b>			
Debtors	5	12,964,732	6,713,655
Bank	6	766,834	13,072,240
<b>TOTAL CURRENT ASSETS</b>		<b>13,731,566</b>	<b>19,785,895</b>
<b>CURRENT LIABILITIES</b>			
Creditors	7	(1,481,262)	(659,335)
<b>TOTAL LIABILITIES</b>		<b>(1,481,262)</b>	<b>(659,335)</b>
<b>NET CURRENT ASSETS</b>		<b>12,250,304</b>	<b>19,126,560</b>
<b>TOTAL NET ASSETS</b>		<b>1,033,023,232</b>	<b>1,021,752,700</b>
<b>Represented by:</b>			
Funds held for beneficiaries	8	1,033,023,232	1,021,752,700

The financial statements were approved by the Accountant on 9th February 2009



Sean Quigley  
Accountant of the Courts of Justice

9th February 2009

See accompanying notes to financial statements

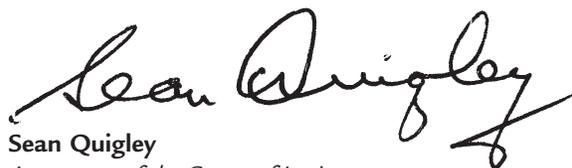


## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	30/9/2008 €	30/9/2007 €
<b>NET REALISED AND UNREALISED (LOSSES)/GAINS</b>			
Net realised gains on investments disposed of during the year	10	10,164,057	7,761,001
Net unrealised (losses)/gains on investments	11	(87,733,704)	12,539,527
(Losses)/Gains realised on transfers from funds		(291,211)	919,161
<b>NET REALISED AND UNREALISED (LOSSES)/GAINS</b>		(77,860,858)	21,219,689
Investment income	12	3,842,593	2,883,897
		(74,018,265)	24,103,586
Expenses	13	(1,302,133)	(1,146,260)
<b>(DECREASE)/INCREASE IN NET ASSETS FROM OPERATIONS</b>		(75,320,398)	22,957,326

The financial statements were approved by the Accountant on 9th February 2009



**Sean Quigley**  
*Accountant of the Courts of Justice*

**9th February 2009**

*See accompanying notes to financial statements*



## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>(DECREASE)/ INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
Investment income less expenses	2,540,460	1,737,637
Net realised gains on investments	10,164,057	7,761,001
Net unrealised (losses)/gains on investments	(87,733,704)	12,539,527
(Losses)/ Gains realised on transfers from funds	(291,211)	919,161
	<hr/>	<hr/>
<b>(DECREASE)/INCREASE IN NET ASSETS FROM OPERATIONS</b>	(75,320,398)	22,957,326
	<hr/>	<hr/>
<b>CAPITAL TRANSACTIONS</b>		
Receipts	255,543,129	198,544,808
Disbursements	(168,952,199)	(146,508,056)
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS</b>	86,590,930	52,036,752
	<hr/>	<hr/>
Increase in net assets	11,270,532	74,994,078
Net assets at beginning of year	1,021,752,700	946,758,622
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	1,033,023,232	1,021,752,700
	<hr/>	<hr/>

*See accompanying notes to financial statements*



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

### 1. GENERAL – LEGAL STATUS

The Court Funds are managed in a fiduciary capacity on behalf of beneficiaries by the Accountant of the Courts of Justice. The main primary and subordinate legislation governing the receipt, management and investment of Court controlled funds is as follows:

- Court Officers Act 1926
- The Trustee (Authorised Investments) Act, 1958 and the Trustee (Authorised Investments) orders made thereunder
- The Rules of the Superior Courts
- The Rules of the Circuit Court
- The Rules of the District Court

### 2. ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements have been prepared in accordance with accounting standards generally accepted in Ireland.

#### (b) Valuation of Investments

Listed investments and investments in unitised funds are valued at their bid price where they are quoted on a recognised stock exchange. Insurance policies are valued at their surrender value as confirmed independently by the insurance companies. Other investments are valued at their deposit value including interest accrued at year-end.

#### (c) Income

Interest and dividend income is recorded on an accruals basis.

#### (d) Realised gains and losses

Investment transactions are recorded on a trade date basis. Realised gains or losses on sales of traded securities are calculated on a first in, first out basis. Realised gains or losses on sales of investments in unitised funds are calculated on an average basis. Realised and unrealised gains or losses on investments are recorded in the statement of operations.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (e) Expenses

Expenses are accounted for on an accruals basis. Expenses are charged to the statement of operations, except for expenses incurred on the acquisition of an investment, which are included in the cost of such investments.

