

The Office of the Accountant of the Courts of Justice

REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2018



An tSeirbhís Chúirteanna
Courts Service



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INVESTMENT COMMITTEE AND OTHER INFORMATION

INVESTMENT COMMITTEE	<p>Judge Peter Kelly, President of the High Court</p> <p>Judge Brian McGovern, Court of Appeal (appointed 1st October 2018)</p> <p>Judge Martin Nolan, Circuit Court</p> <p>Judge Anthony Halpin, District Court (resigned 30th September 2018)</p> <p>Judge John Brennan, District Court (appointed 1st October 2018)</p> <p>Sean Quigley, Accountant of the Courts of Justice and Head of Resource Management</p> <p>Fintan Murphy, County Registrar, Mayo (resigned 30th September 2018)</p> <p>Denise Mullins, Head of Court Funds, The Courts Service</p> <p>James Finn, Registrar, Office of the Wards of Court</p> <p>John Mahon, Principal Officer, The Courts Service (resigned 30th September 2018)</p> <p>Kevin O'Neill, Principal Registrar, The High Court (appointed 1st October 2018)</p> <p>Eugene O'Callaghan, Independent Member, National Treasury Management Agency</p> <p>Paul Farrell, Independent Member (resigned 30th September 2018)</p> <p>David B. Deasy, Chartered Accountant, Independent Member (appointed 1st October 2018)</p> <p>Ger Deering, Financial Services and Pensions Ombudsman (appointed 1st October 2018)</p>
REGISTERED OFFICE	<p>Office of the Accountant of the Courts of Justice</p> <p>Phoenix House</p> <p>15 – 24 Phoenix Street North</p> <p>Smithfield</p> <p>Dublin 7</p> <p>Ireland</p>
INVESTMENT MANAGER	<p>State Street Global Advisors Funds Management Limited</p> <p>78 Sir John Rogerson's Quay</p> <p>Dublin 2</p> <p>Ireland</p>
TRUSTEE	<p>Northern Trust Fiduciary Services (Ireland) Limited</p> <p>Georges Court</p> <p>54-62 Townsend Street</p> <p>Dublin 2</p> <p>Ireland</p>

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AUDITORS

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Chartered Accountants and Registered Auditors
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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:

- (a) Wards of Court: the funds of persons taken into Wardship are lodged in Court.
- (b) 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.
- (c) 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 lodged in court)
- Unclaimed dividends in Company liquidations
- Lodgements under the Land Clauses Act 1845
- Funds lodged by the Residential Institutions Redress Board
- Insurance Compensation Fund

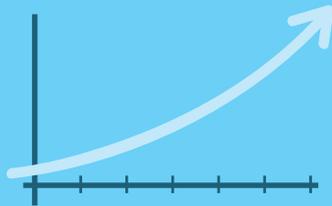
The Accountant of the Courts of Justice

The Accountant's Office and the position of the Accountant of the Courts of Justice (the "Accountant") were 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 €1.929 billion as at 30th September 2018 (€1.842 billion: 30th September 2017).

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 and the rules of court.

Court Funds 2018

NET
INCREASE
IN FUNDS



€87 million

WARDS
OF COURT



No. 2,864
VALUE

€1.38 billion

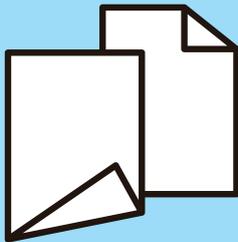
17,180
MINORS



VALUE

€329 million

TRANSACTIONS
PROCESSED



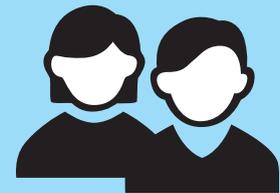
66,953

VALUE
OF FUNDS

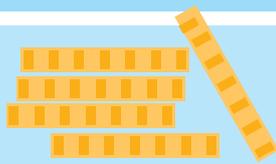


€1.929 billion

TOTAL
BENEFICIARIES



21,873



€29 million

INCREASE IN NET ASSETS FROM
INVESTMENT PERFORMANCE

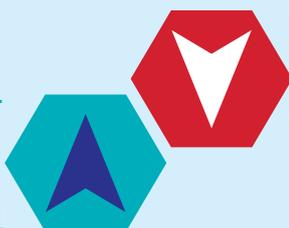


7.87%

GROWTH FUND
4 YEARS NET ANNUALISED RETURN

CAPITAL
RECEIPTS

€361
million



CAPITAL
DISBURSEMENTS

€303
million



EXIT TAX
COLLECTED

€7 million

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 2018.

2018 has been an exceptionally busy and challenging year for the management of court funds. The total funds managed by the Accountants Office at the year end grew to €1.929 billion (2017: €1.842 billion), an increase of €87 million or 4.7% on the previous year. This movement is attributable to a positive investment performance of €29 million and a net increase in capital transactions of €58 million. This is a very satisfactory outcome given the challenges referred to below. There was also a 5% increase in the number of beneficiaries accounts during the year.

In last year's report, I highlighted the issue of negative returns on cash investments. This is as a result of a prolonged and unprecedented ECB interest rate policy which continues to have a significant impact on investment performance. ECB policy since 2014 has seen negative interest rates become the norm for cash based investments. Indications are that it will be late 2019 before we see any significant change in ECB interest rate policy.

Funds with an equity element delivered good performance. The Growth Fund, in particular, which has a 55% equity element, has achieved an annualised return of 7.87% net of fees over the past five years. The Investment Committee continues to monitor the performance of all investment strategies and developments in financial markets, and where appropriate considers any necessary changes to current investment strategies. At all times careful consideration needs to be given to the appropriate level of risk combined with the balance between capital preservation and seeking to achieve income generation and capital growth.

In recent years the courts have adopted a different approach when determining awards in catastrophic injury cases. This has resulted in larger sums being awarded as a result of a lower real rate of return being applied. The Investment Committee has taken account of this new approach and based on advice from our investment advisors has decided to set up a new investment strategy for such cases, which is expected to be in place in early 2019.

As a result of attendance by Courts Service officials at the Dáil Joint Justice and Equality Committee in October 2017, the Courts Service commissioned an independent review of 63 wardship cases that sold units in the Growth Fund during the financial crisis. This review was carried out by Mazars and made a number of important findings, including that the very good investment performance of the Growth Fund over many years had extended the available funds to meet ongoing care needs for these cases for a much longer period than might otherwise have been the case.

During the year the Investment Committee began to consider the issue of responsible investing, which is an area that has become very topical in recent years. Consideration of this issue will take account of political representations received to exclude investment in tobacco stocks. It is expected that the Committee will have completed work on a responsible investing policy by the end of 2019.

The Investment Committee met four times during the period under review. In conjunction with its investment advisors the Committee actively monitors investment performance, compliance with

investment strategies, and the ongoing suitability of the investment strategies. I would like to thank the Investment Committee members for their hard work and dedication during the year. During the year a review of the composition of the Investment Committee was carried out, which will see some changes to its membership come into effect with effect from October 2018. I would like to express my appreciation to the following Committee members who resigned or have ceased membership of the Committee: Judge Anthony Halpin, Mr. Fintan Murphy, Mr. John Mahon and Mr. Paul Farrell, for their excellent contribution to the work of the Committee over a number of years.

I would also like to acknowledge the excellent contribution of staff in the Accountant's Office. It is clear to me that the team takes pride in everything they do and work hard in the best interests of all beneficiaries.

A handwritten signature in black ink, appearing to read 'Peter Kelly', with a long, sweeping flourish at the end.

Peter Kelly
President of the High Court
Chairman of the Investment Committee

25 March 2019

INVESTMENT COMMITTEE

The Investment Committee comprises members of the Judiciary, a County Registrar, Court Officers, Court Service Officials and independent external members. 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 the investment of Court funds based on advice from our independent investment advisors, to oversee the implementation of investment strategies, and to ensure compliance with best practice in the management of Court funds.

The Committee meets on a regular basis and it met on 4 occasions during the year to 30th September 2018. Its membership as at 30th September 2018 was as follows:

Judge Peter Kelly, President of the High Court, Chairperson

Judge Martin Nolan, Circuit Court

Judge Anthony Halpin, District Court

Sean Quigley, Head of Resource Management & Accountant of the Courts of Justice

Fintan Murphy, County Registrar, Mayo

Denise Mullins, Head of Court Funds, The Courts Service

James Finn, The Registrar, Office of the Wards of Court

John Mahon, Principal Officer, The Courts Service

Eugene O'Callaghan, Independent Member, National Treasury Management Agency

Paul Farrell, Independent Member

Ms. Deborah Reidy and Mr. Darragh Gavin, Aon, who are the Investment Advisors for Court Funds, attended all Investment Committee meetings during the period under review.

REPORT OF THE ACCOUNTANT OF THE COURTS OF JUSTICE

The Courts Service, in accordance with the Courts Service Act 1998, is responsible for the management and administration of the Courts and the provision of support services for judges. It is in this capacity that the Courts Service has a role in the management and investment of Court funds, which are held in trust by the Courts. These funds are invested in line with the provisions of the Trustee (Authorised Investments) Act, 1958 and subsequent orders.

At the 30th September 2018, the Accountants Office was managing €1.929 billion in a fiduciary capacity (€1.842 billion, at 30th September 2017) on behalf of more than 21,873 beneficiaries. 2,864 of these beneficiaries are persons who have been declared wards of court (2017: 2,909) with funds valued at €1.380 billion as at 30th September 2018 (2017: €1.271 billion). A further 17,180 are minors (2017: 16,200) with funds valued at €329 million (2017: €323 million). The remainder mostly consist of cases pending further court orders, residential redress board cases, lodgements with defence case types and the Insurance Compensation Fund. This is further analysed between the three court jurisdictions in Table 1 below.

The increase in the total value of funds by €87 million or +4.7% is attributable to a net increase from investment performance of €29 million for the year (€54 million: 2017) and an increase in net capital transactions of €58 million (i.e. net excess receipts over disbursements).

Table 1: Total Net Assets under Management, by Jurisdiction as at 30th September 2018

Jurisdiction	Net Assets € at 30/09/2017	%	Net Assets € at 30/09/2018	%	% Increase in Net Assets
High Court	1,668,618,164	90.6%	1,737,472,524	90.0%	+4.1%
Circuit Court	155,389,485	8.4%	169,351,495	8.8%	+9.0%
District Court*	17,892,357	1.0%	22,496,450	1.2%	+25.7%
Total	€ 1,841,900,006	100%	€1,929,320,469	100%	+4.7%

* The increase in District Court funds is primarily due to the increase in the monetary jurisdiction limit from €6,348.69 to €15,000 effective 3rd February 2014. This has resulted more cases and larger awards being dealt with in the District Courts.

Public Accountability

Court funds that are managed by the Accountants Office are under the control of the courts and judiciary. These are not public funds and in accordance with legislation governing the role of the Comptroller and Auditor General (C&AG) are not subject to audit by the C&AG. The Courts Service uses a number of mechanisms to demonstrate transparency and accountability in relation to the management of court funds. One of the most important of which is the publication of these financial statements, which are independently audited. In seeking to further demonstrate transparency and accountability, the Courts Service regularly engages with Oireachtas Committees such as the Public Accounts Committee and the Joint Committee on Justice and Equality. In October 2017 officials from

the Courts Service attended the Joint Justice and Equality Committee to answer questions on the management of court funds. To allay concerns expressed by Committee members, the Courts Service commissioned Mazars to carry out an independent review of 63 cases which it was felt may have been negatively impacted by the financial crisis during 2008/2009. This report was published in March 2018 and made available to the Joint Committee and other interested parties. The results showed that all cases had benefited from being invested in the Growth Fund, the performance of which ensured funds in the cases reviewed grew substantially over the period covered by the review. The very good performance of the Growth Fund ensured that care and maintenance costs were supported over the much longer period than might otherwise have been the case if these funds had been invested in a fund generating lower returns.

Investment Protocol

During the year to 30th September 2018, the Courts Service continued to invest all funds, for which it has responsibility, on a prudent basis. When deciding where and how to invest court funds, the overriding objective is the achievement of an optimal total financial return having regard to the need for liquidity and capital security, taking account of income generation and capital growth requirements. The latter being of particular importance in certain Wardship cases. Where there is a requirement to generate a higher return to sustain the value of a ward's funds for the longest period possible, the funds in such cases are invested in the SSGA Spectrum Growth Fund. This fund has delivered an annualised return of 7.87% for the five year period from inception in October 2013 to 30th September 2018. This has ensured that funds that would have otherwise been depleted, have been sustained for a longer period. The performance of all funds over the past five years has been in line with expectations.

The Court and the Judge has ultimate responsibility for court funds, and; (a) determine the amount of compensation awarded in any case, and (b) with the support of the Courts Service decide how the funds in any case are to be invested. Court officers and others can only make an investment where a court order or legislation directs them to do so. In making the order judges rely on the support provided by the Courts Service under the Courts Service Act 1998, in ensuring court funds are managed and invested appropriately. This includes the engagement of independent investment advisors to advise on appropriate investment strategies, including the asset combination mix of those strategies, for all court beneficiaries. These funds are invested in line with the provisions of the Trustee (Authorised Investments) Act, 1958 and subsequent orders. The funds in which court funds are invested are authorised by the Central Bank of Ireland pursuant to the provisions of the Unit Trusts Act, 1990.

The management and investment of Wardship cases can potentially be more complex, given the range of issues to be considered in making the investment decision. While for some Wardship cases a strategy which seeks to maintain their level of invested capital may be appropriate. However, for others where there is a need for a higher return to ensure that value of funds is sustained and grown so as to provide for the care of the ward for the longest period possible, such cases will be invested in the Growth Fund. Where there are ongoing maintenance payments, a separate cash holding, approximately three years cashflow, is maintained in the SSGA Spectrum Euribor Plus Fund.

The range of investment strategies utilised by the Courts Service for all categories of beneficiaries together with the expected investment time horizon, is set out in Table 2 below. As advised by our independent investment advisors Aon these six strategies are designed to reflect the differing needs of all court beneficiaries and are deemed appropriate investment strategies for the expected time horizon that the funds will be held in court. The Investment objectives of each Strategy are set out on pages 17 and 18 of this report.

