



Land Registers of Northern Ireland
Annual Report & Accounts
for the year ended 31 March 2008

*Laid before the Northern Ireland Assembly
under section 11(3)(c) of the Government Resources
and Accounts Act (Northern Ireland) 2001 by the
Department of Finance and Personnel*

3 July 2008

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Chief Executive's Foreword

I am pleased to say that once again Land Registers has met all its Ministerial targets set for 2007-08. Our productivity has increased again as did our intake of work overall although there has been a slowdown in the marketplace since January.

The Fees Order introduced last year has reduced Fees for most of our customers and we continue to monitor our costs with a view to introducing further reductions. The backlog of cases has also decreased again and considerable efforts have been made internally to continue this trend.

“Landweb Direct now has over 1,000 registered users. We have continued to develop the system and have now launched our pilot project for e-Registration. The Pilot has been very successful and we are now implementing our strategy to roll-out this service to all legal practitioners across Northern Ireland. We are also engaging with the Lending Institutions to ensure that further developments of Landweb Direct will be of assistance to them.”

We also continue to work with the Northern Ireland Law Commission on the Land Law Reform project which will ultimately bring about legislative change to simplify the conveyancing process.

This is the last Annual Report and Accounts for Land Registers in its current form, as from the 1 April 2008 we will become part of the wider Land and Property Services (LPS) joining with colleagues from Ordnance Survey of Northern Ireland (OSNI) and the former Valuation and Lands and Rate Collection Agencies. As part of LPS we look forward to working more closely with other areas of the business to bring about improved services for all our customers.

In closing, I would like to thank all members of staff in Land Registers for their dedication and effort to provide our improved services to customers over the last 12 months and indeed over the years since Land Registers was formed as an Agency in 1996. I would particularly wish to thank the Agency Board and Senior Management Team and the Department for their continuing support.



Patricia Montgomery

Chief Executive & Registrar of Titles

2 July 2008

1.0 Introduction

Organisation

The Land Registers of Northern Ireland was formed as an Executive Agency within the Department of the Environment but, following devolution, it transferred to the Department of Finance and Personnel (DFP) on 2 December 1999. It is headed by a Chief Executive who is directly accountable to the Minister for the management of the Agency.

The Chief Executive is supported by the Agency Management Board which for most of the year was made up as follows:

Mrs Patricia Montgomery	Chief Executive & Registrar of Titles
Mr Ignatius O'Doherty	Operations Manager
Mr John Gibson	- Deputy Registrar of Titles
Mr Gerry McKenna	- Director of Corporate Services and Planning

Land Registers of Northern Ireland is an Executive Agency within the Department of Finance and Personnel and our purpose is to register all land and property transactions in Northern Ireland and maintain the Public record of all such activities. It is based on a single site in Lincoln Building in central Belfast.

As our name suggests the Agency comprises three separate Registries:

- **Registry of Deeds**
There has been a system of registration of documents relating to unregistered land (land which is not registered in Land Registry) since 1708. Under this system a written summary of the relevant document is lodged in the Registry of Deeds with the original document. This summary, known as a "Memorial", is retained in the Registry and the original document is returned to the person who lodged it. Any person may search the Registry's Index of Names to obtain details of any particular transaction. The Registry does not guarantee that any document registered is valid or has any legal effect; it merely records the document's existence and its priority date.
- **Land Registry**
The Land Registry was established in 1892 and historically most registered land (land registered in the Land Registry) is rural land. Land Registry does not merely provide a mechanical registration system; it actually guarantees the validity of the legal title. It also records interests relating to individual holdings of land, for example, rights of way, mortgages, etc. The Registrar of Titles has a judicial role and the Registry can therefore provide an inexpensive procedure for resolving disputes relating to registered land.
- **Statutory Charges Registry**
This Registry was set up in 1951 to provide purchasers of land with an easy method of checking whether a property is affected by certain statutory restrictions which could not easily be discovered otherwise. These restrictions which for the most part are created by or in favour of Government Departments or Local Authorities include, for example, Clearance Orders and Preservation Orders.

Aims

The Agency aims to support the conveyancing and property markets in Northern Ireland by:

- guaranteeing the validity of title to registered land;
- protecting the priority of conveyancing transactions for unregistered properties;
- responding quickly to requests for land information; and
- providing a forum for the resolution of disputes regarding registered land.

Objectives

In support of these aims, the Agency's key business objectives for 2007-08 were to:

- respond to customers' requirements in accordance with the highest standards of service;
- provide electronic services to customers in accordance with the Modernising Government initiative and in pursuance of the Department's E-business strategy and the over-arching ISIT Corporate Strategy Framework which is the key reference for Government organisations in Northern Ireland;
- increase the amount of land information available to the public through compulsory registration of title;
- secure ongoing value for money, quality and efficiency in the management of the Agency; and
- maintain high levels of staff performance, motivation and skills.

Future Developments

Planned future developments are:

- to complete computerisation of the Land Registry processes;
- to introduce e-registration and e-payment;
- to introduce e-signatures;
- to review fees annually; and
- to move towards a more paperless office.

The above developments are all aimed at improving the quality of service we provide. This is particularly important now that LRNI is merging with Rate Collection, Valuation and Lands Agencies and Ordnance Survey of Northern Ireland in the new Land and Property Services Agency.

Vision

“Support the property market by simplifying land information services”

Values

The vision is underpinned by the Agency's three core values:

- commitment to customer service;
- commitment to quality; and
- commitment to staff.

Performance Measures

The Agency's annual targets are designed to reflect performance in the following areas:

- **Efficiency**
Processing times for registration and land information services;
- **Output**
Number of applications for registration processed per member of staff;
- **Quality**
Customer Satisfaction Survey; and
- **Financial Performance**
Level of financial and budgetary control achieved.
Percentage efficiency gains on running costs expenditure.
Achieve of full-cost recovery.

All information for the calculation of targets is provided by the Agency's business and financial systems and is independently verified by DFP Internal Auditors.