Expenses relating to the managing of the unitised funds are charged to the net realised and unrealised gains on investments.

## 3. FEES AND EXPENSES

### 3.1 Court Fees:

The legal responsibility discharged by the courts, which requires that funds and other assets held in trust on behalf of and for the benefit of beneficiaries are managed appropriately, is a very onerous one. Many of the beneficiaries are among the most vulnerable members of society, for example persons who are wards of court, and others who are minors under the age of 18 years. To ensure that the Courts Service discharges its responsibility in supporting the courts and the judiciary in respect of these funds it is necessary to have in place appropriate resources and systems to manage these funds. This also includes the engagement of external resources, for example in the form of investment advisors, auditors and fund managers. As a contribution towards the costs of these operations, court fees and other charges are applied to the various transactions associated with the management of court funds. These charges are approved by the Minister for Justice, Equality and Law Reform and the Minister for Finance and are contained in the Supreme and High Court Fees Orders.

Fees amounting to €1.227m (2007: €1.095m) have been charged as a result of transactions processed in the Accountants Office during the year ended 30 September 2008. In addition to these fees, €0.066m (2007: €0.048m) in respect of court percentages was charged on funds held on behalf of Wards of Court



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3.2 Investment Management Fees:

A scale of investment management fees were agreed with Bank of Ireland Asset Management and State Street Global Advisors and incorporated in the Investment Management Agreement.

The average investment management fee on the court funds in the period under review was as follows:

Cash:	0.03% (2007: 0.03%) Net Asset Value calculated weekly
Cash Plus:	0.13% (2007: 0.15%) Net Asset Value calculated weekly
Bond Plus:	0.11% (2007: 0.11%) Net Asset Value calculated weekly
Balanced:	0.25% (2007: 0.21%) Net Asset Value calculated weekly
Growth:	0.27% (2007: 0.25%) Net Asset Value calculated weekly.

### 3.3 Administration and Custodian Fees:

These are transaction fees charged by the Administrator and Custodian.

The administration and custodian fee on each of the funds in 2008 was as follows:

Cash:	0.01% Equalisation calculated weekly
Cash Plus:	0.00% Equalisation calculated weekly
Bond Plus:	0.00% Equalisation calculated weekly
Balanced:	0.01% Equalisation calculated weekly
Growth:	0.01% Equalisation calculated weekly.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4. INVESTMENTS

	30/9/2008	30/9/2007
	€	€
BIAM Unitised funds	952,142,927	899,353,162
Managed funds	7,088,804	10,615,531
Equities	15,651,273	47,560,341
Government bonds	4,326,977	1,444,666
Deposit accounts	39,564,400	40,945,395
An Post Saving Certificates	1,125,365	1,411,844
Insurance policies	873,182	1,295,201
<b>Portfolio of Investments</b>	<b>1,020,772,928</b>	<b>1,002,626,140</b>

## 5. DEBTORS

	30/9/2008	30/9/2007
	€	€
Court amounts awarded not yet received	12,476,939	6,713,655
Accrued Income	487,793	-
	<b>12,964,732</b>	<b>6,713,655</b>

Accrued income includes dividends receivable and accrued interest on deposit accounts in 2008 which was recorded in accordance with generally accepted accounting principles, however a comparative figure for 2007 was not available.

## 6. BANK

	30/9/2008	30/9/2007
	€	€
Cash at Bank	766,834	13,072,240

The transfer in of funds from the Circuit and District Courts was ongoing during 2007, resulting in a higher than normal level of funds awaiting investment at the year end, 30 September 2007. The transfer of the Circuit and District Courts was almost completed by the 30 September 2008.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CREDITORS

	30/9/2008 €	30/9/2007 €
Creditors	507,188	22,160
Exit tax payable	974,074	637,175
	1,481,262	659,335

8. FUNDS HELD FOR BENEFICIARIES

	30/9/2008 €	30/9/2007 €
Amounts held for wards of court	635,525,998	680,088,345
Amounts held for minors	247,630,015	212,913,886
Amounts held for pending further order cases	83,621,028	36,041,841
Amounts held for charitable bequests	10,497,883	30,830,550
Amounts held for lodgements with defence	30,180,199	31,037,778
Other	25,568,109	30,840,300
	1,033,023,232	1,021,752,700

9. FINANCIAL RISK MANAGEMENT

INVESTMENT RISKS

The investments managed by the Accountant's Office are managed by appointed professional managers adopting agreed investment strategies. Risk is inherent in any investment strategy. Bank of Ireland Asset Management Limited ("BIAM") acts as the Investment Manager to the BIAM Spectrum Unit Trust and the BIAM Gross Roll Up Unit Trust (BIAM Unitised funds) pursuant to the Investment Management Agreement.