**Table 2: Courts Service Investment Protocol for the Investment of all funds
as at 30th September 2018**

SSGA Spectrum Strategy	Time Horizon of Funds held in Court	Class of Beneficiary
Cash Fund	Capital Preservation Objective with unknown time horizon or time horizon of less than 3 months	Minors aged 17¾ years old or more, Cases Pending Further court order, Miscellaneous
Euribor Plus Fund	Capital Preservation Objective with time horizon between 3 months - 3 years	Minors aged 15 years old or over but less than 17¾, Deceased Wards and Wards under 5 years, Ward Minors under 5 years, Wards 3 years cash holding requirement, Charitable Bequests, etc
Cash & Short Term Bond Fund	Between 3 - 5 years	Minors aged 13 years old or over but less than 15, Ward Minors over 5 years with less than €100,000.
Moderate Balanced Fund *Includes Currency Hedge	Between 5 - 8 years	Minors aged 10 years old or over but less than 13
Diversified Fund *Includes Target Volatility Triggers (TVT) Overlay <u>and</u> Currency Hedge	More than 8 years	Minors aged under 10 years old
Growth Fund *Includes Target Volatility Triggers (TVT) Overlay <u>and</u> Currency Hedge	For Wards of Court only with over 5 year time horizon	Wards of Court and Ward minors over 5 years

During the year the Investment Committee continued to take a proactive and prudent approach to setting investment policy in relation to these funds. This approach has worked well over the past 15 years, whereby very good returns have been generated, while protecting court funds from the worst effects of the credit crisis in 2008. In recent years the major initiatives addressed by the Investment Committee include; the introduction of a Target Volatility Triggers (TVT) strategy on the SSGA Spectrum Growth and Diversified Funds (see below), a currency hedge on the SSGA Spectrum Growth, Diversified and Moderate Balanced Funds, and a partial waiver of fund management fees on the Cash Fund was agreed with SSGA to reduce the impact of negative interest rates. A further reduction of one basis point was also negotiated with SSGA on the management fee on the Diversified Fund effective 1st October 2017. This brought the revised SSGA management fee to 11.6bps from 12.6bps, which is of benefit to the Courts Service beneficiaries. Further information is provided below.

SSGA's Target Volatility Triggers (TVT) Strategy

The SSGA Target Volatility Triggers (TVT) Strategy came into effect on 28th April 2015 for the SSGA The SSGA Target Volatility Triggers (TVT) Strategy came into effect in April 2015 for the SSGA Spectrum Diversified Fund and the SSGA Spectrum Growth Fund. The TVT strategy seeks to use a rules based approach to de-risk a portfolio as equity market volatility increases so as to mitigate the level of volatility caused by significant movements in equity markets.

The SSGA TVT strategy in the Diversified and Growth Funds operates to reduce the allocation to equities at times of market volatility, and thereby provide a degree of protection to beneficiaries while ensuring that they could still benefit from gains from equities, as they recover. It should be noted that the aim of the TVT strategy is to protect against very large falls in equity markets, but it will not protect against all market declines. The normal ebb and flow of markets will not be eliminated but it does seek to protect against the catastrophic falls that can have long lasting negative impact of beneficiaries' funds. One of the most significant benefits of using TVT for court fund beneficiaries has been the reduction in volatility in both funds. The cost of operating the TVT is an additional 2.7bps for the Spectrum Diversified Fund and 6.6bps for the Spectrum Growth Fund. The TVT strategy was reviewed after one year by our advisors, Aon, and based on their recommendation the Investment Committee agreed to continue its operation.

There were two TVT triggers in the financial year ending 30th September 2018. The first on 28th March 2018 triggered the sale of equities in both the Spectrum Growth and Diversified Funds by reducing their equity allocation in the GRU Equity funds to 48.5% (original allocation: 55%) and 19.9% (original allocation: 22.5%) respectively. The corresponding increase in the GRU Euribor Plus allocation as a result of the sale was 6.4% for the Spectrum Growth Fund from an original allocation of 0%, and for the Spectrum Diversified Fund the increase allocation to the GRU Euribor Plus Fund was 52.6%, from an original allocation of 50%. The second trigger, on 23rd May 2018, purchased back the equities to restore the percentage allocations to their original weighting for both the Diversified and Growth Funds. There was no further TVT triggers and therefore the equity allocation weighting remained at its benchmark allocation level for the remainder of the year ending 30th September 2018.

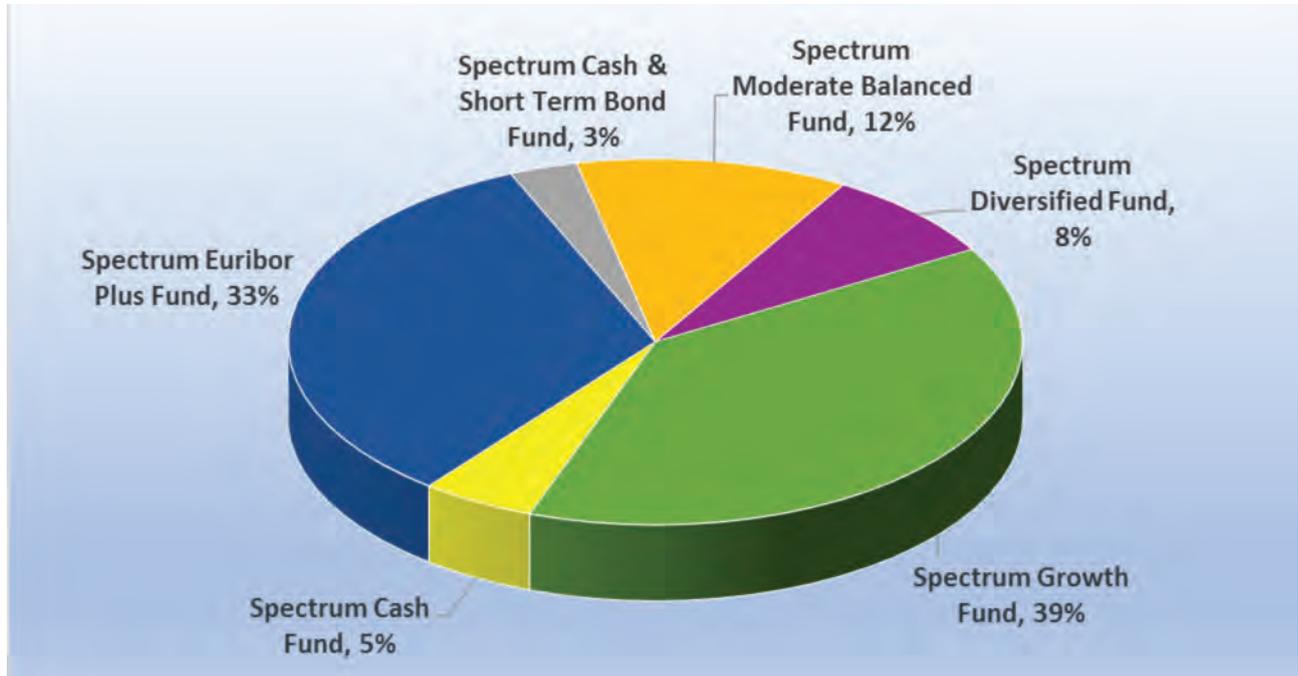
SSGA's Currency Hedge Overlay

A currency hedge overlay was implemented on the SSGA Spectrum Growth Fund in November 2015 and on the SSGA Spectrum Moderate Balanced Fund and the SSGA Spectrum Diversified Fund in November 2016. The strategy seeks to hedge 75% of the non-Euro equity exposure held by the SSGA Spectrum Funds through the SSGA GRU World ex Euro Index Equity Fund to protect against significant currency fluctuations. The cost of the hedge is an additional 1 basis point (0.01%) on the Spectrum Growth Fund management fees and 0.001% and 0.004% on the SSGA Spectrum Moderate Balanced and Diversified Funds respectively. For the 12 month period to 30th September 2018 the performance of the FTSE All World Developed (75% Hedged) Index was 10.6% while the return of the FTSE All World Developed Index was 12.9% with the partial currency hedge providing a degree of protection to beneficiaries from the impact of currency movements during the period.

SSGA's Investment Strategies

As at the 30th September 2018 in excess of €1.790 billion or 93% of the Accountant's Office total funds under management, were invested in the SSGA Investment Strategies (€1.705 billion or 92.6% as at 30th September 2017). An analysis of these funds by the underlying individual Spectrum strategy is shown in Table 3 below.

Table 3: Percentage Allocation of Court Funds to each SSGA Spectrum Investment strategy as at the 30th September 2018



The total amount of €1.790 billion invested in the unitised funds can be further analysed between the High Court (€1.605 billion), Circuit Courts (€163 million) and District Courts (€22 million) as shown in Table 4 below.

Table 4: Funds Invested in the SSGA Investment Strategies, Unitised Funds, by Court Jurisdiction as at 30th September 2018

Jurisdiction	Investments In SSGA Strategies € at 30/09/2017		Investments In SSGA Strategies € at 30/09/2018		% Increase in Funds Invested in SSGA Investments
	€	%	€	%	
High Court	1,537,694,023	90.2%	1,605,593,181	89.7%	+4.4%
Circuit Court	150,659,195	8.8%	163,068,685	9.1%	+0.8%
District Court	17,070,783	1.0%	21,832,561	1.2%	+27.9%
Total	€1,705,424,001	100%	€1,790,494,427	100%	+5.0%

Overall there was an increase of 5% in the value of court funds invested in the SSGA Investment Strategies.

Table 5 shows the composition mix of assets that each strategy invests in. Each Fund is rebalanced on a quarterly basis as per the benchmark weights shown below, with the exception of the equity allocation, in the SSGA Spectrum Diversified and Growth Fund's, which are rebalanced to the TVT position at the quarter end. As noted above there were two Target Volatility Trigger (TVT) adjustments made to the equity weightings in respect of the Spectrum Diversified and Growth Funds strategies during the financial year under review on 28th March 2018 and 23rd May 2018. The latter resulting in the composition mix for all strategies back at their original weightings for the remainder of the financial period.

**Table 5: Target Composition Mix of the Investment Strategies since Inception,
1st October 2014 and as at 30th September 2018**

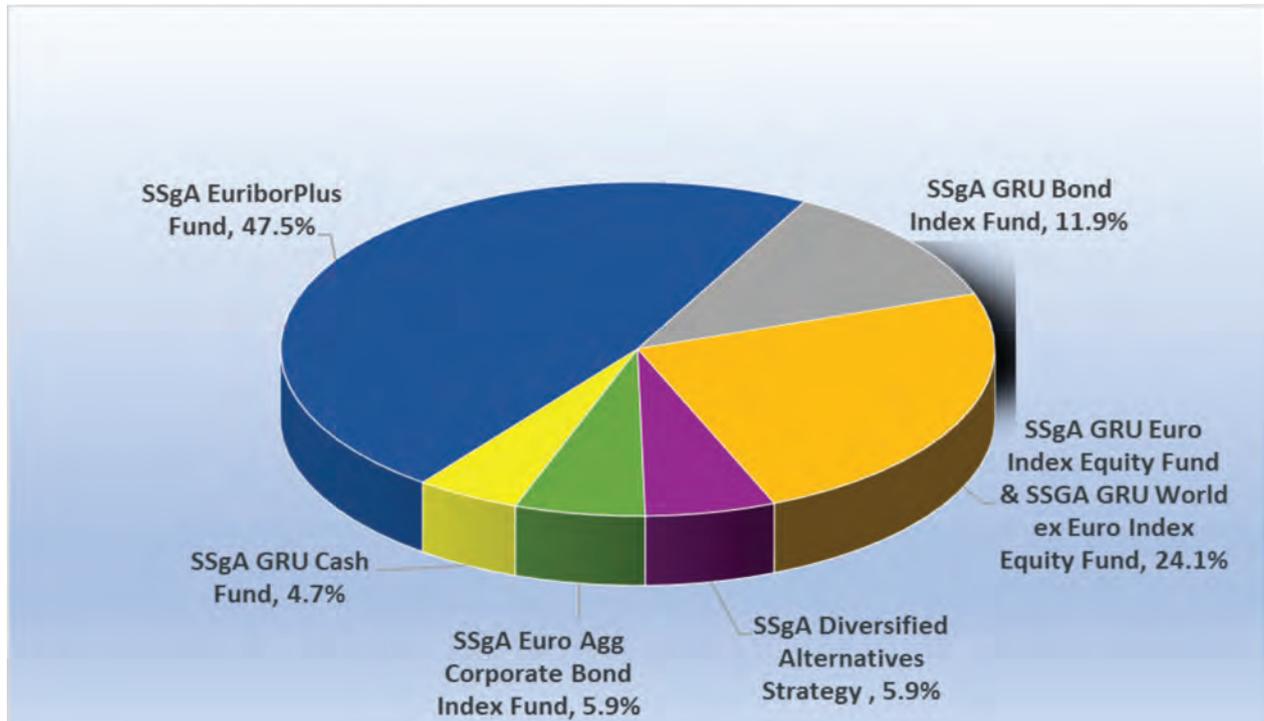
SSGA Spectrum Fund	Cash Fund	Euribor Plus Fund	Cash & Short Term Bond Fund	Moderate Balanced Fund	Diversified Fund (pre TVT)*	Growth Fund (pre TVT)*
SSGA GRU Cash	100%					
SSGA GRU Euribor Plus Fund		100%	70%	70%	50%	
SSGA GRU Bond Index Fund			30%	23%	27.5%	15%
SSGA GRU Euro Index Equity Fund & SSGA GRU World ex Euro Index Equity Fund				7%	22.5%	55%
SSGA Diversified Alternative Strategy						15%
SSGA Euro Aggregate Corporate Bond Index Fund						15%
Total	100%	100%	100%	100%	100%	100%

* The TVT was triggered twice during the year to 30th September 2018.

The Courts Service operates a prudent approach to the investment of Court funds. At present a significant proportion of all Court funds, including monies on deposit, are invested directly in cash or near cash investments. A total of €934 million or 52.2% of funds invested in the SSGA investment strategies, are held in cash based assets, short term debt and bonds. A total of €856 million or 47.8% is invested equities, corporate bonds and diversified alternatives.

A detailed analysis of the underlying asset classes in which the SSGA funds are invested is represented in Table 6.