Operational Management

The operational management of the Agency and responsibility for implementing the Agency's Corporate and Business Plans lay with the Senior Management Team during 2007-08. The team consisted of:

Gerry McKenna	Director of Corporate Services and Planning
Gail Fryer	Head of Finance (to 25/05/2007)
Colum McMenamin	Head of Finance (from 12/11/2007)
Wally Gamble	Operations Manager
Helen McCallan	Casework Manager (to 31/08/2007)
Bernadette Hughes	Casework Manager
Colin Loughheed	Production Manager
David Patterson	Corporate Services Manager (to 28/09/2007)
Alison Campbell	Corporate Services Manager (from 19/11/2007)

Risk and Uncertainty

The Agency maintains a Risk Register that is updated regularly by senior management and reviewed bi-annually by the Agency's Audit and Risk Committee, which comprises the Agency Board and members of the Departmental Internal Audit Branch and the Northern Ireland Audit Office. The Register identifies strategic, operational, financial and external risks to the continuing and successful operation of the business and the actions necessary to mitigate or avoid these risks.

2.0 Review of the Year

2.1 Performance against Key Targets

Details are given below on how the Agency has performed against its agreed key targets.

Key Ministerial Targets	Targets, Outturns & Achievements			
Efficiency		2005-06	2006-07	2007-08
To achieve a weighted unit cost target of £x inclusive of PFI costs	Target	27	26.5	26
	Outturn	21.90	£25.55	£23.02
Output		2005-06	2006-07	2007-08
To process x application units per member of staff per month	Target	180	190	200
	Outturn	255.05	222.91	205.62
Quality		2005-06	2006-07	2007-08
To achieve a customer satisfaction rate based on customer surveys of at least x %	Target	78	80	80
	Outturn	84	85.5	87
Financial Performance	Year	2005-06	2006-07	2007-08
To cover Agency costs out of fee income	Target	-	-	-
	Outturn	Achieved	Achieved	Achieved

Validation of Performance Targets

The Department's Internal Audit Unit independently examined and reported on the Agency's performance against the agreed key targets set for 2007-08. Internal Audit was able to validate the above performance against targets.

2.2 Casework

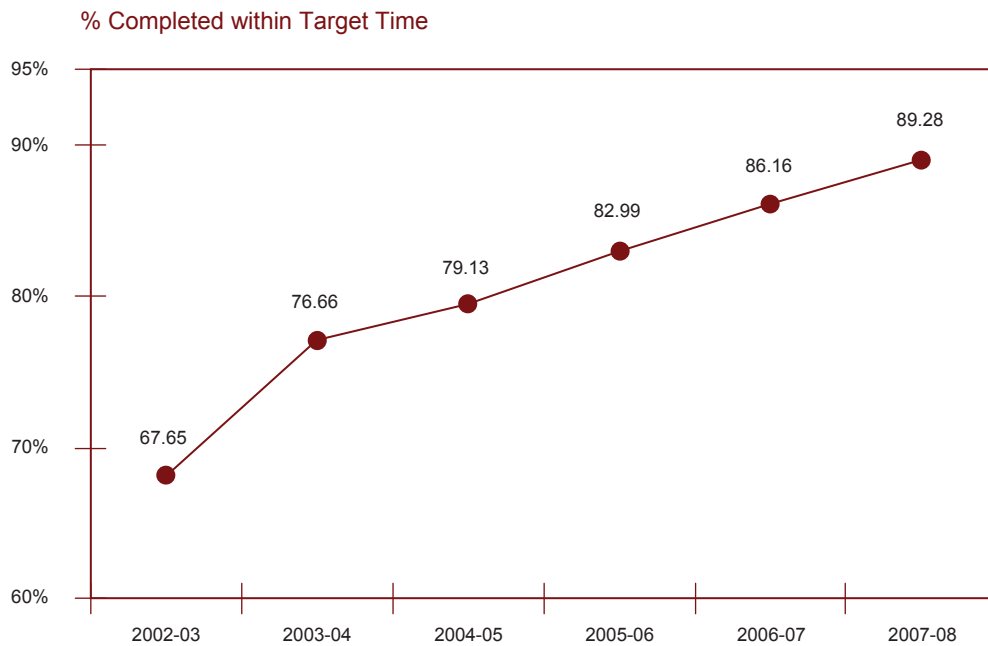
Land Registry

While activity in the housing market has declined markedly in the last twelve months, its impact on work intakes only became noticeable in the final 4 months of the year. This reduced activity resulted in a very modest 4.9% increase in overall annual intake when compared to the average 19% per annum increase during the previous 6 years. The total number of applications completed, 143,567, was an all time high and represents an 11% increase in production when compared with the 2006-07 figure.

The level of overdue work (applications which have exceeded target completion times) decreased to 6,299, a 20% reduction when compared with the March 2007 figure.

Annually the percentage of applications of all types completed within target time continues to show improvement when compared with previous years.

The Agency aims to process regular dealings of whole applications in an average time of 20 days. A regular dealing is an application relating to one entire title, where the Agency is not obliged to raise queries or serve notices. Regular applications were completed in an average of 17.98 days and accounted for 47% of the total output of completed applications.



The Agency's ability to respond swiftly to all applications submitted for registration continues to be compromised by the poor quality of work being presented by customers. The table below details the percentage of applications in the main categories which fail to pass the initial minimal scrutiny test.

Application Type	Rejected (%)
Dealing of Whole - DOW	18%
Compulsory First Registration - CFR	28%
Transfer of Part - TOP	18%
Others	20%

Registry of Deeds

The Registry received 74,580 transactions for registration during the year, a decrease of 15% on the previous year. Average processing time to complete registration was 3.86 days. The reduction in registration volumes has been influenced by the impact of Compulsory First Registration and by the downturn in the property market.

Statutory Charges

The Registry received 6,135 transactions for registration, which was a decrease of 5% on the previous year. Registrations were completed in an average of 6.89 days.

Land Information Service (LIS)

During the year in excess of 563,000 LIS transactions were completed, an 18% decrease on the previous year. Land Information Services in the main relate to activities carried out prior to the completion of a property sale. The slowdown in the Northern Ireland property market has clearly been an influencing factor in the reduction in volumes.