State Street Global Advisors Limited ("SSGA") acts as the Investment Manager to the BIAM GRU Eurozone Equity Fund, the BIAM GRU World Ex Eurozone Equity Fund and the BIAM GRU Eurozone Bond Fund pursuant to the Investment Advisory Agreement with Bank of Ireland Asset Management Limited.

In pursuing its investment objectives and policies, the Funds are exposed to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk that could result in a reduction in the Funds' net assets.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Funds' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Funds' financial performance.

The risks, and the Investment Manager's approach to the management of the risks, are as follows.

### MARKET RISK

#### (a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Funds' securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The investment manager considers the asset allocation of the funds in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objectives. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager seeks to moderate market price risk within the Fund by adhering to the investment restrictions outlined in the Prospectus and related Supplements. These investment restrictions ensure that the Fund is appropriately diversified and not overly concentrated within particular investments.

The asset allocation criteria used by the Investment Manager also ensures that the assets within the fund are invested across different economic zones and investment sectors.

#### *BIAM Spectrum Unit Trust*

The BIAM Spectrum Unit Trust Funds invest in a combination of the BIAM Gross Roll Up Unit Trust Funds based on specific investment objectives for each of the Funds.

The Investment Manager monitors the current investment profile of the Funds and compares the Funds' current positions against targeted or ideal positions. Any material divergence from targeted or ideal positions are remedied on a quarterly basis.

The following analysis explains the impact that a 20% movement in the relevant benchmark index (calculated in euro terms) at 30 September 2008 and 30 September 2007, with all other variables held constant, would have on the net assets attributable to holders of redeemable participating units of the various Funds.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fund Name	Benchmark Index	% Change in Fund Net Assets As at 30 September 2008	% Change in Fund Net Assets As at 30 September 2007
BIAM Balanced Fund	Customised Index	20.080%	20.991%
BIAM Bond Plus Fund	Customised Index	20.071%	20.111%
BIAM Cash Plus Fund	Customised Index	0.972%	0.934%
BIAM Growth Fund	Customised Index	20.051%	20.066%

For example, the above analysis shows that if the BIAM Balanced Fund Customised Index in euro terms at 30 September 2008 had increased by 20%, with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating units of the BIAM Balanced Fund by approximately 20.08%.

Conversely, if the if the BIAM Balanced Fund Customised Index terms had decreased by 20%, with all other variables held constant, this would have decreased net assets attributable to holders of redeemable participating units of the BIAM Balanced Fund by approximately 20.08%.

***BIAM GRU Euro Cash Fund***

The Investment Manager monitors the current investment profile of the Funds and compares the Funds' current positions against targeted or ideal positions on a daily basis. Any material divergence from targeted or ideal positions are remedied immediately.

The Investment Manager invests the Funds' assets in such a manner as to minimise the performance tracking error against the underlying benchmark index.



*BIAM GRU Eurozone Equity Fund*

The BIAM GRU Eurozone Equity Fund seeks to track as closely as reasonably possible the performance of the FTSE Eurobloc Index. The Index is a market capitalisation-weighted benchmark of equity securities listed or traded on Regulated Markets in the Eurozone comprising approximately 260 stocks in the Index which are weighted by the total market capitalisation of the countries comprised in the Index, and by the market capitalisation of stocks within individual countries.

*BIAM GRU World Ex Eurozone Equity Fund*

The BIAM GRU World Ex Eurozone Equity Fund seeks to track as closely as reasonably possible the performance of the FTSE World Developed ex Eurobloc Index. The Index is comprised of approximately 1,650 stocks which are weighted by the total market capitalisation of stocks of the countries comprised in the Index and by the market capitalisation within individual countries.

*BIAM GRU Eurozone Bond Fund*

The BIAM GRU Eurozone Bond Fund seeks to track as closely as reasonably possible the performance of the Merrill Lynch over 5 Yr. EMU Direct Government Bond Index. The Index is a market capitalisation-weighted benchmark of approximately 120 fixed rate Euro denominated investment grade debt securities of Eurozone Governments with maturities, at the time of the investment, of greater than 5 years.

The Investment Manager monitors the current investment profile of the Funds and compares the Funds' current positions against the index positions on a daily basis.

Any divergence from the index positions that will result in a material tracking error, after taking into account any relevant transaction costs, are remedied immediately.