Table 6: SSGA Underlying Asset Class Allocation of Court Funds as at 30th September 2018



Investment Performance

The Investment Committee continued its proactive and prudent approach to the investment of court funds during the financial year under review. This was achieved using a number of mechanisms, including performance evaluation which provides regular assessment of the fund's results relative to their investment objectives and benchmarks. The Committee, along with its Investment Advisors and Fund Managers monitor investment performance of all funds and report to each Investment Committee meeting.

Performance evaluation has two primary components as follows;

- **Performance measurement;** the calculation of the returns earned by the fund and the comparison of those returns with the returns of appropriate benchmarks, and
- **Performance attribution:** the identification of the factors that led to the fund's performance relative to the benchmarks.

By understanding the factors contributing to performance of the fund relative to that of appropriate benchmarks valuable insights are gained into the effectiveness of the investment program.

As shown in Table 7 investment performance for all strategies exceeded their respective benchmarks on a gross basis, with the exception of the Diversified Fund which marginally under-performed its' benchmark on a gross basis by 0.03%. The marginal underperformance is due to the TVT strategy overlay on this strategy. Following on from the unbundling of the all-in fee structure, a further one basis point deduction was negotiated on the SSGA management fee on the Diversified Fund, effective 1st October 2017. This reduction in fees will benefit all beneficiaries invested in the Diversified Fund. Performance trends are consistent with the investment benchmarks of each strategy. The annualised performance from inception of the new strategies, 7th October 2013 to 30th September 2018 is good ranging from -0.23% per annum for the Cash Fund to +7.87% per annum for the Growth Fund.

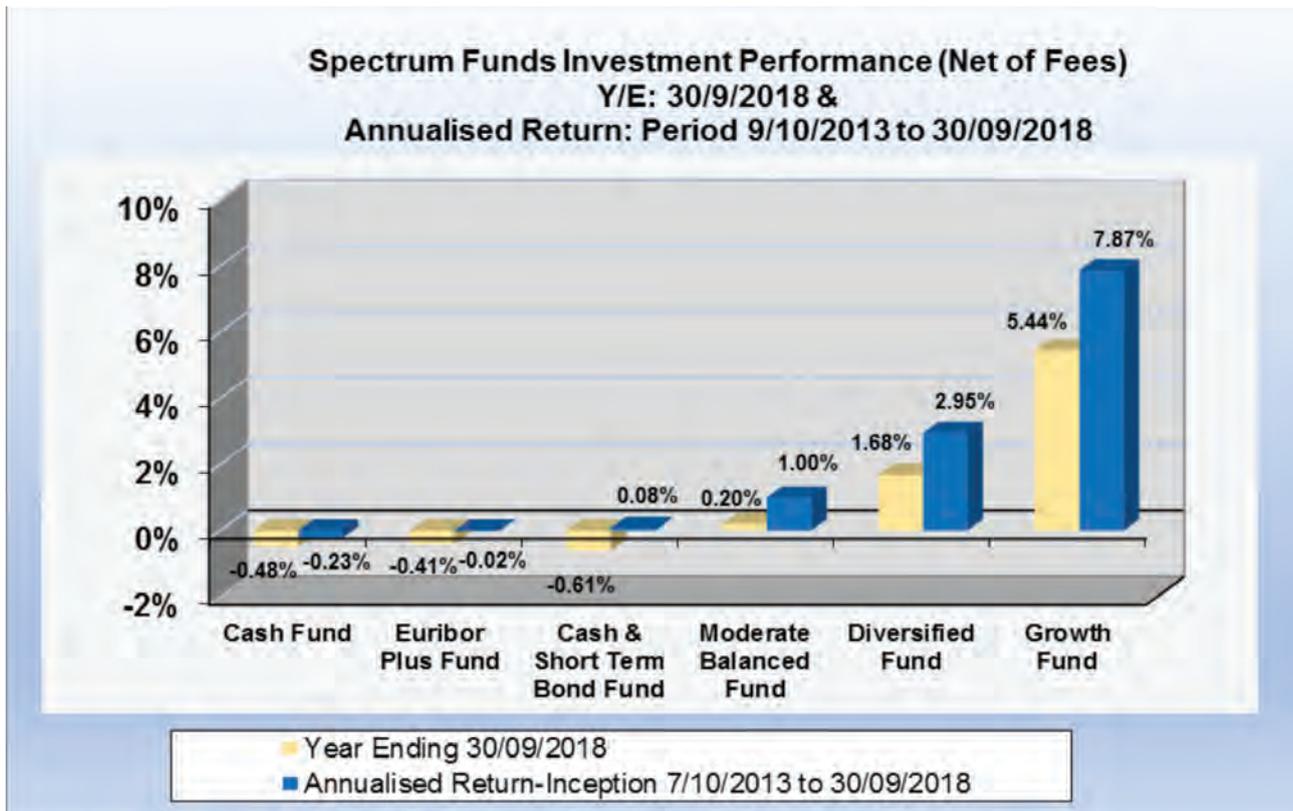
Table 7: Spectrum Funds Gross Returns v Benchmark for the year to 30th September 2018

SSGA Spectrum Portfolio Return	Cash Fund	Euribor Plus Fund	Cash & Short Term Bond Fund	Moderate Balanced Fund	Diversified Fund	Growth Fund
Gross Return 1 Yr	-0.39%	-0.28%	-0.43%	0.37%	1.87%	5.75%
Fund Benchmark Return 1 Year %	-0.55%	-0.46%	-0.56%	0.22%	1.90%	5.62%
Out/(Under) Perform Benchmark (Gross Return Basis)	0.16%	0.18%	0.13%	0.14%	-0.03%	0.13%

Table 8 shows the investment performance net of fees for all existing strategies for the current financial year, covering the period from 1st October 2017 to 30th September 2018 and the annualised performance since inception of the current range of funds in October 2013. The net returns, after management fees and custodian and administration fees, for the year ending 30th September 2018 were as follows;

Cash Fund (-0.48%), Euribor Plus Fund (-0.41%), Cash and Short Term Bond Fund (-0.61%), Moderate Balanced Fund (+0.20%), Diversified Fund (+ 1.68%), and Growth Fund (+5.44%).

Table 8: SSGA Spectrum Funds Annual Investment Performance (Net of Fees) to 30th September 2018



Historically low and even negative interest rates have been the norm in recent years as a result of the ECB monetary policy. The latter has impacted the returns generated on Cash and Short-Term funds in general. The annualised returns of the current range of funds over the five year period since October 2013 was in line with the expected performance. Despite the challenging year, overall the investment performance has been satisfactory with an increase in assets of €29 million as a result of investment performance for the year ended 30th September 2018.

Spectrum Funds Structure

State Street Spectrum Unit Trust (the "Trust"), formerly known as State Street Global Advisers Spectrum Unit Trust, an open-ended unit trust, was created by a Trust Deed dated 23rd October 2003. The trust is authorised by the Central Bank of Ireland (the "Central Bank") pursuant to the provisions of the Unit Trusts Act, 1990. The Trust is structured as an umbrella fund, in that different sub-funds thereof may be established from time to time with the prior approval of the Central Bank. In addition, each sub-fund may have more than one unit class allocated to it. The assets of each sub-fund are separate from one another and are invested with the investment objectives and policies applicable to each sub-fund. The base currency of all six Funds is Euro. The investment objective of each of the strategies is set out below.

Fund Objectives

SSGA Spectrum Cash Fund:

This is the lowest risk strategy available and is aimed primarily at beneficiaries with very short term investment horizons. The fund seeks to maintain a high level of liquidity, preserve capital and stability of principal and consistent with those objectives, earn current income and aims to provide a return in line with money market rates. The benchmark for the fund is the 1 Week Euro LIBID.

SSGA Spectrum Euribor Plus Fund:

This is a low risk strategy aimed primarily at beneficiaries wishing to maintain their level of invested capital with the potential for returns in excess of cash. The fund is aimed primarily at beneficiaries with an investment time horizon of between 3 months and 3 years. The fund seeks to generate returns in excess of the benchmark by investing in a diversified portfolio of high quality, Euro denominated money market instruments, short-term debt and debt related instruments. The benchmark for the fund is the BofA Merrill Lynch Euro Currency 3-Month LIBID Constant Maturity Index.

SSGA Spectrum Cash & Short Term Bond Plus Fund:

The objective of this strategy is primarily to maintain capital with a moderate level of growth. This is to be achieved by investing in the SSGA GRU EMU Bond Index Fund and the SSGA Euribor Plus Fund. The fund is aimed primarily at beneficiaries with an investment time horizon of between 3-5 years. The benchmark for the fund is 70% 3 Month Euro LIBID and 30% Citi EMU Government Bond Index 1-3 Years.

SSGA Spectrum Moderate Balanced Fund:

The Moderate Balanced Fund is designed to achieve a moderate level of growth over the medium to long term. This is to be achieved by investing in the SSGA GRU EMU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund and the SSGA Euribor Plus Fund. The Investment Manager may use the foreign exchange market to hedge some or all of the non-euro exposure in the underlying funds. 75% of the non-euro exposure is hedged back to euro. This was implemented on the 28th November 2016. The fund is aimed primarily at beneficiaries with an investment time horizon of between 5-8 years.

The benchmark for the fund is 70% BofA Merrill Lynch Euro Currency 3-Month LIBID Constant Maturity Index + 7% FTSE All World Developed Index (75% Hedged) + 23% Citi EMU Government Bond Index 1-3 Years. Each Fund is rebalanced on a quarterly basis as per the benchmark weights above.

SSGA Spectrum Diversified Fund:

The investment objective of the Diversified Fund is primarily to achieve a moderate level of growth over the medium to long term. This is to be achieved by investing in the SSGA GRU EMU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund and the SSGA Euribor Plus Fund. At the end of April 2015, the Spectrum Diversified Fund implemented an equity target volatility trigger (TVT) overlay. TVT is a transparent process that aims to provide a measure of protection against significant falls in equity markets. TVT forecasts equity volatility and dynamically adjusts the equity exposure within the Spectrum Diversified Fund in periods of heightened volatility thus offering an element of protection to unit holders. The Investment Manager may use the foreign exchange market to hedge some or all of the non-euro exposure in the underlying funds. 75% of the non-euro exposure is hedged back to euro. This was implemented on the 28th November 2016. The fund is aimed primarily at beneficiaries with an investment time horizon of more than 8 years.

The benchmark for the fund is 50% BofA Merrill Lynch Euro Currency 3-Month LIBID Constant Maturity Index + 22.5% FTSE All World Developed Index (75% Hedged) + 27.5% Citi EMU Government Bond Index 1-3 Year Each Fund is rebalanced on a quarterly basis as per the benchmark weights above. The equity allocation will be a function of the TVT positioning at the quarter end.

SSGA Spectrum Growth Fund:

The investment objective of the Growth Fund is primarily to achieve capital appreciation over the medium to long term while maintaining a high level of risk control. This is to be achieved by investing in the SSGA GRU EMU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund, the SSGA Euro Corporate Bond index Fund and the SSGA Diversified Alternatives Strategy. Only Wards of Court funds, with an investment time horizon of more than five years, are invested in this strategy where it is deemed that a stronger level of capital growth is required in order to provide for expenditure over the projected lifetime of the beneficiary. In April 2015, the Spectrum Growth Fund implemented an equity Target Volatility Trigger (TVT) overlay. TVT is a process that aims to provide a measure of protection against significant volatility in equity markets. TVT automatically adjusts the equity exposure within the Spectrum Growth Fund in periods of heightened volatility thus offering an element of protection to unit holders. The Investment manager may use the foreign exchange market to hedge some or all of the non-euro exposure in the underlying funds. 75% of the non-euro exposure is hedged back to euro. This was implemented in November 2015.

The benchmark for the fund is 55% FTSE All World Developed Index (75% Hedged) + 15% Citi EMU Government Bond Index 1-3 years + 15% Barclays Euro-Aggregate Corporate Bond Index + 15% EONIA. Each Fund is rebalanced on a quarterly basis as per the benchmark weights above. The equity allocation will be a function of the TVT positioning at the quarter end. The Growth Fund is used exclusively for certain Wards of Court and Ward Minors cases, with an investment horizon of more than five years.

Fund Factsheets

The SSGA quarterly funds factsheets for each strategy were published on the Courts Service website (www.courts.ie). These show the fund objective, performance against the benchmark over various periods, fees and details of the underlying asset composition mix for each strategy.

GOVERNANCE ARRANGEMENTS

Management of Court Funds

The Governance Framework for the management of court funds complies with best practice. It is designed to ensure that the necessary oversight and control arrangements are in place to provide appropriate assurance in relation to governance of all the operations of the Accountant's Office. The key elements of the governance arrangements in place in respect of court funds are set out below.

- **Investment Committee:** Following an independent review by Mercer Consultants in 2001, the Board of the Courts Service approved the establishment of an Investment Committee to oversee the implementation of the arrangements approved by the Board of the Courts Service for the management and investment of Court Funds. The membership of the Committee comprises representatives of the Judiciary, Court Officers, Court Service officials, and independent external members. (See membership of the Committee on page 8). The Committee is guided in its work by independent investment advice from its investment advisors. The Committee meets on a regular basis to monitor investment performance and ongoing suitability of investment strategies. It also reviews reports from the Head of Resource Management, Investment Advisors and Investment Managers.
- **Investment Advisors:** Aon currently provides independent investment advice to the Investment Committee in relation to the management and investment of Court Funds. The role of the investment advisor is to provide professional, independent investment advice to the Investment Committee in determining appropriate investment policy and investment strategies that meet the needs of beneficiaries, and also to monitor investment performance and the performance of fund managers. They also support the Courts Service and Investment Committee in the selection and appointment of investment managers and custodians.
- **Investment Managers:** State Street Global Advisors Ireland Limited were re-appointed fund managers to the Trust in 2012. A new Investment Management Agreement (IMA) was executed on 7th October 2013 with the establishment of six new investment strategies effective from 9th October 2013.
- **Fund Trustee:** The trustee services for the Trust are provided by Northern Trust Fiduciary Services (Ireland) Limited. The Trustee takes into its custody or under its control all the assets of the Trust and holds them in safekeeping for the unitholders. The full duties of the Trustee are outlined in the Unit Trusts Act, 1990.
- **Fund Administrator, Registrar and Transfer Agent:** The Administrator, Registrar and Transfer Agent Services for the Trust are provided by Northern Trust International Fund Administration Services (Ireland) Limited with responsibility to maintain the books and records of the Trust.
- **External Audit:** The annual financial statements of the Accountant of the Courts of Justice are audited by independent external auditors. Grant Thornton currently provide external audit services. The annual financial statements are submitted to the Minister for Justice and Equality, the Minister for Finance and the Minister for Public Expenditure and Reform, by 31st March each year. The audited financial statements can also be viewed on the Courts Service website at www.courts.ie.
- **Internal Audit:** The Accountant's Office is also subject to audit by the Courts Service's 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 identified and adequately managed. The major risks involved in the management of court funds are included in the Courts Service risk register.
- **Audit and Risk Committee:** The Audit and Risk Committee, which is a sub-committee of the Courts Service Board, reviews the outputs from the Audit Reports, by both external and internal auditors.
- **Robust policies and procedures with strong control systems:** As part of their annual audit, the external auditors test and evaluate the Accountant's Office internal controls, and perform substantive auditing procedures and evaluate the results. The annual financial statements have received a clean audit report since the current arrangements were put in place in 2003. Internal Audit also reviews the Accountant's Office procedures and controls.
- **Central Funds Office:** Following changes to Circuit and District Court Rules, the Accountant's Office has since 2006 the legal authority to manage and invest funds from both these jurisdictions, subject to the appropriate court order having been made.