2.3 Better Quality and Efficiency Initiatives

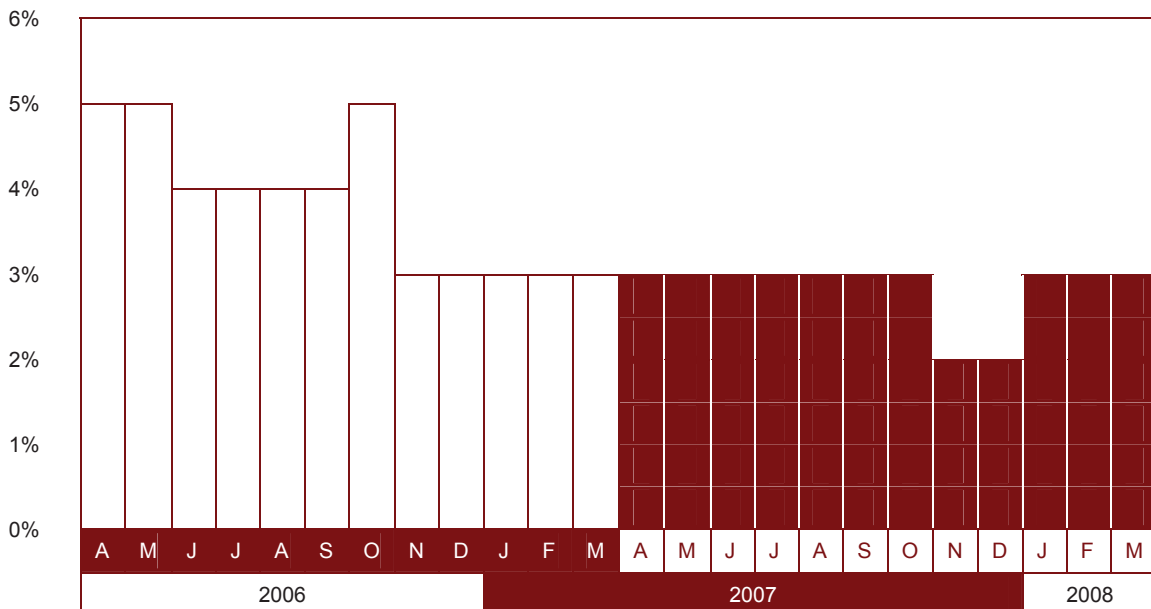
LandWeb Direct

LandWeb Direct is the direct access service for Land Registers of Northern Ireland (LRNI) which speeds up the conveyancing process by providing:

- online viewing of Land Registry folios and maps;
- online viewing of Registry of Deeds memorials;
- owner name searches;
- automatic electronic delivery of uncertified copy folios, maps and memorials;
- access to secure authentication via the government gateway portal; and
- 24 hour / 7 days-a-week access.

The service was launched in August 2002 and has proved extremely popular with customers. The chart below illustrates, as a percentage, a reduction in those using Lincoln Building kiosk searching.

Reduction, as a percentage, of those using Lincoln Building Kiosk Searching



The average number of transactions completed each month is in excess of 33,600. There are now in excess of 1,000 customer organisations registered for the direct access service.

e-Registration

In accordance with the Government modernisation agenda and in keeping with similar initiatives in the UK and Ireland jurisdictions, LRNI embarked on the e-Registration project in September 2005. This provides one of the building blocks towards full automated registration and is another step towards the development of electronic service delivery mechanisms which is a cornerstone of the future business of the Agency.

The objectives of developing the system were to:

- equip LRNI with the tools necessary to provide the legal community with the ability to submit documents remotely via the internet;

- to provide electronic registration to enable customers to submit and authenticate documents online
- to provide a means of electronic payment for the customer;
- to accelerate registration, reduce errors and create major efficiencies within the registration process; and
- to provide timely provision of information to LPS on ownership of land.

The project is rolling out in three stages.

Stage 1 allows solicitors to input information into the e-Registration system and facilitates form creation, transaction selection and application submission using the “wizard” approach. All registration types are supported.

Stage 2 will see the development of an e-signatures and digital authentication solution allowing mandated solicitors to sign documents electronically thereby eliminating the need to submit paper documentation. e-Payments will greatly reduce the amount of applications being rejected upon submission. Stage 2 will also see the creation of an inter-solicitor workflow allowing all parties involved in a transaction to move documentation between practices. Lastly, dematerialisation will remove the necessity to lodge Land Certificates when submitting applications for registration.

Stage 3 will be the final stage of full electronic submission with the move to “Tell me, don’t show me”.

Financial Benefits:

- reduced registration costs;
- reduction in high document storage and off-site retrieval costs and administration;
- elimination of need for scanning since all documents submitted online will be electronically stored and archived;
- reduction in staff required at Intake / Scrutiny;
- at least 50% reduction in cost of rejected applications;
- reduction of cost of postage and post-administration;
- reduction in cost of administration of Customer Information Unit;
- elimination of cost of reconstructing applications as a result of missing documents due to postal issues; and
- reduction in staff costs of having to re-input data already entered by solicitors’ offices.

Non-Financial Benefits

- reduction in number of applications rejected due to a range of quality issues;
- validation of input against rules at source;
- reduction in input processing by Agency staff;
- reduction in scrutiny function by Agency staff;
- pre-population of data to and from back office systems;
- reduction in re-keying by registration staff;
- improved transparency (ie all stakeholders can track progress of transactions);
- interim step towards goal of full electronic registration; and
- improved security (ie authenticity and non repudiation).

Progress to Date

Considerable work has gone into requirements capture and system design throughout the year and paramount in the capture process was the involvement of stakeholders (Pathfinders) at each stage of prototyping and decision making. An e-Registration roll out strategy document has been produced highlighting the way forward.

The pilot exercise involving 7 Pathfinders went live on 10 December 2007. Use of the system, lack of issues in the use of the functionality and the low level of calls to the Help Desk has been encouraging. Statistics to date show a marked decrease in rejected applications at initial reception stage and a reduction also in query correspondence during the registration process.

The figures below compare those applications submitted electronically and non-electronically.

Non e-Registration (paper) Applications		e-Registration Application to Date	
Rejected - current figures	30% to 40% per month	Rejected - current figures	4.6%
Queried - current figures	23% to 30% per month	Queried - current figures	5%

The review of the pilot took place in March 2008 and LRNI was encouraged by the positive feedback and the small number of issues users had with the usability of the system.