The following analysis explains the impact that a 20% movement in the relevant benchmark index (calculated in Euro terms) at 30 September 2008 and 30 September 2007, with all other variables held constant, would have on the net assets attributable to holders of redeemable participating units of the various Funds.



Fund Name	Benchmark Index	% Change in Fund Net Assets as at 30 September 2008	% Change in Fund Net Assets as at 30 September 2007
<b>BIAM GRU</b> <i>Euro Cash Fund</i>	N/a	20.000%	20.000%
<b>BIAM GRU</b> <i>Eurozone Equity Fund</i>	FTSE Eurobloc Index	19.957%	19.991%
<b>BIAM GRU World</b> <i>Ex Eurozone Equity Fund</i>	FTSE World Developed ex Eurobloc Index	19.993%	19.977%
<b>BIAM GRU</b> <i>Eurozone Bond Fund</i>	Merrill Lynch over 5 Yr. EMU Direct Government Bond Index	19.763%	20.083%

For example, the above analysis shows that if the FTSE Eurobloc Index in Euro terms at 30 September 2008 had increased by 20%, with all other variables held constant, this would have increased net assets attributable to holders of redeemable participating units of the BIAM GRU Eurozone Equity Fund by approximately 19.957%.

Conversely, if the FTSE Eurobloc Index in Euro terms had decreased by 20%, with all other variables held constant, this would have decreased net assets attributable to holders of redeemable participating units of the BIAM GRU Eurozone Equity Fund by approximately 19.957%.

The Office of the Accountant of the Courts of Justice internally manages a portfolio of investments (“internally managed funds”) that includes:

- Managed Funds
- Equities
- Government Bonds
- Deposit accounts
- An Post Saving Certificates
- Insurance policies

The internally managed funds make up 6.7% (2007: 10.3%) of the overall investment portfolio. The managed funds, equities and government bonds are valued at market value and invested in liquid markets. These investments are exposed to market price risk. Management internally manage these investments on a weekly basis.



**(b) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

*BIAM Spectrum Unit Trust*

The Funds invest all of their assets in the underlying BIAM Gross Roll Up Unit Trust.

All of the Sub-Funds within the BIAM Gross Roll Up Unit Trust are denominated in euro, the base currency of the Funds. The Funds therefore do not have any direct currency risk exposure.

All of the Funds are however indirectly exposed to currency risks through their investment in the BIAM GRU World ex Eurozone Equity Fund.

*BIAM Gross Roll Up Unit Trust*

The BIAM GRU Euro Cash Fund, BIAM GRU Eurozone Equity Fund and BIAM GRU Eurozone Bond Fund are not exposed to any foreign currency risks as all of the assets and liabilities are denominated in euro, the functional currency of all of the Funds.

All of the BIAM GRU World Ex Eurozone Equity Fund assets, liabilities and income are denominated in currencies other than euro, the functional currency of all of the Funds. It is, therefore, exposed to currency risk as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. Income denominated in foreign currencies is converted to euro on receipt.

The investment objective of the Fund is to track as closely as reasonably possible the performance of the FTSE World Developed ex Eurobloc Index. The Investment Manager does not seek to manage the foreign currency exposure within the Fund and does not engage in any foreign currency hedging activities.

There were no material changes to the Funds' policies and processes for managing currency risk and the methods used to measure risk during the period.

As all of the assets and liabilities of the BIAM GRU World Ex Eurozone Equity Fund are denominated in currencies other than euro, a 1% increase in the Euro currency against all other currencies would cause a 1% increase in the Net Asset Value of the Fund and vice versa as of 30 September 2008 and 30 September 2007.

The internally managed funds are all denominated in Euro, the functional currency of the financial statements and are therefore not exposed to any currency risk.



**(c) Interest Rate Risk**

A Fund's interest bearing financial assets and liabilities expose them to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

*BIAM Spectrum Unit Trust*

The Funds invest all of their assets in the underlying BIAM Gross Roll Up Unit Trust.

The Funds therefore do not have any direct interest rate exposure.

They are however indirectly exposed to interest rate risks through their investment in the BIAM GRU Euro Cash Fund and the BIAM GRU Eurozone Bond Fund.

The Funds did not employ leverage nor did they borrow for liquidity purposes during the year ended 30 September 2008 and 30 September 2007. The Funds were, therefore, not exposed to interest rate risk from unfavourable fluctuations in interest rates payable. The Investment Manager does not expect this position to change in the next reporting period.