OPERATIONAL OVERVIEW

Accountant's Office

The unprecedented low ECB interest rate continues to be a major investment challenge. For the year ending 30th September 2018 this also impacted on the Accountant's Office operational banking arrangements with Bank of Ireland (BOI). For the year under review BOI charged the Accountant's Office, bank charges and negative interest rates also on its 3 current bank accounts with balances in excess of €1 million. The negative interest rates being applied by Bank of Ireland is -0.40%, which matches the maximum negative rate applied by the European Central Bank. The Courts Service has sought to minimise the impact of these charges and is not passing these charges on to beneficiaries. The total bank charges and negative interest charges paid by Bank of Ireland to the Accountant's Office amounted to €156,256.

During the year under review 66,953 financial transactions (72,999 y/e 30th September 2017), with a monetary value in excess of €1.728 billion (€1.543 billion y/e 30th September 2017), were processed by the Accountant's Office. The number of beneficiaries increased from 20,871 to 21,873 for the year ending 30th September 2018. Over 98% of all payments processed in the Accountant's Office for the financial year under review were within the key performance indicators with 47% of all the payments processed electronically.

Insurance Compensation Fund

The Insurance Compensation Fund (the "Fund") was established under the Insurance Act 1964 (the Act) to make arrangements to meet certain liabilities of insolvent insurers. For the period 1 October 2017 to 24 July 2018 The Fund was maintained and administered under the control of the President of the High Court acting through the Accountant of the Courts of Justice. Following the enactment of The Insurance (Amendment) Act 2018 on 24th July 2018, the administration of the ICF transferred from the Accountant of the Courts of Justice to the Central Bank of Ireland. It also provided for a more formal role for the State Claims Agency.

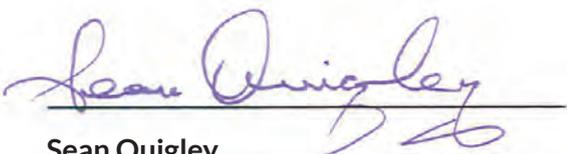
There are a number of provisions in the 2018 legislation which impact existing insurance regulation in general, but as regards the liquidation of Setanta & Enterprise Insurance, the key changes are:

- Third party personal injury claimants, who are successful in their claims, will receive 100% compensation from the Insurance Compensation Fund ('The Fund'), including their costs and expenses (if any) necessarily and reasonably incurred in endeavouring to secure payments.
- Likewise, successful third party property damage claimants will receive 100% compensation.
- Third party personal injury and property damage claimants who have already received 65% compensation from the Fund will receive a balancing payment of 35%.

In accordance with the Insurance (Amendment) Act 2018 section 5.(1) & (2), the Accountant prepared an abstract of the accounts of the Fund, in respect of the accounting period from 1st January 2018 to 24th August 2018. The abstract of the accounts of the Fund were audited by Mazars and submitted to the Minister for Finance on 31st August 2018. The transfer of the funds, standing to the credit of the ICF, to the Central Bank of Ireland in the amount of €53,821,254 was completed on the 12th October 2018. During the year under review the Accountant's Office processed 403 Setanta Insurance claims with a monetary value of €7.6 million (30th September 2017: €6.4 million for 324 claims) from the Fund. The total owing to the Fund by Setanta Insurance Company Limited (In Liquidation) as at 24th August 2018 was €14,742,423.

Appreciation

I would like to thank all the staff of the Accountant's Office for the excellent work done during the year in managing the workload of the office in a professional and efficient manner. Through their dedication and commitment they have contributed significantly to delivering an excellent service to a diverse mix of beneficiaries and stakeholders. I would also like to acknowledge the support provided by other business units in the Courts Service, Investment Advisors, Investment Managers, the State Claims Agency and other service providers that have enabled the Accountant's Office achieve its objectives during the year.



Sean Quigley
Accountant of the Courts of Justice

Date: 25 March 2019

THE ROLE OF THE OFFICE OF THE WARDS OF COURT

A significant amount of funds managed by the Accountant's Office relate to individuals who are Wards of Court and whose affairs are managed by the Office of Wards of Court. At the end of the period under review these were valued at €1.380 billion. The following is a brief overview of the work of the Office of Wards of Court.

There are many people who, due to illness or injury, do not have the capacity 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. The Office of Wards of Court and the post of Registrar of Wards of Court were established under the Courts (Supplemental Provisions) Act 1961. In accordance with this legislation and rules of Court, the Office and Registrar of Wards of Court have statutory responsibility for managing the affairs of persons who are Wards of Court. 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 where a person who lacks capacity has property that needs to be applied for his or her care, 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 Registrar is responsible for directing the Accountant to invest Ward of Court funds in accordance with the Courts Service investment protocol, as advised by our Investment advisors, and for authorising the discharge of payments on behalf of Wards. The Registrar determines the appropriate investment strategy for each case in accordance with the Courts Service investment protocol. The decision on the appropriate strategy is chosen by the Registrar having regard to the assets of the Ward, his or her ongoing financial needs and life expectancy. The Registrar is also responsible for directing the Accountant, where appropriate, to hold sufficient cash in a separate cash investment, which should meet the equivalent of three years forecast maintenance and other known payments.

The Assisted Decision Making (Capacity) Act 2015 will bring into effect a new legislative framework for persons who lack capacity. From the date of commencement of the relevant parts of the Act no new adult wards of court will be declared (i.e. persons over the age of 18) and all adult wards will be discharged from wardship within 3 years by order of court. The court will also be empowered to make

orders in relation to the affairs and welfare of adult wards, depending on their circumstances including their capacity. The relevant parts of the 2015 Act have not yet been commenced.

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 available strategies. Regular payments are made to the parents or guardians of the minor. Upon reaching the age of 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

Market Review

Fixed Income Review

The European Central Bank (ECB) left policy rates unchanged throughout the period. The main refinancing rate remained at 0.00%, the deposit facility rate at -0.40% and the marginal lending rate at 0.25%. At their meeting in March 2018, the ECB's Governing Council announced that "policymakers unanimously agreed to remove their previous pledge to increase the Asset Purchase Programme (APP) in terms of size and/or duration" if required. The ECB went further at June's Council meeting, by announcing that they would look to end the APP in December and that purchases would be scaled down, subject to incoming data. As expected, the ECB reduced monthly asset purchases at September's meeting, confirming that from October its net asset purchases would halve from €30 billion to €15 billion. With the ECB's forward guidance unchanged, the Council reiterated its intention to end its net purchases this December and to keep interest rates on hold "through the summer of 2019". ECB President Mario Draghi did recognise that there had been an "undeniable increase in uncertainty" related to trade conflicts and the new Italian government and that the "risk of market volatility warrants monitoring". Draghi promised that monetary policy support would continue, with ECB asset holdings being reinvested, and he kept open the option to increase or extend support if conditions deteriorate. Market expectations are for the ECB to raise rates from September 2019 onwards, with expectations of 15 - 20 basis points followed by a further 20 basis points increase by the end of 2019, with the deposit rate likely to be 0% by the end of 2019.

Eurozone GDP growth was 0.4% in both the first and second quarters of 2018, with seasonally adjusted annual growth at 2.5% in the first quarter and a lower-than-expected 2.2% annual growth rate in the second quarter. These readings are lower than the 0.7% growth in the fourth quarter of 2017 and the annual growth rate of 2.8% in 2017. At September's Council meeting, the ECB revised slightly downwards its projections for 2018 annual growth, to 2.0%, 1.8% and 1.7% for 2018, 2019 and 2020, respectively, from 2.1%, 1.9% and 1.7%, respectively, in June's projections.

Eurozone CPI inflation for September 2018 rose to 2.1% from 2% in August, in line with consensus expectations, driven partly by energy inflation, which increased by 9.5% year on year, and higher food inflation. Stronger inflation data will have been welcomed by the ECB, with policymakers expecting the energy component to be pushing inflation to their 2% target. However, core inflation (excluding energy, food, alcohol and tobacco) remained subdued, falling to 0.9% in September from 1.0% in August, contrary to President's Draghi's comment that he expected a "vigorous" recovery of underlying inflation. In September, the ECB's annual headline inflation projections remained at 1.7% until 2020.

There was steady improvement in the Eurozone labour market, with the unemployment rate falling to 8.1% in August 2018, its lowest level since November 2008, from 8.2% in July and 8.6% in January. The latest ECB projections are for unemployment to decline to 8.3% by 2018, 7.9% by 2019 and 7.6% by 2020. Market analysts also expect the labour market recovery to continue, suggesting that wage growth will rise and supporting the case for gradual ECB policy normalisation. There remain large disparities between countries, but these appear to be narrowing, with Germany's unemployment rate the lowest in the eurozone at 3.4%, French unemployment at 9.1%, Italy's rate at 9.7% and Spanish unemployment at 15.2%.

The Euro Overnight Index Average (Eonia) was unchanged, averaging a steady yield of -0.36% over the period. With the ECB continuing to purchase bonds, excess cash deposits at the ECB averaged €1.860 trillion over the period, reaching an historic high of €1.927 trillion on 8 June, maintaining pressure on short-end investment yields. Short-end cash and money market paper traded 10 - 15 basis

points (bps) lower than Eonia. The one-to-six month Euribor curves were stable: one-month Euribor averaged -0.37%, three-month Euribor averaged -0.33%, six-month Euribor averaged -0.27%, nine-month Euribor averaged -0.22% and one-year Euribor averaged -0.18%. Small yield improvements were seen in longer-dated Euribor fixings, with yield increasing 1 - 2 basis points around the six-to-12 month part of the curve as we progressed into the second half of 2018.

At year-end and quarter-end periods, euro-denominated government bills traded more expensively, and collateral givers and cash deposit takers reduced their requirements as balance sheet contraction and regulatory requirements kicked in. At the end of 2017, the government collateral repo market was very thin, with German collateral averaging as low as -4.1% versus 2016's -6.6%, Italian collateral averaging around -0.80% and cash deposits trading in a wide range of -0.50% to -1%. The end of the first quarter of 2018 was less volatile, with government collateral ranging from -0.50% to -1%, Italian collateral remaining stable at around -0.45% and cash deposits trading slightly higher, up to -0.60%. The June and September quarter-end periods were fairly stable: the government collateral repo market ranged from -0.50% to -0.75%, Italian collateral ranged from -0.45 to -0.50% and cash deposits ranged from -0.50% to -0.55%.

Bond market yields remained volatile entering 2018, with several influencing factors: strength in global economic data and growth expectations; communications from central bankers about quantitative easing and monetary policy changes; and continuing European political and trade embargo tensions. The US 10-year benchmark Treasury yield traded down at the March quarter end, to 2.77%, and closed at 3.06% at the September quarter end. It was a similar story in Europe, with UK 10-year Gilt yields down to 1.33% in July after peaking at 1.70% in May, and closing at 1.57% at the September quarter end. Germany's 10-year Bund yield reached 0.30% in August, after peaking 0.76% in February, and closed at 0.53% at the September quarter end. With continued volatility in the Bond and Equity markets, fund managers are seeing flows out of the equities into core government bonds and into cash.

Over the third quarter, we saw a widening of spreads in financial bonds, increasing 3-6 basis points depending on maturity. Government bond markets were volatile as European political and trade tensions continued. Demand for high-quality sovereign bonds increased over these periods, resulting in five-year German Bunds trading at a high of zero and low of -0.40% over the period.

Equity Review

Over the 12-months period, global equity markets, as measured by the FTSE All World Index, gained 10.2%. The year began with enthusiasm for global stock markets. Strong corporate earnings and positive economic data helped many indices hit multiple new all-time highs in the first few weeks of 2018, but sentiment shifted quickly. Overall, the U.S. continued to enjoy a robust economy and significantly outperformed other major regions, which suffered from political uncertainty and trade concerns.

The Eurozone equity market lagged during 2018 amid heightened geopolitical uncertainty, worries over trade wars and moderating economic performance. Since the beginning of the year, there has been a material weakening in the Eurozone manufacturing new export orders survey. Consumer confidence has fallen steadily since the start of the year, with a particularly sharp decline in France. The flash Eurozone composite purchasing managers' index for September fell to a four-month low of 54.2. Eurozone inflation rate stood at 2.1% in September, up from 2.0% in August.

The combination of political uncertainty and moderating economic performance has likely contributed to the guidance that the European Central Bank (ECB) would not advocate for a rise in interest rates at its June policy setting meeting. Additionally, the ECB announced it would end Quantitative Easing (QE) purchases entirely in December and reduce the pace of its net QE purchases to €15 billion a

month in the fourth quarter of 2018. Growth in the Eurozone has slowed to its lowest level in over four years, as the region's recovery runs out of steam. According to a preliminary estimate Eurozone GDP only rose by 0.2% in July-September, down from 0.4% in April-June. The slowdown reflected a complete standstill in Italy. It also occurred despite an improvement in France (from 0.2% in Q2 to 0.4% in Q3), suggesting that performance in Germany—the region's largest economy—was a drag.