April 2008 sees the roll-out of e-Registration to the larger Pathfinder group with another 30 practices earmarked for training. The system will be extended later in the year to the wider legal community on a county by county basis.

Document Image Processing Intake Service (DIPIS)

DIPIS was introduced into LRNI to facilitate the scanning of documents required as part of the registration process. When fully implemented further benefits will include:

- the potential reduction in registration completion times;
- the elimination of the cumbersome movement of paper documents between disciplines;
- the reduction in loss of paper documents;
- the ability to share documents;
- the ability to produce copy documents from the electronic source;
- the security of documents received into the Agency is improved with the daily backup of images scanned and electronically saved on LandWeb;
- increased job satisfaction; and
- the facilitation of on-line registration.

DIPIS was introduced on an application type basis and went live on 10 October 2004 with all Dealings of Whole (DOW) and Statutory Charges Registry (SCR) applications being scanned at intake stage. Subsequently, DIPIS was extended to include Deed of Rectifications, Section 53's and, in November 2006, First Registrations. December 2007 saw the remaining application types, Transfers of Part and Leases, begin passing through the DIPIS process resulting in 100% of all received applications now being scanned at intake stage. Of the total work stock at the end of the business year, 73% of the applications had been through the DIPIS process. This percentage will continue to grow as the residual amount of non-DIPIS applications reach completion.

What is the Government Gateway?

The Government Gateway is a centralised registration service for e-government services in the UK. It is an important part of the government's strategy for delivering the 'joined up' government initiative and enables people to sign up for any of the UK government's services that are available on-line using a single user id and password. It is used by LandWeb Direct to provide enhanced security access and allows consolidation of user ids and passwords with other government systems, for example Inland Revenue.

2.4 People

Employment Policy

The maintenance of a highly skilled workforce is key to the future of the business. The Agency is committed to, and complies with, the policies of the Department of Finance and Personnel for Northern Ireland on equal opportunity and responsibility for employment and career development of disabled staff.

Disabled Employees

LRNI follows the NI Civil Service Code of Practice on the Employment of Disabled People and, as an Agency within the Department of Finance and Personnel, it shares that Department's commitment to the Northern Ireland Civil Service Equal Opportunities policy. The Agency aims to ensure that disablement is not a bar to recruitment or advancement. The Agency complies with all existing legislation in regard to its disabled employees. The Agency currently employs 9 people with disabilities.

Employee Involvement

The Agency recognises the benefit of keeping employees informed of the progress of the business and of involving them in the Agency's performance. During the year employees were regularly provided with information on Departmental, Agency and Personnel issues. Formal Team Briefing was held monthly and the Agency's Corporate & Business Plan was made available to all staff.

Consultation took place with Trade Union representatives through a formal Whitley structure.

Health and Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment. A Health and Safety committee operates within the Agency.

Training Plan 2007-08

The Agency's Training and Development Plan for 2007-08 contained the strategies for implementing the training and development policy over the year. It also contained details of how and when training and development needs would be met and how resources would be allocated over the period.

The Plan set out the prioritised training and development needs for 2007-08, as agreed by the Chief Executive and the Agency Board, taking into account the Agency's key business objectives and challenges for the next 2 years.

Particular significance was given to casework and customer services training, supporting the Agency's utilisation of its ICT system to deliver enhanced levels of service. The Plan was revised throughout the year to take account of changing priorities and business volumes.

Training Delivered

During the year 63 courses spanning numerous categories of training were delivered. The main areas covered were:

- finance;
- induction
- NVQ Assessor, NVQ Level 2 & Level 3 in Customer Service
- Performance Management; and
- pre-retirement.

National Vocation Qualifications (NVQs)

This year the Agency is continuing with the NVQ programme with 11 staff currently pursuing NVQ level 2 and level 3 qualifications in Customer Services. 7 staff also achieved a VRQ in Customer Service.

Aids to Study Programme

During the year 22 members of staff received approval to pursue courses under the Aids to Study Scheme.

Evaluation of Training

All training and development activities are evaluated in line with Agency policy to ensure that training objectives are met and to demonstrate the positive contribution that training makes to the achievement of the Agency's strategic objectives.

2.5 Customers

Standards of Service

Customers are entitled to expect service delivery in line with the standards promised in the Agency's Charter and are encouraged to complain if the Agency fails to meet those standards. To augment the internal complaints procedure LRNI appointed Jodi Berg, Head of the Independent Complaints Examiner Service, as the LRNI Independent Complaints Reviewer. Her role is to examine complaints surrounding:

- failure to follow proper procedures;
- discourtesy;
- discrimination or injustice;
- excessive delay;
- not answering complaints fully and promptly; and
- failure to apologise for mistakes.

The number of complaints and errors remains low in relation to the total number of applications processed. However, every error and complaint is recorded and investigated, and a response issued within 15 working days where possible.

Problem areas can be readily identified from the Agency's complaint register, which is analysed on a regular basis by the Customer Service Manager. A monthly statistical report is prepared for consideration by the Agency Board. This process enables the Board to identify areas for improvement. All expressions of dissatisfaction, whether written or oral, are recorded as potential complaints.

The Agency also maintains a "compliments file" and we are pleased to note that customers, including solicitors and members of the public, continue to express their appreciation of the high standards of service they have received from our staff. Their comments are fed back to the staff involved through the Chief Executive and Line Managers.

Analysis of Complaints

See Appendix I.

Customer Satisfaction Survey 2007-08

The Central Survey Unit of the Northern Ireland Statistics and Research Agency (NISRA) carried out the survey in April 2008. It was conducted by telephone and a representative sample of the Agency's customers, including solicitors, law searchers and government departments, was selected at random to take part. A response rate of almost 100% was achieved.

The survey investigated standards of performance regarding:

- all forms of customer contact including visits to Land Registers Customer Information Centre;
- all aspects of the quality of service of land information services; and
- the on-line direct access service.

Solicitors and government departments answered all questions, while only certain questions were applicable to Law Searchers.

The results were extremely encouraging with the Agency achieving a customer satisfaction rate of 87% against an 80% target.