*BIAM Gross Roll Up Unit Trust*

The BIAM GRU Euro Cash Fund and the BIAM GRU Eurozone Bond Fund hold interest-bearing assets and liabilities which expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The investment objective of the BIAM GRU Eurozone Bond Fund is to track as closely as reasonably possible the performance of the Merrill Lynch over 5 Yr. EMU Direct Government Bond Index. The Investment Manager will therefore invest in such investments which will ensure that the performance of the fund tracks as closely as reasonably possible the performance of the underlying index. It does not directly seek to manage the interest rate risk exposure within the Fund.

Interest rate risk for the BIAM GRU Euro Cash Fund is managed, in part, by the investment selection process of the Investment Manager which includes predictions of future events and their impact on interest rates, diversification and duration. In accordance with Fund policy, the Investment Manager monitors the Fund's overall interest sensitivity on a daily basis.

The BIAM GRU Eurozone Equity Fund and the BIAM GRU World ex Eurozone Equity Funds do not hold interest-bearing securities and therefore no interest rate risk exposure arises in respect of these Funds.



There were no material changes to the Funds' policies and processes for managing interest rate risk and the methods used to measure risk since the prior year end.

Interest rate sensitivity is measured by duration, being the measurement of what effect on the NAV of the fund a 100 basis point change in interest rates would have.

The following table explains the % impact on the Net Assets of those Funds which hold interest bearing securities, assuming there is a 1% movement in interest rates.

Fund Name	% Change in Fund Net Assets assuming a 1% Movement in Interest Rates As at 30 September 2008	% Change in Fund Net Assets assuming a 1% Movement in Interest Rates As at 30 September 2007
BIAM GRU Euro Cash Fund	0.32%	0.32%
BIAM GRU World ex Eurozone Bond Fund	8.77%	8.78%

All of the Funds did not employ leverage and did not borrow for liquidity purposes during the year ended 30 September 2008 and 30 September 2007, and no interest was payable during the year. The Funds were, therefore, not exposed to interest rate risk from unfavourable fluctuations in interest rates payable.

The income generating return on the internally managed funds, in particular the Deposit accounts and An Post Saving Certificates, will be exposed to interest rate fluctuation. However, this risk is seen as minimal.

**(d) Credit Risk**

The Funds take on exposure to credit risk, which is the risk that a counterparty or issuer will be unable to pay amounts in full when due.

*BIAM Spectrum Unit Trust*

The Funds invest all of their assets in the underlying BIAM Gross Roll Up Unit Trust.

The Funds have an indirect exposure to credit risk through their investment in the BIAM Gross Roll Up Unit Trust.



*BIAM GRU Euro Cash Fund*

The BIAM Fixed Income Desk and the BIAM Investment Support Unit monitor the current credit rating for all positions within the Funds on a daily basis to ensure that the Fund continues to meet the credit rating requirements and restrictions for the Fund as outlined in the fund documentation.

The BIAM Fixed Income Desk and the BIAM Investment Support Unit also ensure that there is appropriate investment diversification and that risk is not overly concentrated with a particular counterparty or issuer at any time.

*BIAM GRU Eurozone Bond Fund*

The Investment Manager monitors the current credit rating for all positions within the Fund on a daily basis to ensure that the Fund continues to meet the credit rating requirements and restrictions for the Fund as outlined in the fund documentation.

The Investment Manager also ensures that there is appropriate investment diversification and that risk is not overly concentrated with a particular counterparty or issuer at any time, while focussing on the core objective for the fund which is to track as closely as reasonably possible the performance of the Merrill Lynch over 5 Yr. EMU Direct Government Bond Index.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

The BIAM GRU Euro Cash Fund and the BIAM GRU Eurozone Bond Fund hold interest-bearing securities with the following credit exposures as at 30 September 2008 and 30 September 2007:

Fund Name	As at 30 September 2008		As at 30 September 2007	
	Investment Grade	Non-Investment Grade	Investment Grade	Non-Investment Grade
BIAM GRU Euro Cash Fund	100%	N/a	100%	N/a
BIAM GRU Eurozone Bond Fund	100%	N/a	100%	N/a



*BIAM GRU Eurozone Equity Fund*

*BIAM GRU World ex Eurozone Equity Fund*

The Funds takes on exposure to credit risk, which is the risk that a counterparty or issuer will be unable to pay amounts in full when due. The Funds' credit exposure comprises:

- the risk that cash, all held with JP Morgan at the reporting date, may be lost; and
- the risk that brokers may fail to pay for securities received from the Funds, or to deliver securities paid for by the Funds.

JP Morgan is rated "A" for long term debt by Standard & Poor's and the risk of it defaulting is considered negligible.

All transactions in listed securities are settled and paid for upon delivery by the Custodian using approved brokers.