The UK market struggled through 2018 that saw many ebbs and flows with respect to Brexit negotiations. There was some positive momentum in economic data, as growth recovered from the first-quarter slowdown. But cabinet resignations and the House of Commons summer recess left a vacuum in which UK equities and the pound struggled. During a two-day summit in Salzburg Prime Minister Theresa May's efforts to persuade EU leaders to back her "Chequers" plan for Brexit failed. The UK inflation rate unexpectedly rose in August to 2.7%, the highest level in six months. CPI was 2.5% in July, which had been the first jump in the index since November 2017. The Real GDP growth rate stood at 0.6% as of Q3 2018, the growth forecast has been downgraded from 1.3% to 1.1% for 2018, while the forecast for 2019 has been lowered from 1.4% to 1.3%. The downgrades have been driven primarily due to the poor weather in Q1, partly by a weakened trade outlook, with export growth forecasts dropping from 2.8% to 1.7% for 2018. The Bank of England (BOE) increased interest rates in November 2017 for the first time since November 2007, from a record low of 0.25% back to 0.50%. The Bank of England (BOE) increased interest rates further by 25 basis points to 0.75% in a unanimous decision in August 2018 as there was some positive momentum in economic data, as growth recovered from the first-quarter 2018 slowdown.

Outside Europe, despite a brief hiccup in momentum during the first quarter US equities had their best quarterly performance in Q3 2018 since the Q4 2013 and significantly outperformed other major regions. According to conventional definitions, the S&P 500 Index surpassed the 1990s bull market to enter into the longest bull market ever – setting all-time highs along the way. Overall, the U.S. continues to enjoy a robust economy. Following Gross Domestic Product (GDP) growth of 4.2% in the second quarter, one of the fastest paces in its nine year expansion, indications from the third quarter still appear strong. The Federal Reserve expects GDP growth of 3.8%. Meanwhile, the labour market remains at full capacity, and inflation is hovering near the target of 2% after undershooting it for much of the last six years. Such growth encouraged the Federal Reserve to raise interest rates for a third time this year, to a range between 2% and 2.25%. US consumer confidence hit its highest level since 2000 in September, while monthly average initial jobless claims fell to the lowest level since 1969. Wage growth rose to the highest level since 2009, supporting retail sales growth of over 7% year on year. Economic growth and earnings data remained robust, ultimately overshadowing concerns about the escalating US-China trade war.

In the final week of September, the Trump administration increased tariffs on an additional \$200 billion worth of Chinese goods, and the trade war intensified. The first wave of tariffs, covering \$50 billion worth of goods, went into effect in July and concentrated on things such as machinery and industrial and electrical components. This increased input costs for U.S. businesses. Now, the list of tariffed goods is so expansive that the trade war with China began to impact the American consumer. Undoubtedly, this raises the stakes for President Trump, who has already taken pressure from some business and agricultural groups, because of the likely unpopularity of higher consumer prices. At the onset, the imposed duty for the new tariff is 10% but will rise to 25% by the end of the year.

In Asia Pacific, Japan was the best performing equity market in the region. Japan had to contend with severe weather and natural disasters, as well as some modifications from the Bank of Japan (BOJ) which caused interest rate volatility to rise. But a weakening yen helped the export-oriented industrial sectors as did apparent progress in agreeing to negotiate a Trade Agreement of Goods (TAG) with the United States. And while some viewed the July BOJ's actions as possibly hawkish, that sentiment shifted when the summary of the bank's September meeting was released, further contributing

to weakness in the yen and corresponding strength in the equity market. Australian equities were making steady progress even as the country welcomed its fifth prime minister in as many years, but heightened trade tensions between the United States and China early in September took its toll on the important materials sector.

Performance and Strategy Review

Gross of fees performance (% , for the year ended 30th September 2018)		
Fund	Fund Return %	Performance vs benchmark
State Street Spectrum Growth Fund	5.75%	0.13%
State Street Spectrum Euribor Plus Fund	(0.28)%	0.18%
State Street Spectrum Cash Fund	(0.38)%	0.17%
State Street Spectrum Cash and Short Term	(0.43)%	0.13%
State Street Spectrum Diversified Fund	1.87 %	(0.03)%
State Street Spectrum Moderate Balanced	0.37%	0.15 %

Notes:

Portfolio returns of the Spectrum Sub-Funds are shown gross of fees.

Returns are for the 12 months from 1 October 2017 to 30th September 2018 and are in Euro terms.

The benchmark for the State Street Spectrum Growth Fund is a composite of 55% FTSE All World Developed Index (75% Hedged), 15% FTSE EMU Government Index 1-3 Years, 15% Barclays Capital Euro-Aggregate Corporate Bond Index and 15% EONIA.

The benchmark for the State Street Spectrum Euribor Plus Fund is the BofA Merrill Lynch Euro Currency 3 Month LIBID Constant Maturity Index.

The benchmark for the State Street Spectrum Cash Fund is the 7-Day EUR Libid.

The benchmark for the State Street Spectrum Cash and Short Term Bond Fund is a composite of 70% BofA Merrill Lynch Euro Currency 3-Month LIBID Constant Maturity Index and 30% FTSE EMU Government Bond Index 1-3 Years.

The benchmark for the State Street Spectrum Diversified Fund is a composite of 50% BofA Merrill Lynch Euro Currency 3-Month Libid Constant Maturity Index, 22.5% FTSE All World Developed Index (75% Hedged) and 27.5% FTSE EMU Government Bond Index 1-3 Years.

The benchmark the State Street Spectrum Moderate Balanced Fund is a composite of 70% BofA Merrill Lynch Euro Currency 3-Month LIBID Constant Maturity Index, 7% FTSE All World Developed Index (75% Hedged) and 23% FTSE EMU Government Bond Index 1-3 Years.

PERFORMANCE AND STRATEGY REVIEW (continued)

State Street Spectrum Growth Fund

For the 12 month period ended 30th September 2018 the total return for the State Street Spectrum Growth Fund (the "Sub-Fund") was 5.75% (gross of fees) and the Benchmark return was 5.62%. The Sub-Fund seeks to achieve capital appreciation over the medium to long term. This is to be achieved by investing in the SSGA GRU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund, the SSGA Euro Corporate Bond Index Fund and the SSGA Diversified Alternatives strategy.

At the end of April 2015, the Sub-Fund implemented an equity target volatility trigger ("TVT") overlay. TVT is a process that aims to provide a measure of protection against significant falls in equity markets. TVT forecasts equity volatility and dynamically adjusts the equity exposure within the Sub-Fund in periods of heightened volatility thus offering an element of protection to unit holders.

Forecasted volatility breached the volatility trigger level towards the end of March. As such, exposure to global developed equities was reduced by approximately 12%. This de-risking remained in place until the end of May and the world equity component in the Sub-Fund remained fully invested for the remainder of this period.

State Street Spectrum Euribor Plus Fund

For the 12 month period ended 30th September 2018 the total return for the State Street Spectrum Euribor Plus Fund (the "Sub-Fund") was -0.28% (gross of fees), and the Benchmark return was -0.46%. The Sub-Fund invests substantially all of its assets in SSGA GRU Euribor Plus Fund (the "Underlying Fund") which invests in a diversified portfolio of high quality, Euro denominated money market instruments and short-term debt and debt related instruments.

The Weighted Average Maturity (WAM) of the Underlying Fund, measuring interest rate sensitivity, remained in line with previous quarters at approximately 80 days and the Weighted Average Life (WAL) reflecting the credit risk for the Underlying Fund, increased to 0.90 years from 0.80. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity condition. There was a small improvement in credit spreads that opened up a few opportunities for secondary bonds but overall there was no real change in investment activity with the new issuance bond market remaining thin, investments within the Underlying Fund mainly focused on short dated, single rated Euro commercial paper ("ECP") both in unsecured and asset backed issuance. Portfolio credit quality remained high throughout.

The top positive contributors to the Underlying Fund's performance were:

- The WAL which allows for longer dated securities to be purchased at higher yields, reducing negative yields;
- Reduced credit risk via purchases of short duration Euro Commercial Paper with a higher yield than longer dated bonds;
- Minimal cash holdings reduced exposure to most expensive part of the yield curve;
- Small widening in credit spreads presenting some cheaper bond offers. The top negative contributors to the Underlying Fund's performance were:
- Redemptions, requiring a rebalance/liquidation of assets, in a rising credit environment could have negative yield implications. i.e. have to sell at a loss;

- Credit spreads have increased making existing holdings look expensive;
- The limited supply of new issue medium term notes, driving up demand and driving down yields;
- Credit rating limitations on the Underlying Fund reduced the ability to purchase some lower rated higher yielding investments.

State Street Spectrum Cash Fund

For the 12 month period ended 30th September 2018 (the “Reporting Period”), the total return for the Sub-Fund was -0.38% (gross of fees), and the Benchmark return was -0.55%. The Sub-Fund invests substantially all of its assets in SSGA GRU Euro Cash Fund (the “Underlying Fund”). The Underlying Fund seeks to maintain a high level of liquidity, preserve capital and stability of principal and consistent with those objectives, earn current income.

The Weighted Average Maturity (“WAM”) of the Underlying Fund, measuring interest rate sensitivity, averaged approximately 46 days. The overall composition of the Underlying Fund and sector allocations remained broadly unchanged. Over the period, the Underlying Fund continued to focus on top-tier corporates and financials, typically targeted between three- and six-months maturity tenors, with the overall portfolio WAM targeted at approximately 50 days. Quarter ends remained challenging as collateral givers and deposit takers reduced their requirements, as balance sheet contractions/regulatory requirements kicked in. As always, liquidity and capital preservation remained the key drivers of the portfolio. The Underlying Fund held no derivatives over the period.

A range of factors supported the Underlying Fund’s performance: the assets under management were stable over the quarter ends, which supported the Underlying Fund’s modest liquidity targets going into quarter end. Also supportive was the commitment from the Underlying Fund’s direct relationships/issuers to provide short-dated products and support the Underlying fund over quarter end. Asset backed commercial paper continued to provide yield enhancement and assisted with maintaining liquidity at the short end of the interest rate curve. Modest liquidity ratios were maintained, with favourable notification periods to manage any cash flows; agency/quasi government issuers provided liquidity and attractive yields compared to Euro Treasury bills; corporate and asset-backed security commercial paper issuers continued to provide diversification, attractive yields and shorter duration maturities compared to financials.

Some factors had a negative impact on the Underlying Fund’s performance, among them the ECB’s quantitative easing programme and the excess liquidity in the markets (which averaged Euro 1.860 trillion over the period). Deposit levels continued to trade below the ECB deposit rates and although supply has improved, for high quality assets for repo business, these still trade expensive to cash. The reduced number of cash takers and collateral givers at quarter ends continued to detract, as did issuers’ reducing the size of their maturities or not committing to business over quarter ends. These were recurrent factors throughout 2017 and in 2018 to date.

State Street Spectrum Cash and Short-Term Bond Fund

For the 12 month period ended 30 September 2018 the return for the State Street Spectrum Cash and Short-Term Bond Fund (the “Sub-Fund”) was -0.43% (gross of fees), and the Benchmark return was -0.56%. The Sub-Fund primarily invests in the SSGA GRU Euribor Plus Fund and in the SSGA GRU EMU Bond Index Fund (in the ratio 70%/30%), seeking to generate income while maintaining a high level of risk control.

The underlying SSGA GRU Euribor Plus Fund outperformed its respective benchmark by 1 basis points and the underlying SSGA GRU EMU Bond Index Fund, which is an index tracking fund, underperformed its benchmark by 4 basis points during the period.

State Street Spectrum Diversified Fund

For the 12 month period ended the State Street Spectrum Diversified Fund (the “Sub-Fund”) achieved a total return of 1.87% (gross of fees), and the Benchmark return was 1.90%. The Sub-Fund seeks to achieve a moderate level of growth over the medium to long term. This is to be achieved by investing in the SSGA GRU EMU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund and the SSGA GRU Euribor Plus Fund.

At the end of April 2015, the Sub-Fund implemented an equity target volatility trigger (“TVT”) overlay. TVT is a process that aims to provide a measure of protection against significant falls in equity markets. TVT forecasts equity volatility and dynamically adjusts the equity exposure within the Sub-Fund in periods of heightened volatility thus offering an element of protection to unit holders.

Forecasted volatility breached the volatility trigger level towards the end of March. As such, exposure to global developed equities was reduced by approximately 12%. This de-risking remained in place until the end of May and the world equity component in the Sub-Fund remained fully invested for the remainder of the reporting period.

State Street Spectrum Moderate Balanced Fund

For the 12 month period ended 30 September 2018 the total return for the State Street Spectrum Moderate Balanced Fund (the “Sub-Fund”) was 0.37% (gross of fees), and the Benchmark return was 0.22%.

The Sub-Fund seeks to achieve a moderate level of growth over the medium to long term. This is achieved by investing in the SSGA GRU EMU Bond Index Fund, the SSGA GRU Euro Index Equity Fund, the SSGA GRU World ex Euro Index Equity Fund and the SSGA Euribor Plus Fund.

State Street Global Advisors Ireland Limited December 2018

STATEMENT OF ACCOUNTANT'S RESPONSIBILITIES

STATEMENT OF ACCOUNTANT'S RESPONSIBILITIES

The Office of the Accountant of the Courts of Justice (ACJ) 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(1) of the Superior Court Rules to prepare an account on or before the 31st January showing the total amount of funds paid or transferred into and out of Court in the year ended on the 30th September in the preceding year and the balance of funds in Court at the commencement and close of the year. The Accountant, not later than the 31st January in each year, arrange for an audit of the account, referred to in sub rule (1) of this rule, to be carried out by an independent auditor not later than the 31st March in each year. Copies of the audited account are required to be forwarded to the Minister for Justice and Equality, the Minister for Public Expenditure and Reform and the Minister for Finance. The basis of preparation and the accounting policies are set out on page 39.

The Accountant is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the office of the ACJ and of the results of the office of the ACJ for that period. In preparing those financial statements, the Accountant is required to:

- select suitable accounting policies for the ACJ Financial Statements and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ACJ will continue in business.

Statement of Compliance

The financial statements have been prepared on a fair value basis. The financial statements of the Accountant of the Courts of Justice for the year ended 30th September 2018 have been prepared in accordance with the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland (Generally Accepted Accounting Practice in Ireland), as required by Irish law.

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 Accountant's Office.