Many of the results are consistent with previous surveys but customers appear to be particularly satisfied with the following:

- telephone handling in Land Registry;
- public-counter services in Land Registry;
- written and telephone contact with Registry of Deeds;
- straightforward registrations in Land Registry;
- registrations in Registry of Deeds;
- courtesy and knowledge of Agency staff;
- customer enquiry service; and
- LandWeb Direct service.

The greatest area of concern is the delay in registrations in Land Registry.

We are grateful to those customers who agreed to be consulted for the survey and they can be assured that their candid feedback will lead to improved service delivery.

Customer Survey Comparison Tables

Tables showing this and previous years' results can be viewed at Appendix II.

2.6 Community and the Environment

Green Housekeeping

The Agency continues to review its environmental footprint and develop policy and practices that contribute to a heightened sense of social responsibility. Its Waste Management Action Plan has resulted in a significant reduction of paper usage across the Agency, the recycling of paper products equivalent to 298 trees and, in partnership with Bryson House, a reduction of some 59,000 cubic litres to landfill. This in addition to the already existing processes for other recyclable materials such as mobile phones and IT consumables.

Energy conservation is also promoted throughout the Agency and posters promoting energy conservation are prominently displayed on notice boards and other locations within the building. Timing switches are also installed where practicable with regard to heating, lighting and air conditioning appliances.

Sustainability

LRNI will continue to follow DFP guidance as set out in the Department's Sustainable Development Action Plan, which sets out strategic objectives and targets, including:

- installation of renewable technologies;
- conservation of fuel and power;
- participation in Workplace 2010 and the subsequent streamlining of the office accommodation portfolio and the meeting of higher thermal standards;
- the improved recycling of waste; and
- taking account of sustainable development principles when procuring works, supplies and services.

Involvement with the Community

The Agency continues to embed its Diversity Excellence agenda and work toward its long term goals. The results of this work can clearly be seen in the design and implementation of the Agency's Customer Information Centre and staff members continuing commitment to community outreach projects.

The Agency encourages and supports staff involvement in voluntary and charity work, promoting fund raising events and providing facilities when possible.

2.7 Financial Performance

Accounts Direction

The Financial Statements which follow have been prepared in accordance with a direction give by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Results for Year

Land Registers has a statutory responsibility to cover, where practicable, all costs from fee income. This was achieved in 2007-08 as detailed in the Annual Accounts which form part of this Report.

Funding

The Agency operates under the funding arrangement known as Net Departmental Running Costs. The Agency's Net DRC funding arrangement allows it to use part of any surplus fee income to improve customer service. The Agency has continued to seek opportunities in 2007-08 to improve customer service through the use of Net DRC.

Charitable Donations

In place of issuing Christmas cards to customers, the Agency made a donation of £200 to NSPCC.

Fixed Assets

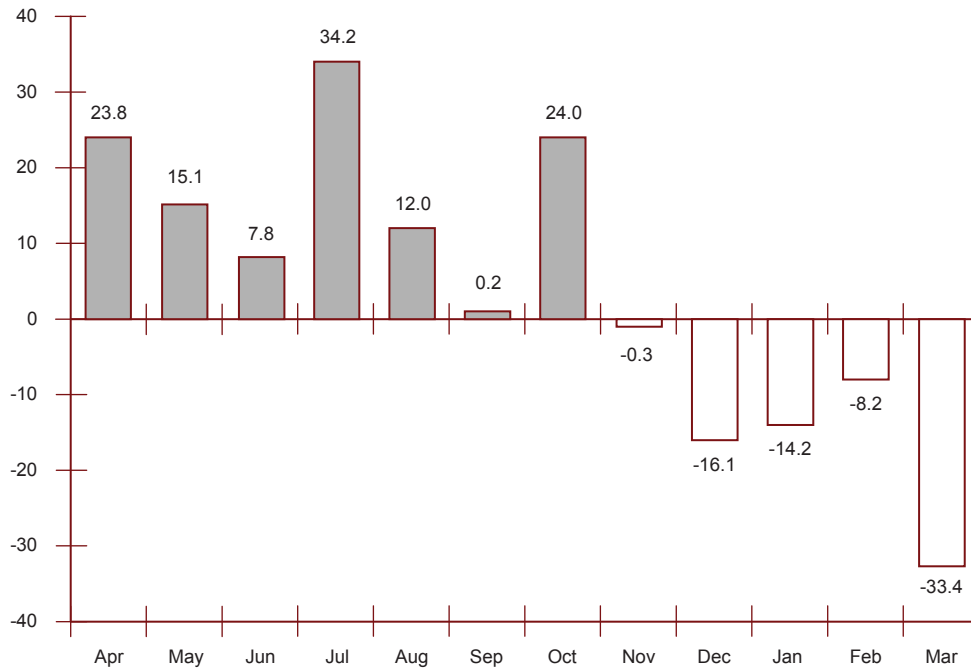
In accordance with the Financial Reporting Manual (FReM) and other Department of Finance and Personnel guidance, all fixed assets are revalued at estimated current replacement cost. The Agency does not believe there is any material difference between the market value and the net book value of its assets as at 31 March 2008. Details of fixed assets are set out in Note 6 to the Accounts.