All brokers have to be approved by the Investment Manager before the Funds' Investment Manager may deal with them, a process which involves obtaining and reviewing their annual accounts. The risk of default by brokers is considered minimal, as delivery of securities sold is only made once the broker has received payment and payment is made on a purchase once the securities have been received by the broker.

For these reasons, the Investment Manager considers that the risk that counterparties will fail to discharge their obligations to the Fund is low.

The credit risk for the internally managed funds is deemed minimal.



**(e) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

*BIAM Spectrum Unit Trust*

The Funds invest all of their assets in the underlying BIAM Gross Roll Up Unit Trust.

All of the Funds are exposed to weekly dealing.

All redemptions of redeemable unit in the Funds are payable within 2 business days of the dealing day on which the redemption takes place.

The Investment Manager monitors the Funds' liquidity position on a daily basis. The Investment Manager reviews the current and future forecasted liquidity position of the Funds on a daily basis and ensures that any cash required to meet the settlement of redemption requests is generated as appropriate.

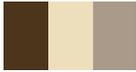
All of the Funds have the ability to borrow in the short term to ensure settlement. The Funds' Prospectus allows the Funds to borrow up to 10% of the Funds' net assets at any time for the account of any Funds and the Custodian may charge the assets of such Funds as security for any such borrowing, provided that such borrowing is only for temporary purposes.

All of the Funds do not generally borrow and had no borrowings as of the balance sheet date. (2007: Nil)

All of the Funds' financial liabilities are payable within one month.

The Funds invests all of their assets in investments that are traded in an active market and can be readily disposed of.

All of the Funds are exposed to weekly dealing. All redemptions of redeemable units in the Funds are payable within 2 business days of the dealing day on which the redemption takes place.



*GRU Euro Cash Fund*

The Investment Manager monitors the Fund's liquidity position on a daily basis. The monitoring of liquidity risk within the Fund is specifically carried out by the BIAM Investment Support Unit. The BIAM Investment Support Unit reviews the current and future forecasted liquidity position of the Fund on a daily basis and ensures that any cash required to meet the settlement of redemption requests is generated as appropriate.

*BIAM GRU Eurozone Equity Fund*

*BIAM GRU World Ex Eurozone Equity Fund*

*BIAM GRU Eurozone Bond Fund*

The Investment Manager monitors the Funds' liquidity position on a daily basis. The Investment Manager reviews the current and future forecasted liquidity position of the Funds on a daily basis and ensures that any cash required to meet the settlement of redemption requests is generated as appropriate.

All of the Funds have the ability to borrow in the short term to ensure settlement. The Funds' Prospectus allows the Funds to borrow up to 10% of the Funds' net assets at any time for the account of any Funds and the Custodian may charge the assets of such Funds as security for any such borrowing, provided that such borrowing is only for temporary purposes.

All of the Funds do not generally borrow and had no borrowings as of the balance sheet date. (2007: Nil)



All of the Funds' financial liabilities are payable within one month except in respect of the following Funds as follows:

**As at 30 September 2008**

<b>Fund Name</b>	<b>Payable in 1 – 3 Months</b>	<b>Payable in 3 – 6 Months</b>
BIAM GRU Euro Cash Fund	N/A	N/A
BIAM GRU Eurozone Equity Fund	EUR41,180	N/A
BIAM GRU World ex Eurozone Equity Fund	EUR139,106	N/A
BIAM GRU Eurozone Bond Fund	N/A	N/A

**As at 30 September 2007**

<b>Fund Name</b>	<b>Payable in 1 – 3 Months</b>	<b>Payable in 3 – 6 Months</b>
BIAM GRU Euro Cash Fund	N/A	N/A
BIAM GRU Eurozone Equity Fund	N/A	N/A
BIAM GRU World ex Eurozone Equity Fund	N/A	N/A
BIAM GRU Eurozone Bond Fund	N/A	N/A

For these reasons, the Investment Manager has assessed the risk of the Funds being affected by the lack of liquidity as low.

The internally managed funds are all in highly liquid markets and can be accessed at very short notice. Therefore, the liquidity risk is seen as minimal.



## 10. NET REALISED GAINS ON INVESTMENTS

	30/9/2008 €	30/9/2007 €
Realised gains on investments disposed of during the year	12,931,846	9,447,742
Less:		
Exit tax	(2,753,452)	(1,602,561)
Administration and custodian fee (Note 3.3)	(14,337)	(84,180)
Net realised gain on investments disposed of during the year	10,164,057	7,761,001

The Finance Act 2003 authorises the Courts Service to deduct at source and account for exit taxes arising from the disposal of investments. The tax is calculated at the standard rate plus 3% and is payable to the Revenue.