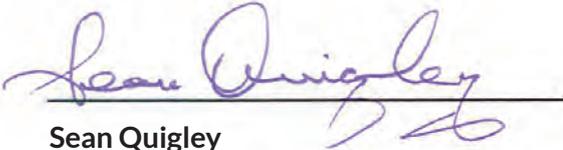
The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorized and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely manner.

Key Control Procedures

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

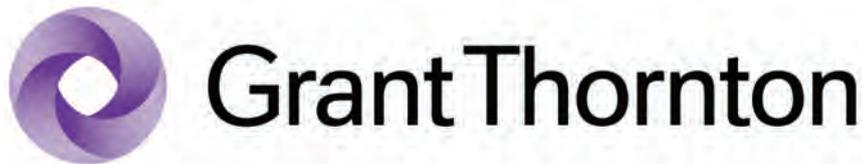
- formal procedures have been established for reporting significant control failures and ensuring appropriate corrective action, and
- there are clearly defined roles and responsibilities.

Under the governance arrangements established by the Courts Service Board, there is an Audit and Risk Committee and Internal Audit function, both of which operate in accordance within approved charters. The Audit and Risk Committee reviews this report and financial statements. 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

Date: 25 March 2019



INDEPENDENT AUDITOR'S REPORT TO THE OFFICE OF THE ACCOUNTANT OF THE COURTS OF JUSTICE

Opinion

We have audited the financial statements of The Office of the Accountant of the Courts of Justice which comprise the Statement of Financial Position, the Statement of Comprehensive Income and Statement of Changes in Net Assets for the year ended 30th September 2018, and the related notes 1 to 19 to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is the Rules of Superior Courts, Order 77, and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland).

In our opinion, The Office of the Accountant of the Courts of Justice's financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of The Office of the Accountant of the Courts of Justice as at 30th September 2018 and of the financial performance for the financial year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of The Office of the Accountant of the Courts of Justice ("The Office") in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- The Accountant's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Accountant has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about The Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon. The Accountant is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of The Office were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Statement of Accountant's Responsibilities statement, The Accountant is required by Order 77, Rule 83(1) of the Superior Court Rules to prepare an account, on or before the 31st day of January in each year, showing the total amount of funds paid or transferred into and out of Court in the year ended on the 30th September in the preceding year and the balance of funds in Court at the commencement and close of the year. Order 77, Rule 83 sub rule (2) requires the Accountant, not later than the 31st day of January in each year, arrange for an independent audit of the account referred to in sub rule (1) of this rule to be carried out by an independent auditor not later than the 31st day of March in each year immediately following the year to which the account relates. Order 77, Rule 83(3) requires copies of the said account, audited in accordance with sub rule 2 of this rule, shall be forwarded to the Minister for Justice and Equality, the Minister for Public Expenditure and Reform and the Minister for Finance.

The Accountant is also responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountant is responsible for assessing The Office'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 either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Office's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's objectives are 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 an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause The Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Accountant, as a body, 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 Office those matters we are required to state to them in our 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 Office as a body, for our audit work, for this report, or for the opinions we have formed.



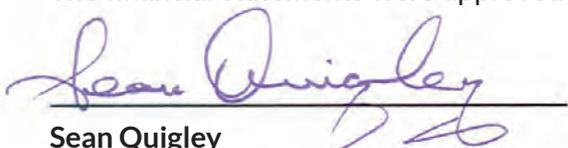
Niamh Meenan
For and on behalf of
Grant Thornton
Chartered Accountants and Statutory Audit Firm
Dublin 2, Ireland

Date: 25 March 2019

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2018

	Notes	30/09/2018 €	30/09/2017 €
Financial assets at fair value through profit or loss	4	1,862,642,100	1,799,990,726
CURRENT ASSETS			
Debtors	5	39,028,915	23,866,214
Cash and cash equivalents	6	29,214,739	19,456,978
TOTAL CURRENT ASSETS		<u>68,243,654</u>	<u>43,323,192</u>
CURRENT LIABILITIES			
Creditors	7	(1,565,285)	(1,413,912)
TOTAL CURRENT LIABILITIES		<u>(1,565,285)</u>	<u>(1,413,912)</u>
NET CURRENT ASSETS		<u>66,678,369</u>	<u>41,909,280</u>
TOTAL NET ASSETS		<u>1,929,320,469</u>	<u>1,841,900,006</u>
Represented by:			
Funds held for beneficiaries	8	<u>1,929,320,469</u>	<u>1,841,900,006</u>

The financial statements were approved by the Accountant on 25 March 2019.

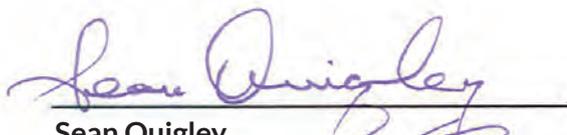

Sean Quigley
Accountant of the Courts of Justice

See accompanying notes to financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	Notes	30/09/2018 €	30/09/2017 €
NET REALISED AND UNREALISED GAINS			
Net realised gains on financial assets at fair value through profit or loss	10	11,905,340	11,884,573
Net change in unrealised gains on financial Assets at fair value through profit or loss	11	19,862,663	44,851,940
Net losses realised on transfers of assets	12	(6,504)	(11,551)
NET REALISED AND CHANGE IN UNREALISED GAINS		<u>31,761,499</u>	<u>56,724,962</u>
Investment income	13	75,629	69,552
		<u>31,837,128</u>	<u>56,794,514</u>
Expenses	14	(2,563,079)	(2,430,613)
INCREASE IN NET ASSETS FROM OPERATIONS		<u><u>29,274,049</u></u>	<u><u>54,363,901</u></u>

The financial statements were approved by the Accountant on 25 March 2019.


 Sean Quigley
 Accountant of the Courts of Justice

See accompanying notes to financial statements

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018 €	30/09/2017 €
INCREASE IN NET ASSETS FROM OPERATIONS		
Investment income less expenses	(2,487,450)	(2,361,061)
Net realised gains on financial assets at fair value through profit or loss	11,905,340	11,884,573
Net change in unrealised gains on financial assets at fair value through profit or loss	19,862,663	44,851,940
Net losses realised on transfers out during year	(6,504)	(11,551)
INCREASE IN NET ASSETS FROM OPERATIONS	<u>29,274,049</u>	<u>54,363,901</u>
CAPITAL TRANSACTIONS		
Receipts	361,268,549	370,690,387
Disbursements	(303,122,135)	(258,914,566)
INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>58,146,414</u>	<u>111,775,821</u>
Total Increase in net assets for the year	87,420,463	166,139,722
Net assets at beginning of year	1,841,900,006	1,675,760,284
NET ASSETS AT END OF YEAR	<u><u>1,929,320,469</u></u>	<u><u>1,841,900,006</u></u>

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

1. GENERAL – LEGAL STATUS

Court Funds are managed in a fiduciary capacity on behalf of beneficiaries by the Accountant of the Courts of Justice (“the Office”). The main primary and subordinate legislations governing the receipt, management and investment of Court controlled funds are 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

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland. In conjunction with this the financial statements have been prepared in accordance with the Rules of the Superior Courts, Order 77, Rule 83. The financial statements are presented in Euro (€) and also meet the criteria to avail of the exemptions under FRS102 not to prepare a Cash Flow Statement.

(b) Valuation of investments

Under FRS 102, the Office has opted to implement the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition, and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

Financial assets and financial liabilities at fair value through profit or loss are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in fair value are recognised in the Statement of Comprehensive Income. Listed investments and investments in unlisted 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) Financial Instruments

All of the financial assets have been classified at fair value through profit or loss.

2. ACCOUNTING POLICIES (Continued)

(e) 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 change in unrealised gains or losses on investments are recorded in the statement of comprehensive income.

(f) 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 change in unrealised gains on investments.

(g) Functional and Presentation Currency

The functional and presentational currency of the Office is Euro (€). This is the currency of the primary economic environment in which the Office operates.

3. FEES AND EXPENSES

3.1 Court Fees

Many of the beneficiaries of court funds are among the most vulnerable members of society. This includes persons who are Wards of Court, and others who are Minors under the age of 18 years. The legal responsibility discharged by the courts, requires that funds and other assets held in trust on behalf of and for the benefit of beneficiaries are managed appropriately. 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 and Auditors. 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 and Equality and the Minister for Public Expenditure and Reform and are contained in the Supreme and High Court Fees Orders.

Fees amounting to €2,083,801 (30th September 2017: €2,059,113) have been charged as a result of transactions processed by the Accountants Office during the year ended 30th September 2018. In addition to these fees, €323,022 (30th September 2017: €330,428) in respect of court percentages was charged on funds held on behalf of Wards of Court.

3.2 SSGA Investment Management, Custodian and Administration Fees

At the commencement of the current investment strategies in October 2013, a scale of investment management, custodian and administration fees were agreed with State Street Global Advisors, the Investment Managers, and incorporated in the Investment Management Agreement. All fees are calculated and accrued on a weekly basis and are paid directly from each Portfolio on a monthly basis. The non management fee covers all reasonable fund related fees within the Spectrum and Master Funds (inclusive of non SSGA Funds), including but not limited to Trustee/Fiduciary fees, administration fees, transaction fees, Legal Fees, and Audit and Accounting fees. The investment management and non management fees charged on all the Court Funds invested in the SSGA Spectrum and GRU Funds during the period under review amounted to €3,220,733 (30th September 2017: €3,265,329). Total anti-dilution expenses amounted to €57,061 for the period under review (30th September 2017:€90,195).

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	30/09/2018	30/09/2017
	€	€
SSGA Unitised funds	1,790,494,427	1,705,424,001
Managed funds	2,885,924	3,275,957
Equities	3,056,428	3,107,130
Deposit accounts	65,633,686	87,575,540
An Post Saving Certificates	41,734	40,831
Insurance policies	529,901	567,267
	<u>1,862,642,100</u>	<u>1,799,990,726</u>
5. DEBTORS	30/09/2018	30/09/2017
	€	€
Court awards not yet received	<u>39,028,915</u>	<u>23,866,214</u>
6. CASH AND CASH EQUIVALENTS	30/9/2018	30/9/2017
	€	€
Cash at bank	<u>29,214,739</u>	<u>19,456,978</u>
7. CREDITORS	30/09/2018	30/09/2017
	€	€
Exit tax payable (See Note 10)	<u>(1,565,285)</u>	<u>(1,413,912)</u>
8. FUNDS HELD FOR BENEFICIARIES	30/9/2018	30/9/2017
	€	€
Amounts held for wards of court	1,380,001,822	1,271,127,582
Amounts held for minors	329,497,574	323,120,127
Amounts held for pending further order cases	90,579,305	100,511,149
Amounts held for charitable bequests	2,200,025	2,230,709
Amounts held for lodgements with defence	20,407,572	20,139,172
Insurance Compensation Fund	55,242,755	73,612,488
Other*	51,391,416	51,158,779
	<u>1,929,320,469</u>	<u>1,841,900,006</u>

* Included in Other are case types, Security for Costs, Landlord & Tenant, Residential Institutional Redress Board, Dormancy etc.

9. FINANCIAL RISK MANAGEMENT

SSGA acts as the Investment Manager to the Trust pursuant to the Investment Management Agreement.

The Sub-Funds of State Street Spectrum Unit Trust invest substantially all their assets in one or a combination of the Sub-Funds of SSGA Gross Roll Up Unit Trust (together “the Funds”) listed below.

- SSGA GRU EMU Bond Index Fund
- SSGA GRU Euribor Plus Fund
- SSGA GRU Euro Cash Fund
- SSGA GRU Euro Index Equity Fund
- SSGA GRU World Ex Euro Index Equity Fund

SSGA Spectrum Growth Fund also invests a portion of its assets in other funds.

In pursuing their investment objectives and policies, the Sub-Funds are exposed to a variety of financial risks either directly or through the Sub-Funds in SSGA Gross Roll Up Unit Trust or other Funds they invest in: market risk (including market price risk, currency risk, and interest rate risk), credit risk and liquidity risk that could result in a reduction in the Sub-Funds’ net assets.

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.

State Street Spectrum Cash Fund invested substantially all its assets in the SSGA GRU Euro Cash Fund and was therefore exposed to the same market risks as SSGA GRU Euro Cash Fund.

State Street Spectrum Euribor Plus Fund invested substantially all its assets in SSGA GRU Euribor Plus Fund and was therefore exposed to the same market risks as SSGA GRU Euribor Plus Fund.

State Street Spectrum Cash and Short-Term Bond, State Street Spectrum Moderate Balanced Fund, State Street Spectrum Diversified Fund and State Street Spectrum Growth Fund invested in a range of funds, some of which are index tracking funds, and their sensitivity to market price risk is highlighted in the table below.

The State Street Spectrum Growth Fund invests in a range of funds that are diversified over asset classes and geographies. The Investment Manager moderates market price risk within the SSGA Spectrum Growth Fund by adhering to the investment restrictions and concentration limits set out in the Sub-Fund’s supplemental Prospectus.

At the level of the Sub-Funds of SSGA Gross Roll Up Unit Trust, the following analysis explains the impact that a 20% movement in the relevant benchmark index (calculated in Euro terms) at 30th September 2018 and 30th September 2017, with all other variables held constant, would have had on the net assets attributable to redeemable unitholders of the various Funds.

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(a) Market price risk (continued)

Sub-Fund Name	Benchmark index	% change in Fund's net assets As at 30th September 2018	% change in Fund's net assets As at 30th September 2017
SSGA GRU Euro Index Equity Fund	FTSE Developed Eurozone Index	19.99%	19.98%
SSGA GRU World Ex Euro Index Equity Fund	FTSE Developed EX Eurobloc	19.98%	19.98%
SSGA GRU EMU Bond Index Fund	Citi EMU Government Bond Index 1-3 Years	19.99%	20.01%

For example, the above analysis shows that if the FTSE Developed Eurozone Index in Euro terms at 30th September 2018 had increased by 20%, with all other variables held constant, this would have increased net assets attributable to redeemable unitholders of the SSGA GRU Euro Index Equity Fund by approximately 19.99% (2017: 19.98%).

Conversely, if the FTSE Developed Eurozone Index in Euro terms had decreased by 20%, with all other variables held constant, this would have decreased net assets attributable to redeemable unitholders of the SSGA GRU Euro Index Equity Fund by approximately 19.99% (2017: 19.98%).