Land Registry Fees

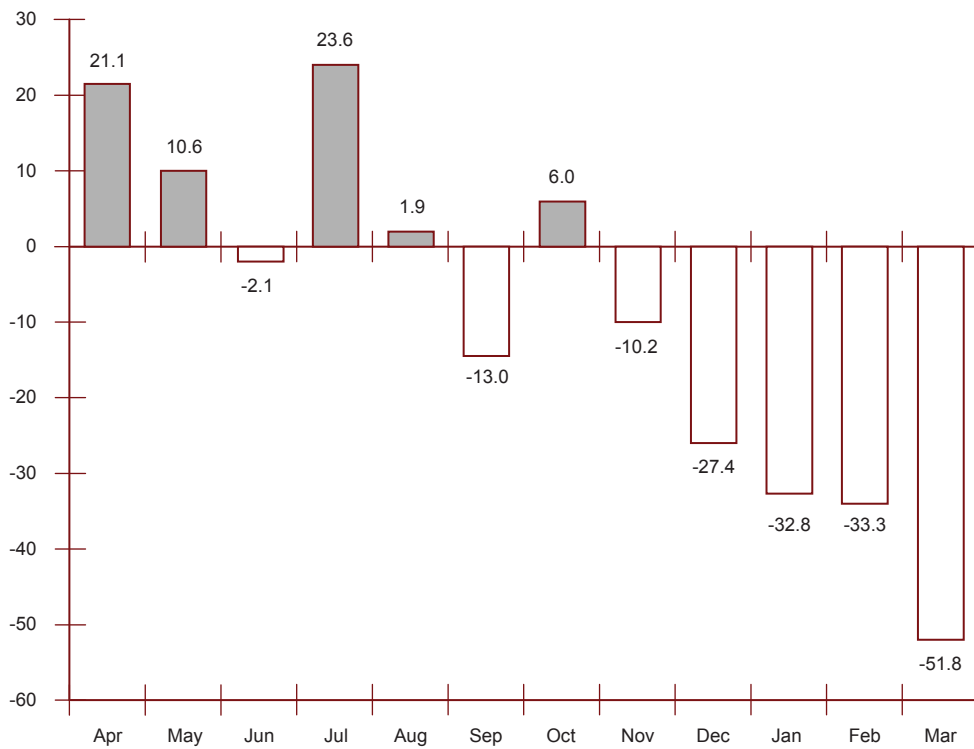
The Agency is committed to providing an efficient and effective delivery of service to customers at the lowest cost possible while continuing to cover costs from fee income. A new Fees Order was introduced on 1 April 2007.

The main changes brought about were a restructuring of ad valorem banding and pricing. The Order had an immediate impact in its first month of operation of reducing average transfer registration fees from £314 to £237. Monitoring of the impact of the new order on income over the first three months of the year indicated that house price inflation was continuing to drive up average transfer costs. This, together with a 15% increase in the volume of applications, indicated to the Board that a considerable surplus in income would be generated for the year.

Comparison 2006-07 - 2007-08 of Applications Intake



Comparison 2006-07 - 2007-08 of Revenue



On the basis of this information a new Fees Order was drafted. The Order which reduces the highest fee from £450 to £350 and the percentage of applicants paying the highest fee from 17% to 4% has completed all review stages. However, during the period in which the order was under consultation, the housing market has seen a significant downturn which has impacted significantly on work volumes and income. The charts above illustrate how growth in the early part of the year, has not been sustained.

A period of negative growth is predicted due to the sharp decrease in both work volumes and income in the latter part of the year and the continued stagnation of the housing market.

Modelling of the reduced work volumes over a 12 month period against the existing Fees Order indicates that income would broadly equalise costs. On this basis the Board consider that it would be prudent to delay the implementation of the Order until a clearer picture emerges of the level reduced workload.

Registry of Deeds Fees

A new Registry of Deeds Fees Order was introduced on 1 April 2007. The Order which introduced transactional based charging for searching has been operating effectively.

Events since the end of the Financial Year

There have been no significant events since the end of the financial year, which would affect the results for the year or the assets and liabilities at the year end.

Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code and British Standards BS 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

The Departmental System continually monitors for any payment outside the '30 day period'. Regular reviews conducted to measure how promptly the Agency paid its bills found that 76.71% of bills were paid within this standard (2006-07 was 97.62%). The main reason for the reduction in the performance in 2007-08 was the teething problems experienced with the introduction of AccountNI in December 2007.

Auditors

The Agency's accounts are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency and he reports his findings to the Assembly.

The audit of the financial statements for 2007-08 resulted in a notional audit fee of £9,000 and is included in the administration costs in the operating cost statement.

Board members confirm that there is no relevant audit information of which auditors are unaware. The Agency Board has taken steps to ensure that it is aware of all relevant audit information and to establish that the Agency's Auditors are aware of this information.

3.0 Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at www.ome.uk.com

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.

The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the Agency.

Senior Management Remuneration (audited)

The salary, pension entitlement and the value of any taxable benefits in kind of the Agency's Board were as follows:

Officials	2007-08		2006-07	
	Salary £'000	Benefits in Kind (to the nearest £100)	Salary £'000	Benefits in Kind (to the nearest £100)
Patricia Montgomery Chief Executive & Registrar of Titles	70 - 75	Nil	65 - 70	Nil
John Gibson Deputy Registrar of Titles	55 - 60	Nil	50 - 55	Nil
Ignatius O'Doherty Deputy Chief Executive	45 - 50	Nil	40 - 45	Nil
J Gerry McKenna Director of Corporate Services and Planning	50 - 55	Nil	45 - 50	Nil

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. No senior employee received benefits in kind during 2007-08.

Pensions of Senior Managers (audited)

	Accrued pension at age 60 as at 31/3/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/08*	CETV at 31/3/07*	Real increase in CETV	Employer contribution to partnership pension account
Officials	£'000	£'000	£'000	£'000	£'000	Nearest £100
Patricia Montgomery Chief Executive & Registrar of Titles	25 - 30 plus 75 - 80 lump sum	0 - 2.5 plus 0 - 2.5 lump sum	576	512	16	-
John Gibson Deputy Registrar of Titles	10 - 15 plus 40 - 45 lump sum	0 - 2.5 plus 0 - 2.5 lump sum	284	233	16	-
Ignatius O'Doherty Deputy Chief Executive	10 - 15 plus 40 - 45 lump sum	0 - 2.5 plus 0 - 2.5 lump sum	242	192	13	-
J Gerry McKenna Director of Corporate Services and Planning	20 - 25 plus 65 - 70 lump sum	0 - 2.5 plus 0 - 2.5 lump sum	509	457	0	-

* Due to certain factors being incorrect in the 2006-07 CETV calculator there may be a slight difference between CETV figures as at 31/03/07 stated above and the figures at 31/3/07 used in the calculation of the CETV at 31/3/08.

Northern Ireland Civil Service (NICS) Pension arrangements

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of Nuvos.