## 11. NET UNREALISED (LOSSES)/GAINS ON INVESTMENTS

	30/9/2008 €	30/9/2007 €
Unrealised (losses)/gains on investments during the year	(86,226,979)	14,080,906
Less:		
Investment management fees (Note 3.2)	(1,136,731)	(1,104,053)
Administration and custodian fees (Note 3.3)	(77,526)	(102,638)
Miscellaneous managed funds' fees (i)	(292,468)	(334,688)
Net unrealised (losses)/gains on investments	(87,733,704)	12,539,527

(i) These fees include transaction charges, audit fees, safe-keeping fees, other professional fees, trustee fees and bank interest.



## 12. INVESTMENT INCOME

	30/9/2008 €	30/9/2007 €
Deposit interest	1,760,788	906,653
Dividends	1,929,887	1,865,785
Shares in lieu of dividends	37,915	14,645
Interest on other investments	105,937	90,836
Other	8,066	5,978
	3,842,593	2,883,897

Investment income is shown net of withholding tax. Deposit interest in 2008 includes accrued deposit interest income in accordance with generally accepted accounting principles.

## 13. EXPENSES

	30/9/2008 €	30/9/2007 €
Court fees (Note 3.1)	1,293,452	1,142,548
Brokers' fees	8,064	2,880
Bank charges	617	832
	1,302,133	1,146,260



#### 14. OTHER INCOME

Other income is represented by inter alia, annuity income, sold rights options and interest on late lodgements.

#### 15. POST BALANCE SHEET EVENTS

There were no material post balance sheet events, which would require revision of the figures in the financial statements. There has been further deterioration in the financial markets since the Balance Sheet date which has impacted on the market value of the investments held. Such deterioration is not an adjusting event in the Financial Statements.



## HIGH COURT FUNDS

*SUPPLEMENTARY INFORMATION (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)*

### STATEMENT OF ASSETS AND LIABILITIES

AT 30 SEPTEMBER 2008

	30/9/2008 €	30/09/2007 €
<b>INVESTMENT ASSETS</b>		
Investments	916,066,047	941,945,551
<b>CURRENT ASSETS</b>		
Debtors	12,210,609	5,868,687
Bank	316,525	4,691,995
<b>TOTAL CURRENT ASSETS</b>	<u>12,527,134</u>	<u>10,560,682</u>
<b>CURRENT LIABILITIES</b>		
Creditors	(1,387,039)	(656,369)
<b>TOTAL LIABILITIES</b>	<u>(1,387,039)</u>	<u>(656,369)</u>
<b>NET CURRENT ASSETS</b>	<u>11,140,095</u>	<u>9,904,313</u>
<b>TOTAL NET ASSETS</b>	<u>927,206,142</u>	<u>951,849,864</u>
<b>Represented by:</b>		
Funds held for beneficiaries at year end	<u>927,206,142</u>	<u>951,849,864</u>



## HIGH COURT FUNDS

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>NET REALISED AND UNREALISED (LOSSES)/GAINS</b>		
Net realised gains on investments disposed of during the year	9,977,390	7,746,679
Net unrealised (losses)/gains on investments	(87,896,582)	12,021,603
(Losses)/gains realised on transfers from funds	(291,211)	919,161
	<hr/>	<hr/>
<b>NET REALISED AND UNREALISED (LOSSES)/GAINS</b>	(78,210,403)	20,687,443
Investment income	3,781,285	2,865,301
	<hr/>	<hr/>
	(74,429,118)	23,552,744
Expenses	(1,301,668)	(1,145,924)
	<hr/>	<hr/>
<b>(DECREASE)/INCREASE IN NET ASSETS FROM OPERATIONS</b>	(75,730,786)	22,406,820



## HIGH COURT FUNDS

### STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>(DECREASE)/INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
Investment income less expenses	2,479,617	1,719,377
Net realised gains on investments	9,977,390	7,746,679
Net unrealised (losses)/gains on investments	(87,896,582)	12,021,603
(Losses)/gains realised on transfers from funds	(291,211)	919,161
	<hr/>	<hr/>
<b>(DECREASE)/INCREASE IN NET ASSETS FROM OPERATIONS</b>	(75,730,786)	22,406,820
	<hr/>	<hr/>
<b>CAPITAL TRANSACTIONS</b>		
Receipts	205,058,180	132,632,959
Disbursements	(153,971,116)	(143,813,168)
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN NET ASSETS FROM CAPITAL TRANSACTIONS</b>	51,087,064	(11,180,209)
	<hr/>	<hr/>
(Decrease)/Increase in net assets	(24,643,722)	11,226,611
Net assets at beginning of year	951,849,864	940,623,253
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	927,206,142	951,849,864
	<hr/>	<hr/>