The following analysis explains the impact that a 1% movement in interest rates at 30th September 2018 and 30th September 2017 for SSGA GRU Euro Cash Fund and GRU Euribor Plus Cash Fund, with all other variables held constant, would have on the net assets attributable to redeemable unitholders of the various funds.

Sub-Fund Name Fund Name	Benchmark Index	As at 30th September 2018		As at 30th September 2017	
		Return	Benchmark Return	Return	Benchmark Return
SSGA GRU Euro Cash Fund	7 Day EUR LIBID	(0.12%)	(0.02%)	(0.16%)	(0.02%)
SSGA GRU Euribor Plus Fund	ML Euro Currency 3-month LIBID Constant Maturity Index	(0.19%)	(0.25%)	(0.24%)	(0.25%)

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(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.

State Street Spectrum Growth Fund is the only Sub-Fund that does not exclusively invest in Euro denominated funds and is therefore directly exposed to currency risk.

As of 30th September 2018, some of the Sub-Funds are also indirectly exposed to the currency risks of the underlying funds they invest in.

In particular, at the year end State Street Spectrum Growth Fund invested in funds with exposure to non-Euro currencies. Also, State Street Spectrum Moderate Balanced Fund and State Street Spectrum Diversified Fund invested in SSGA GRU World Ex Euro Index Equity Fund. All of the SSGA GRU World Ex Euro Index Equity Fund's assets, liabilities and income are denominated in currencies other than Euro, the functional currency of all of the Sub-Funds. The significant currencies are US Dollar, British Pound, Japanese Yen, Canadian Dollar, Australian Dollar and Swiss Franc. 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. Transactions in foreign currencies are translated into the functional currency of the Sub-Fund at the exchange rates ruling at the date of the transaction. Assets and liabilities are translated into the functional currency of the Sub-Fund at the exchange rate ruling at the year end date.

State Street Spectrum Euribor Plus Fund, State Street Spectrum Cash and Short-Term Bond Fund and State Street Spectrum Cash Fund are not exposed to any foreign currency risks as the funds they invest in had all their assets and liabilities denominated in Euro, the functional currency of the Sub-Funds.

The Investment Manager monitors the currency exposures on a regular basis to ensure they remain within acceptable ranges.

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

It was agreed that the Investment Manager would implement a currency hedging strategy which seeks to hedge 75% of the non-Euro exposure held by State Street Spectrum Growth fund through the SSGA GRU World ex Euro Index Equity Fund.

This investment strategy was implemented using 1 month tenor FX forward contracts, with this methodology being seen as the best balance between cost and effectiveness.

The following table shows holdings and cash in each of the currencies for State Street Spectrum Growth Fund and the impact on the net assets attributable to redeemable unitholders of the Sub-Fund of a movement of +/-10% in any of these currencies at 30th September 2018.

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(b) Currency Risk (continued)

Trading Currency	Traded market value	% holding	% movement	Impact to NAV
Australian Dollar	(7,292,518)	3.09%	10%	(0.31%)
British Pound Sterling	(17,979,711)	7.62%	10%	(0.76%)
Canadian Dollar	(8,910,784)	3.78%	10%	(0.38%)
Danish Krone	(1,622,270)	0.69%	10%	(0.07%)
Hong Kong Dollar	(4,020,764)	1.70%	10%	(0.17%)
Israeli New Shekel	(624,635)	0.26%	10%	(0.03%)
Japanese Yen	(25,872,456)	10.97%	10%	(1.10%)
New Zealand Dollar	(178,536)	0.08%	10%	(0.01%)
Norwegian Krone	(557,724)	0.24%	10%	(0.02%)
Singapore Dollar	(1,315,016)	0.56%	10%	(0.06%)
Swedish Krona	(2,763,928)	1.17%	10%	(0.12%)
Swiss Franc	(8,264,866)	3.50%	10%	(0.35%)
US Dollar	(156,490,694)	66.34%	10%	(6.63%)
Total	(235,893,902)			

The following table shows holdings and cash in each of the currencies for State Street Spectrum Growth Fund and the impact on the net assets attributable to redeemable unitholders of the Fund of a movement of +/-10% in any of these currencies at 30th September 2017.

Trading Currency	Traded market value	% holding	% movement	Impact to NAV
Australian Dollar	(8,576,428)	3.41%	10%	(0.34%)
British Pound Sterling	(22,439,776)	8.93%	10%	(0.89%)
Canadian Dollar	(10,245,029)	4.08%	10%	(0.41%)
Danish Krone	(1,998,074)	0.80%	10%	(0.08%)
Hong Kong Dollar	(4,565,267)	1.82%	10%	(0.18%)
Israeli New Shekel	(679,565)	0.27%	10%	(0.03%)
Japanese Yen	(28,795,494)	11.46%	10%	(1.15%)
New Zealand Dollar	(210,074)	0.08%	10%	(0.01%)
Norwegian Krone	(606,950)	0.24%	10%	(0.02%)
Singapore Dollar	(1,416,671)	0.56%	10%	(0.06%)
Swedish Krona	(3,451,167)	1.37%	10%	(0.14%)
Swiss Franc	(9,961,078)	3.96%	10%	(0.40%)
US Dollar	(158,402,013)	63.02%	10%	(6.30%)
Total	(251,347,586)			

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(c) Interest rate risk

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

The Sub-Funds are directly exposed to interest rate risk through their cash holdings and are indirectly exposed to interest rate risks through some of the collective investment schemes they invest in.

This is particularly true for State Street Spectrum Euribor Plus and State Street Spectrum Cash Fund which are, respectively, exposed to the same interest risks as SSGA GRU Euribor Plus Fund and SSGA GRU Euro Cash Fund.

State Street Spectrum Cash and Short-Term Bond Fund, State Street Spectrum Moderate Balanced Fund and State Street Spectrum Diversified Fund are exposed to the same interest rate risks as SSGA GRU Euribor Plus Fund and SSGA GRU EMU Bond Index Fund in proportion to their allocation. In addition, the State Street Spectrum Diversified Fund is exposed to the SSGA GRU Euro Cash Fund.

The SSGA GRU Euribor Plus Fund and SSGA GRU Euro Cash 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 positions and cash flows.

The investment objective of the SSGA GRU EMU Bond Index Fund is to track as closely as reasonably possible the performance of the FTSE EMU Government Bond Index 1-3 Years. The Investment Manager will therefore invest in such investments which will ensure that the performance of the Sub-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 Sub-Fund.

Interest rate risk for the SSGA GRU Euribor Plus Fund and SSGA 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 Sub-Fund policy, the Investment Manager monitors the Sub-Fund's overall interest sensitivity on a daily basis.

The SSGA GRU Euro Index Equity Fund and the SSGA GRU World Ex Euro Index Equity Funds do not hold interest-bearing securities and therefore no interest rate risk exposure arises in respect of these Sub-Funds.

There were no material changes to the Sub-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 Sub-Fund a 1% change in interest rates would have. The SSGA GRU Euro Cash Fund has a duration of 44 days at 30th September 2018 (2017: 57 days). The SSGA GRU Euribor Plus Fund has a duration of 68 days at 30th September 2018 (2017: 87 days). The SSGA Growth Fund has a duration of 1.55 years at 30th September 2018 (2017: 1.55 years)*. All other Sub-Funds are indexed.

*Comparative numbers were restated to bring them in line with current year presentation.

The Investment Manager does not expect this position to change in the next reporting year.

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(d) Credit Risk

Credit risk, is the risk that a counterparty or issuer will be unable to pay amounts in full when due.

As of 30th September 2018, the Sub-Funds are also indirectly exposed to the same credit risks as the funds they invest in.

As of 30th September 2018, State Street Spectrum Cash Fund invested substantially all its assets in the SSGA GRU Euro Cash Fund and was therefore exposed to substantially the same credit risk as SSGA GRU Euro Cash Fund and SSGA Spectrum Euribor Plus Fund invested all its assets in SSGA GRU Euribor Plus Fund.

The SSGA Money Market Desk and the Investment Advisor's Portfolio Compliance Team monitor the current credit rating for all positions within these Sub-Funds on a daily basis, to ensure that the Sub-Fund continues to meet the credit rating requirements and restrictions for the Sub-Fund as outlined in the Sub-Fund documentation.

The SSGA Money Market Desk and the Investment Manager's Portfolio Compliance Team also ensure that there is appropriate investment diversification and that risk is not overly concentrated with a particular counterparty or issuer at any time.

As of 30th September 2018, State Street Spectrum Euribor Plus Fund and State Street Spectrum Cash Fund invest all of their assets in respectively SSGA GRU Euribor Plus Fund and SSGA GRU Euro Cash Fund. State Street Spectrum Cash and Short Term Bond Fund, State Street Spectrum Moderate Balanced Fund and State Street Spectrum Diversified Fund are exposed to the same counterparty risks as SSGA GRU Euribor Plus Fund and SSGA GRU EMU Bond Index Fund in proportion to their allocation. In addition, the State Street Spectrum Diversified Fund is exposed to the SSGA GRU Euro Cash Fund. In SSGA GRU EMU Bond Index Fund, 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 focusing on the core objective for the Sub-Fund which is to track as closely as reasonably possible the performance of its benchmark.

The SSGA GRU Euro Cash Fund, SSGA GRU Euribor Plus Fund and the SSGA GRU EMU Bond Index Fund hold interest-bearing securities with the following credit exposures as at 30th September 2018 and 30th September 2017.

Fund name	As at 30th September 2018		As at 30th September 2017	
	Investment grade	Non - investment grade	Investment grade	Non - investment grade
SSGA GRU Euro Cash Fund	100.00%	-	100.00%	-
SSGA GRU EMU Bond Index Fund	100.00%	-	100.00%	-
SSGA GRU Euribor Plus Fund	100.00%	-	100.00%	-

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(d) Credit Risk (continued)

The Funds' credit exposure also comprises:

- the risk that cash, all held with The Northern Trust Company ("TNTC") 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.

Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") is the appointed Depositary of the Sub-Funds, responsible for the safe-keeping of assets. NTFSIL has appointed TNTC as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at 30th September 2018 Northern Trust Corporation had a long-term rating from NTC had a long-term credit rating from Standard & Poor's of A+. (2017: Northern Trust Corporation: A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland and Canada. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depositary duties, verifies the Sub-Fund's ownership of Other Assets, (as defined Art 21 (8)(b) of Directive 2011/61/EU), by assessing whether the Sub-Fund holds the ownership based on information or documents provided by the Sub-Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Sub-Fund, clearly identifiable as belonging to the Sub-Fund, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Sub-Funds on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Sub-Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Sub-Fund's rights with respect to its assets to be delayed.

The Investment Manager manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

For all other financial assets held (other than the investment in the Funds), the credit risk related to these financial assets is not significant.

(e) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

9. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

(e) Liquidity Risk (continued)

At 30th September 2018, the Sub-Funds are indirectly exposed to the same liquidity risks as the Sub-Funds they invest in.

The underlying funds invest their assets in investments that are traded in an active market and can be readily disposed of. The Sub-Funds are limited to weekly dealing and invest in funds that are themselves exposed to weekly dealing except for SSGA GRU Euro Cash Fund which offers daily dealing. Redemptions of redeemable units in the Sub-Funds and Sub-Funds they invest in are payable within 3 business days of the dealing day on which the redemption takes place. In addition the State Street Spectrum Growth Fund holds Exchange Traded Funds which can be readily traded on active markets.

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

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

For all other financial assets held (other than the investment in the Funds), the liquidity risk related to these financial assets is not significant.

10. NET REALISED GAINS ON FINANCIAL ASSETS

AT FAIR VALUE THROUGH PROFIT OR LOSS	30/09/2018	30/09/2017
	€	€
Realised gains on financial assets at fair value through profit or loss disposed of during the year	18,975,050	18,025,328
Less:		
Exit tax (i)	(7,044,002)	(6,118,402)
Anti dilution levy and brokers commission (ii)	(25,708)	(22,353)
Net realised gain on financial assets at fair value disposed of during the year	<u>11,905,340</u>	<u>11,884,573</u>

- (i) Under current law and practice the Trust qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. It is not chargeable to Irish tax on its income or capital gains.
- (ii) The Finance Act 2003 authorises the Courts Service to deduct at source and account for exit taxes arising from the disposal of investments in the unitised funds under a Trust deed established by SSGA. The tax is calculated at the rate of 41% (2017: 41%), in accordance with the Finance Act and is payable to Revenue.
- (iii) The anti-dilution levy are fees charged by the Fund Manager on subscriptions and redemptions from the unitised funds. A dilution levy is an allocation of a fund's trading costs to the investments which have created those costs. It is used to protect the majority of investors from the costs of trading by a minority.

**11. NET CHANGE IN UNREALISED GAINS
ON INVESTMENTS**

	30/09/2018	30/09/2017
	€	€
Change in unrealised gains on investments during the year	23,114,749	48,185,111
Less:		
Investment management fees (Note 3.2)	(2,086,462)	(2,102,435)
Miscellaneous managed funds' fees (i)	(1,134,271)	(1,162,894)
Anti-dilution levy and brokers commission (ii)	(31,353)	(67,842)
Net change in unrealised gains on investments	<u>19,862,663</u>	<u>44,851,940</u>

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

(ii) The anti dilution levy are fees charged on subscriptions and redemptions from the unitised funds.

12. NET LOSSES REALISED ON TRANSFER OF ASSETS

	30/09/2018	30/09/2017
	€	€
Net losses on transfers out during year	<u>(6,504)</u>	<u>(11,551)</u>

These net losses arose on the transfer of equities out of the custody of the court, held in the name of the Accountant of the Courts of Justice. These equities were originally brought into court when a person was made a Ward of Court, and recorded in the accounts at their market value at that time. The net loss represents a net decrease in the value of equities at the time the equities were transferred out of court, as directed by a court order. The net loss referred to is a paper loss as the equities were not actually sold.

13. INVESTMENT INCOME

	30/09/2018	30/09/2017
	€	€
Deposit interest	-	919
Dividends	69,305	56,555
Shares in lieu of dividends	5,419	10,882
Interest on other investments	905	1,196
	<u>75,629</u>	<u>69,552</u>

Investment income is shown net of withholding tax. Deposit interest in 2018 and 2017 includes accrued deposit interest income in accordance with generally accepted accounting principles.