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

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Patricia Montgomery

Chief Executive & Registrar of Titles

2 July 2008

4.0 Appendices

Appendix I

Report to Chief Executive and Registrar of Titles

Overall Analysis of Complaints 1 April 2007 to 31 March 2008

Category	Complaints Received	Complaints		
		Valid	Not Valid	Outstanding
A. Registration is alleged to have been completed incorrectly eg clerical errors and entries not ruled out.	3,959	1,756	1,556	647
B. Dissatisfaction with Land Information Service eg folios, copy / digital maps, priority searches.	1,070	551	364	155
C. Dissatisfaction with staff attitudes and behaviour.	0	0	0	0
D. Failure to Achieve Specified Standards of Service, eg delays in responding.	19	10	3	6
E. Documents not issued or issued incorrectly upon completion of registration.	1,512	790	480	242
F. Fees eg acknowledgement letter not issued / issued incorrectly, refunds.	24	12	7	5
G. Miscellaneous eg matters relating to policy issues, business practices, facilities or services.	2	1	0	1
Total	6,586	3,120	2,410	1,056

B. Land Registry - Valid Complaints Total 3,117
 Category A - 1,753, B - 551, C - 0, D - 10, E - 790, F - 12, G - 1.

C. Registry of Deeds - Valid Complaints Total 3
 Category A - 3, B - 0, C - 0, D - 0, E - 0, F - 0, G - 0.

D. Statutory Charges - Valid Complaints Total 0
 Category A - 0, B - 0, C - 0, D - 0, E - 0, F - 0, G - 0.

Appendix II

Customer Survey Comparison Tables

A selection of comparison tables are shown below. These tables were compiled by the Northern Ireland Statistical Research Agency (NISRA) in relation to the performance of Customer Services in LRNI. A full Customer Satisfaction Survey dated March 2008 is available at www.lpsni.gov.uk

Please note that response category figures are given as a percentage, Base refers to the number of people sampled in the survey and tables are numbered as per the NISRA Survey.

Table 37: Satisfaction with quality of service provided by the Agency overall

Response	2006	2007	2008 [#]	
Satisfied	80.1	85.5	86.9	21.4 ¹
				65.5 ²
Unsatisfactory	19.9	14.5	13.1	11.7 ³
				1.4 ⁴
Base	156	152	145	

- 1 Very Satisfied
- 2 Satisfied
- 3 Dissatisfied
- 4 Very Dissatisfied

Note that this question was modified in 2008 into four answer categories, as outlined above.

Table 36: Quality of service provided by the Agency overall in the last 12 months

Response	2006	2007	2008
Improved	52.2	39.7	42.1
Unchanged	39.6	52.3	51.7
Declined	8.2	7.9	6.2
Base	159	151	145

Table 19: Quality of service provided by the Land Registry in the last 12 months

Response	2006	2007	2008
Satisfied	45.9	39.7	42.8
Unchanged	44.6	53.6	51.0
Dissatisfied	9.6	6.6	6.2
Base	157	151	145

Table 30: Quality of service provided by Registry of Deeds in the last 12 months

Response	2006	2007	2008
Improved	34.2	14.4	30.4
Unchanged	60.6	82.9	68.8
Declined	5.2	2.7	0.7
Base	155	146	138

Table 18: Satisfaction with average length of time taken to process official Statutory Charges searches

Response	2006	2007	2008
Satisfied	95.8	97.6	92.2
Dissatisfied	4.2	2.4	7.7
Base	95	85	90

Table 31: Satisfaction with service provided by LandWeb Direct

Response	2006	2007	2008
Satisfied	87.6	86.2	88.9
Dissatisfied	12.4	13.8	11.1
Base	121	116	117

Table 32: Agency's effectiveness at keeping you informed about the development of e-Registration

Response	2006	2007	2008
Satisfied	82.6	88.4	84.8
Dissatisfied	17.4	11.6	15.2
Base	46	43	46

5.0 Annual Financial Statements for the year ended 31 March 2008

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Agency to prepare a statement of accounts for each financial year, detailing the resources acquired, held or disposed of during the year and the use of resources by the Agency during the year.

The accounts are prepared on an accrual basis and must give a true and fair view of the Agency's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

DFP has appointed the Chief Executive as Accounting Officer of the Agency, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Northern Ireland Financial Reporting Manual (FREM) prepared by DFP, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The relevant responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum in "Government Accounting in Northern Ireland" issued by the Department of Finance and Personnel.



Patricia Montgomery

Chief Executive & Registrar of Titles

2 July 2008

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the Agency's Minister, whilst safeguarding the public funds and Agency's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland (GANI).

Prior to the commencement of the financial year and in consultation with departmental representatives, I review actual Agency performance against annual ministerial targets. Thereafter and in light of current departmental aims and cognizant of any constraints on Agency performance, new targets are discussed and agreed. These are subsequently communicated to staff through the Business Plan and the Agency's Risk Management Framework up-dated accordingly.

The Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

Capacity to Handle Risk

Following the publication of the business plan and ministerial targets, key internal objectives are constructed in consultation with the Board and Senior Management Team to allow the Agency to respond effectively. This includes a review of the associated risks and requisite management activities needed to mitigate their potential impact. The nature and degree of risk dictates the number of management activities. Consequently, and in keeping with the Agency's stated purpose, risk relating to the delivery and quality of customer services and the reduction of fees is of primary concern.

For each key business risk identified in the Framework, a Risk Owner is appointed and charged with its management through the implementation of routine and strategic activities. These activities are translated into policy and procedures and as a result, appropriate control is applied across the Agency at all levels.

The Risk and Control Framework

The Risk and control framework drawn-up at the beginning of the year is formally reviewed in year by senior management. Activities such as management checks, fault reporting, system back-up and recovery and line management procedures ensure that risks are monitored on an almost daily basis, whilst asset registers, internal audits, documented procedures and staff training provide over-arching assurance of risk management. In addition as many of the major risks in LRNI relate to the provision of electronic services, our PFI partners BT also monitor the associated controls.

Such activities allow for the identification of developing additional risk and allow remedial action to be taken to limit their effect or fully mitigate against them.

Review of Effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The Board and the Senior Management Team have advised me on the implications of the result of my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement is in place.