## CIRCUIT COURT FUNDS

*SUPPLEMENTARY INFORMATION (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)*

### STATEMENT OF ASSETS AND LIABILITIES

AT 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>INVESTMENT ASSETS</b>		
Investments	100,598,156	57,735,724
<b>CURRENT ASSETS</b>		
Debtors	739,643	813,760
Bank	436,395	8,073,985
<b>TOTAL CURRENT ASSETS</b>	<u>1,176,038</u>	<u>8,887,745</u>
<b>CURRENT LIABILITIES</b>		
Creditors	(84,712)	(2,895)
<b>TOTAL LIABILITIES</b>	<u>(84,712)</u>	<u>(2,895)</u>
<b>NET CURRENT ASSETS</b>	<u>1,091,326</u>	<u>8,884,850</u>
<b>TOTAL NET ASSETS</b>	<u>101,689,482</u>	<u>66,620,574</u>
<b>Represented by:</b>		
Funds held for beneficiaries at year end	<u>101,689,482</u>	<u>66,620,574</u>



## CIRCUIT COURT FUNDS

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>NET REALISED AND UNREALISED GAINS</b>		
Net realised gains on investments disposed of during the year	177,804	14,005
Net unrealised gains on investments	136,195	490,214
	<hr/>	<hr/>
<b>NET REALISED AND UNREALISED GAINS</b>	313,999	504,219
Investment income	46,189	13,932
	<hr/>	<hr/>
	360,188	518,151
Expenses	(415)	(336)
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	359,773	517,815



## CIRCUIT COURT FUNDS

### STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
Investment income less expenses	45,774	13,596
Net realised gains on investments	177,804	14,005
Net unrealised gains on investments	136,195	490,214
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	359,773	517,815
	<hr/>	<hr/>
<b>CAPITAL TRANSACTIONS</b>		
Receipts	48,890,922	62,660,355
Disbursements	(14,181,787)	(2,557,366)
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS</b>	34,709,135	60,102,989
	<hr/>	<hr/>
Increase in net assets	35,068,908	60,620,804
Net assets at beginning of year	66,620,574	5,999,770
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	101,689,482	66,620,574
	<hr/>	<hr/>



## DISTRICT COURT FUNDS

*SUPPLEMENTARY INFORMATION (NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)*

### STATEMENT OF ASSETS AND LIABILITIES

AT 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>INVESTMENT ASSETS</b>		
Investments	4,108,725	2,944,865
<b>CURRENT ASSETS</b>		
Debtors	14,480	31,208
Bank	13,914	306,260
<b>TOTAL CURRENT ASSETS</b>	<hr/> 28,394	<hr/> 337,468
<b>CURRENT LIABILITIES</b>		
Creditors	(9,511)	(71)
<b>TOTAL LIABILITIES</b>	<hr/> (9,511)	<hr/> (71)
<b>NET CURRENT ASSETS</b>	<hr/> 18,883	<hr/> 337,397
<b>TOTAL NET ASSETS</b>	<hr/> 4,127,608	<hr/> 3,282,262
<b>Represented by:</b>		
Funds held for beneficiaries at year end	<hr/> 4,127,608	<hr/> 3,282,262



## DISTRICT COURT FUNDS

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/09/2007 €
<b>NET REALISED AND UNREALISED GAINS</b>		
Net realised gains on investments disposed of during the year	8,863	317
Net unrealised gains on investments	26,683	27,710
<b>NET REALISED AND UNREALISED GAINS</b>	35,546	28,027
Investment income	15,119	4,664
	50,665	32,691
Expenses	(50)	-
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	50,615	32,691



## DISTRICT COURT FUNDS

### STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	30/9/2008 €	30/9/2007 €
<b>INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
Investment income less expenses	15,069	4,664
Net realised gains on investments	8,863	317
Net unrealised gains on investments	26,683	27,710
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	50,615	32,691
	<hr/>	<hr/>
<b>CAPITAL TRANSACTIONS</b>		
Receipts	1,594,027	3,251,494
Disbursements	(799,296)	(137,522)
	<hr/>	<hr/>
<b>INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS</b>	794,731	3,113,972
	<hr/>	<hr/>
Increase in net assets	845,346	3,146,663
Net assets at beginning of year	3,282,262	135,599
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	4,127,608	3,282,262
	<hr/>	<hr/>

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