14. EXPENSES

	30/09/2018	30/09/2017
	€	€
Court fees (Note 3.1)	2,310,069	2,389,541
Bank charges	253,010	41,072
	<u>2,563,079</u>	<u>2,430,613</u>

15. FAIR VALUE MEASUREMENT

The Office of the Accountant of the Courts of Justice has adopted FRS 102. This requires the Office of the Accountant of the Courts of Justice to classify financial instruments measured at fair value into the following hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest Level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

At 30th September 2018 and 30th September 2017, the SSGA Funds' holdings consisted of investments in a range of sub-funds of SSGA Gross Roll Up Unit Trust and other investment funds. These investments were classified as Level 2, with the exception of the ETFs held by the SSGA Spectrum Growth Fund. The ETFs, with a fair value of €55,192,235 (30th September 2017: €55,505,429) were classified as Level 1.

The following table analyses within the fair value hierarchy the Office of the Accountant of the Courts of Justice's financial assets and liabilities (by class) measured at fair value at 30th September 2018:

	Level 1 €	Level 2 €	Level 3 €	Total €
Investments				
- SSGA Unitised funds	55,192,235	1,735,302,192	-	1,790,494,427
- Managed funds	-	2,885,924	-	2,885,924
- Equities	3,056,428	-	-	3,056,428
- Deposit accounts	65,633,686	-	-	65,633,686
- An Post Savings Certificates	41,734	-	-	41,734
- Insurance policies	-	-	529,901	529,901
Total	123,924,083	1,738,188,116	529,901	1,862,642,100

15. FAIR VALUE MEASUREMENT (CONTINUED)

The following table analyses within the fair value hierarchy the Office of the Accountant of the Courts of Justice's financial assets and liabilities (by class) measured at fair value at 30th September 2017.

	Level 1 €	Level 2 €	Level 3 €	Total €
Investments				
- SSGA Unitised funds	55,505,429	1,649,918,572	-	1,705,424,001
- Managed funds	-	3,275,957	-	3,275,957
- Equities	3,107,130	-	-	3,107,130
- Deposit accounts	87,575,540	-	-	87,575,540
- An Post Savings Certificates	40,831	-	-	40,831
- Insurance policies	-	-	567,267	567,267
Total	146,228,930	1,653,194,529	567,267	1,799,990,726

The Level 3 investments relate to investments held in insurance policies which are not quoted on an exchange or actively traded. In the absence of any market information the Accountant has valued these investments based on values provided by the insurance company. The Accountant believes that this approximates the fair value and any adjustment required to value these investments at fair value would not result in a material adjustment to the financial statements.

The following table includes the reconciliation of the amounts for the year ended 30th September 2018 for financial instruments classified within Level 3. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Insurance Policies	€
Opening balance	567,267
Transfer Out	(34,102)
Movement in net unrealised appreciation	(3,264)
Closing balance 30th September 2018	529,901

There were no transfers between levels during the year.

The following table includes the reconciliation of the amounts for the year ended 30th September 2017 for financial instruments classified within Level 3. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

Insurance Policies	€
Opening balance	531,008
Transfer Out	-
Movement in net unrealised appreciation	36,259
Closing balance 30th September 2017	567,267

The net unrealised gains/(losses) that relate to insurance policies still held at 30th September 2018 are €169,049 (2017: €172,314).

16. INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES

The table below illustrates the investment of the Funds in underlying Collective Investment Schemes.

Underlying Fund	Domicile	Regulatory Status	Investment Manager	Management Fee
State Street Spectrum Growth Fund				
ABF Pan Asia Bond Index Fund	Singapore	MAS authorised	State Street Global Advisors Singapore Limited	0.18% (TER which includes management and other expenses)
ETFS Longer Dated All Commodities Go UCITS ETF	Ireland	UCITS	Go ETF Solutions LLP	0.30% (TER which includes management and other expenses)
iShares J.P. Morgan \$ Emerging Markets Bond UCITS ETF	Ireland	UCITS	BlackRock Asset Management Ireland Limited	0.45% (TER which includes management and other expenses)
SPDR Barclays Emerging Markets Local Bond UCITS ETF	Ireland	UCITS	State Street Global Advisors Limited	0.55% (TER which includes management And other expenses)
SPDR Barclays Euro High Yield Bond UCITS ETF	Ireland	UCITS	State Street Global Advisors Limited	0.40% (TER which Includes management and other expenses)
SPDR Barclays High Yield Bond ETF	US	Regulated US Fund	SSGA Funds Management, Inc	0.40% (TER which Includes management and other expenses)
SPDR Morningstar Multi-Asset Global Infrastructure UCITS ETF	Ireland	UCITS	State Street Global Advisors Limited	0.40% (TER which Includes management and other expenses)
SSGA Euro Aggregate Corporate Bond Index Fund	Luxembourg	UCITS	State Street Global Advisors Limited	0.04% (TER which Includes management and other expenses)
SSGA Flexible Asset Allocation Plus Fund	Luxembourg	UCITS	State Street Global Advisors Limited	0.10% (TER which Includes management and other expenses)
SPDR Dow Jones Global Real Estate UCITS ETF	Ireland	UCITS	State Street Global Advisors Limited	0.40% (TER which Includes management and other expenses)
SSGA GRU EMU Bond Index Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management And other expenses)
SSGA GRU Euribor Plus Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management And other expenses)
SSGA GRU Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.06% (TER which Includes management And other expenses)
SSGA GRU World Ex Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management And other expenses)

16. INVESTMENTS IN COLLECTIVE INVESTMENT SCHEMES (Continued)

Underlying Fund	Domicile	Regulatory	Investment Manager	Management Fee
State Street Spectrum Euribor Plus Fund				
SSGA GRU Euribor Plus Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
State Street Spectrum Cash Fund				
SSGA GRU Euro Cash Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.06% (TER which Includes management and other expenses)
State Street Cash and Short Term Bond Fund				
SSGA GRU EMU Bond Index Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
SSGA GRU Euribor Plus Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
State Street Spectrum Diversified Fund				
SSGA GRU EMU Bond Index Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management And other expenses)
SSGA GRU Euribor Plus Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
SSGA GRU Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.06% (TER which Includes management and other expenses)
SSGA GRU World Ex Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
State Street Spectrum Moderate Balanced Fund				
SSGA GRU EMU Bond Index Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
SSGA GRU Euribor Plus Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)
SSGA GRU Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.06% (TER which Includes management and other expenses)
SSGA GRU World Ex Euro Index Equity Fund	Ireland	UCITS	State Street Global Advisors Ireland Limited	0.05% (TER which Includes management and other expenses)

17. POST BALANCE SHEET EVENTS

There were no material post balance sheet events, which would require revision of the figures on disclosure in the financial statements.

18. COMPARATIVE PERIOD

The comparative information covers the year ended 30th September 2017.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Accountant of the Courts of Justice on 25 March 2019

SUPPLEMENTARY INFORMATION

(NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

HIGH COURT FUNDS

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2018

	30/09/2018 €	30/09/2017 €
Financial assets at fair value through profit or loss	<u>1,676,025,655</u>	<u>1,630,727,378</u>
CURRENT ASSETS		
Debtors	36,856,067	22,088,854
Cash and cash equivalents	<u>26,114,715</u>	<u>17,173,276</u>
TOTAL CURRENT ASSETS	<u>62,970,782</u>	<u>39,262,130</u>
CURRENT LIABILITIES		
Creditors	<u>(1,523,913)</u>	<u>(1,371,344)</u>
TOTAL LIABILITIES	<u>(1,523,913)</u>	<u>(1,371,344)</u>
NET CURRENT ASSETS	<u>61,446,869</u>	<u>37,890,786</u>
TOTAL NET ASSETS	<u><u>1,737,472,524</u></u>	<u><u>1,668,618,164</u></u>
REPRESENTED BY:		
Funds held for beneficiaries at year end	<u><u>1,737,472,524</u></u>	<u><u>1,668,618,164</u></u>

HIGH COURT FUNDS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
NET REALISED AND UNREALISED GAINS		
Net realised gains on Financial assets at fair value through profit or loss	11,707,749	11,600,837
Net movement in unrealised gains on Financial assets at fair value through profit or loss	19,191,867	42,935,690
Losses realised on transfer out during the year	(6,504)	(11,551)
NET REALISED AND UNREALISED GAINS	<u>30,893,112</u>	<u>54,524,976</u>
Investment income	<u>74,727</u>	<u>67,311</u>
	30,967,839	54,592,287
Expenses	<u>(2,563,535)</u>	<u>(2,430,158)</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u><u>28,404,304</u></u>	<u><u>52,162,129</u></u>

HIGH COURT FUNDS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018 €	30/09/2017 €
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Investment income less expenses	(2,488,808)	(2,362,847)
Net realised gains on Financial assets at fair value through profit or loss	19,191,867	11,600,836
Net unrealised gains on Financial assets at fair value through profit or loss	19,200,821	42,935,691
Losses realised on transfer out during the year	(6,504))	(11,551)
INCREASE IN NET ASSETS FROM OPERATIONS	<u>28,404,304</u>	<u>52,162,129</u>
CAPITAL TRANSACTIONS		
Receipts	325,580,562	338,295,930
Disbursements	(285,130,506)	(241,840,417)
INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>40,450,056</u>	<u>96,455,513</u>
Increase in Net Assets	68,854,360	148,617,642
Net assets at beginning of year	<u>1,668,618,164</u>	<u>1,520,000,522</u>
NET ASSETS AT END OF YEAR	<u><u>1,737,472,524</u></u>	<u><u>1,668,618,164</u></u>

CIRCUIT COURT FUNDS

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2018

	30/09/2018 €	30/09/2017 €
Financial assets at fair value through profit or loss	<u>164,726,381</u>	<u>152,125,324</u>
CURRENT ASSETS		
Debtors	1,683,714	1,174,255
Cash and cash equivalents	<u>2,981,195</u>	<u>2,130,911</u>
TOTAL CURRENT ASSETS	<u>4,664,909</u>	<u>3,305,166</u>
CURRENT LIABILITIES		
Creditors	<u>(39,795)</u>	<u>(41,005)</u>
TOTAL LIABILITIES	<u>(39,795)</u>	<u>(41,005)</u>
NET CURRENT ASSETS	<u>4,625,114</u>	<u>3,264,161</u>
TOTAL NET ASSETS	<u><u>169,351,495</u></u>	<u><u>155,389,485</u></u>
REPRESENTED BY:		
Funds held for beneficiaries at year end	<u><u>169,351,495</u></u>	<u><u>155,389,485</u></u>

CIRCUIT COURT FUNDS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
NET REALISED AND UNREALISED GAINS		
Net realised gains on Financial assets at fair value through profit or loss	190,711	274,033
Net movement in unrealised gains on Financial assets at fair value through profit or loss	<u>526,323</u>	<u>1,640,664</u>
NET REALISED AND UNREALISED GAINS	717,034	1,914,697
Investment income	<u>465</u>	<u>1,312</u>
	717,499	1,916,009
Expenses	<u>334</u>	<u>(334)</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u><u>717,833</u></u>	<u><u>1,915,675</u></u>

CIRCUIT COURT FUNDS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Investment income less expenses	799	978
Net realised gains on Financial assets at fair value through profit or loss	190,711	274,033
Net unrealised gains on Financial assets at fair value through profit or loss	526,323	1,640,664
INCREASE IN NET ASSETS FROM OPERATIONS	<u>717,833</u>	<u>1,915,675</u>
CAPITAL TRANSACTIONS		
Receipts	30,061,114	27,167,663
Disbursements	<u>(16,816,937)</u>	<u>(16,142,703)</u>
INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>13,244,177</u>	<u>11,024,960</u>
Increase in Net Assets	13,962,010	12,940,635
Net Assets at beginning of year	<u>155,389,485</u>	<u>142,448,850</u>
NET ASSETS AT END OF YEAR	<u><u>169,351,495</u></u>	<u><u>155,389,485</u></u>

DISTRICT COURT FUNDS

STATEMENT OF FINANCIAL POSITION AT 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
Financial assets at fair value through profit or loss	<u>21,890,064</u>	<u>17,138,024</u>
CURRENT ASSETS		
Debtors	489,134	603,105
Cash and cash equivalents	<u>118,829</u>	<u>152,791</u>
TOTAL CURRENT ASSETS	<u>607,963</u>	<u>755,896</u>
CURRENT LIABILITIES		
Creditors	<u>(1577)</u>	<u>(1,563)</u>
TOTAL LIABILITIES	<u>(1577)</u>	<u>(1,563)</u>
NET CURRENT ASSETS	<u>606,386</u>	<u>754,333</u>
TOTAL NET ASSETS	<u>22,496,450</u>	<u>17,892,357</u>
REPRESENTED BY:		
Funds held for beneficiaries at year end	<u>22,496,450</u>	<u>17,892,357</u>

DISTRICT COURT FUNDS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
NET REALISED AND UNREALISED GAINS		
Net realised gains on Financial assets at fair value through profit or loss	6880	9,703
Net movement in unrealised gains on Financial assets at fair value through profit or loss	<u>144,473</u>	<u>275,586</u>
NET REALISED AND UNREALISED GAINS	151,353	285,289
Investment income	<u>437</u>	<u>929</u>
	151,790	286,218
Expenses	<u>122</u>	<u>(121)</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>151,912</u>	<u>286,097</u>

DISTRICT COURT FUNDS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH SEPTEMBER 2018

	30/09/2018	30/09/2017
	€	€
INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Investment income less expenses	559	808
Net realised gains on Financial assets at fair value through profit or loss	6,880	9,703
Net unrealised gains on Financial assets at fair value through profit or loss	<u>144,473</u>	<u>275,586</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>151,912</u>	<u>286,097</u>
CAPITAL TRANSACTIONS		
Receipts	5,626,873	5,226,794
Disbursements	<u>(1,174,692)</u>	<u>(931,446)</u>
INCREASE IN NET ASSETS FROM CAPITAL TRANSACTIONS	<u>4,452,181</u>	<u>4,295,348</u>
Increase in Net Assets	4,604,093	4,581,445
Net Assets at beginning of year	<u>17,892,357</u>	<u>13,310,912</u>
NET ASSETS AT END OF YEAR	<u><u>22,496,450</u></u>	<u><u>17,892,357</u></u>



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