The Agency has established the following processes:

- a management board which meets monthly to consider the plans and strategic direction of the Agency;
- regular reports by Internal Audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement;
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects;
- bi-annual meetings of the Agency Audit and Risk Committee;
- establishment of a Corporate Services Unit with responsibility for risk management to further reinforce regular review and identification of risks;
- a regular programme to identify and keep up to date the record of risks facing the organisation;
- maintenance of an organisation-wide risk register; and
- performance against key targets is regularly reviewed and reported at monthly Board meetings

New Accounting System

The Department of Finance and Personnel (DFP) and its Agencies implemented a new Oracle based accounting solution on 3 December 2007. The system, which is known as AccountNI, has seen the transfer of financial transaction processing from the Department's Finance Division to a new Shared Service Centre and a new common accounting system that will eventually be implemented across all Northern Ireland Civil Service departments. The 2007-08 departmental resource accounts and agency accounts have been prepared using the new AccountNI system. Balances in respect of transactions processed during the first eight months of the financial year on the Department's old accounting system were transferred across to the new system and were subject to reconciliation. Post go-live the stabilisation of the system is being closely monitored by the AccountNI Shared Service Centre and the department and has included work to reconcile balances, ensure the effective operation of payments processing and checking postings to provide assurances on the integrity and completeness of the underlying data.

In addition Internal Audit has been involved in the development phase of the AccountNI project through attendance at Conference Room Pilots. This was a valuable process for both users and Auditors, allowing the exchange of knowledge and experience in designing the system and associated processes and controls. As all procedures were not finalised until close to go-live, it was not practical nor possible to perform specific internal audit reviews at that time. However, some reviews were accommodated during 2007-08 namely: an evaluation of the Procure to Pay system prior to go-live; a review of contract payments and subsequent follow-up of recommendations made; and an audit of the general ledger data migration. Final Internal Audit Reports have issued on the first two assignments and the report emanating from the third review is currently being drafted. Additionally, a draft four-year Internal Audit Strategy has been compiled by DFP Internal Audit. This Strategy encompasses all auditable systems within Account NI. A draft Internal Audit Plan for the 2008-09 financial year has also been developed to ensure that all systems will be reviewed within the 2008-09 financial year. The audit Strategy and Plan will be finalised in the summer of 2008.

The Agency has identified a number of key risks to the financial statements in relation to the new system and has put in place a number of mitigating controls.

Significant Internal Control Problems

In the Annual Assurance Report for the period the Head of Internal Audit has advised that, overall, a satisfactory ⁽¹⁾ level of assurance can be placed on LRNI internal control systems for the period 1 April 2007 to 31 March 2008, with the exception of legal casework processing, for which a limited ⁽¹⁾ assurance rating is appropriate. This was due to a backlog of applications awaiting legal advice, the loss of files and the lack of management checks performed on cases handled by legal casework officers. Internal Audit is satisfied that management has responded positively to the recommendations however, some of the issues are not due to be resolved until September 2008, after which Internal Audit will carry out a follow up on its recommendations.

In preparing the Agency's year-end Accounts, an issue was identified in relation to purchase orders. Where purchase orders were not matched with the invoices subsequently received, a duplicate entry was made on the system. An exercise was undertaken to identify any such entries and corrections were made to the value of £937,841.



Patricia Montgomery

Chief Executive & Registrar of Titles

2 July 2008

(1) A "satisfactory" level of assurance is defined, by DFP Internal Audit, as "there is some risk that the objectives may not be fully achieved". A "limited" level of assurance is defined as "there is considerable risk that the system will fail to meet its objectives".

Land Registers of Northern Ireland

The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Land Registers of Northern Ireland for the year ended 31 March 2008 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, the information, which comprises Introduction and Review of the Year, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chief Executive's Foreword, the unaudited part of the Remuneration Report, Appendix 1 and Appendix 2. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2008, and of the net surplus from operations, total recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- information, which comprises Introduction and Review of the Year, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

See also my report on pages 45 to 46.



JM Dowdall CB

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

3 July 2008

Note on LRNI's Website

The maintenance and integrity of LRNI's website is the responsibility of the Accounting Officer, the work carried out by the Auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Income and Expenditure Account

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Income	2	25,628	25,076
Expenditure			
Staff Costs	3	6,364	5,378
Depreciation	6	7	22
Other operating costs	4, 5	10,131	11,293
Total Expenditure		16,502	16,693
Surplus from Operations before Interest		9,126	8,383
Return on Capital Employed		244	262
Net Surplus from Operations		9,370	8,645

The net cost of operations arises wholly from continuing operations, which are administrative in nature.

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net Surplus from Operations		9,370	8,645
Net gain on revaluation of tangible fixed assets		2	0
Total Recognised Gains for the year		9,372	8,645

The notes on pages 34 to 44 form part of these Accounts.

Balance Sheet

As at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed Assets			
Tangible Assets	6	39	42
Current Assets			
Debtors: due within 1 year	7	697	633
Bank	8	313	2,474
		1,010	3,107
Current Liabilities			
Creditors: amounts falling due within 1 year	9	(3,196)	(5,426)
Deferred Income	10	(3,878)	(5,570)
		(7,074)	(10,996)
Net Current (Liabilities)		(6,064)	(7,889)
Total Assets less Current Liabilities		(6,025)	(7,847)
Financed by:			
Capital and Reserves			
General Fund	11	(6,027)	(7,847)
Revaluation Reserve	11	2	0
		(6,025)	(7,847)

The notes on pages 34 to 44 form part of these Accounts.



Patricia Montgomery

Chief Executive & Registrar of Titles

2 July 2008

Cash Flow Statement

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	13	8,822	10,683
Capital Expenditure	6	-	(9)
Total cash inflow		8,822	10,674
Net surplus help by DFP	14	(10,983)	(9,301)
Movement in cash		(2,161)	1,373

The notes on pages 34 to 44 form part of these Accounts.

Notes to the Financial Statements

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007-08 Government Financial Reporting Manual (FReM) issued by Department of Finance and Personnel (DFP). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Tangible Fixed Assets

Fixed assets are valued at cost adjusted as appropriate to reflect estimated current replacement costs.

Assets have been re-valued by reference to the Office of National Statistics Indices as published by the Stationery Office under the title "Price Index Numbers for Current Cost Accounting".

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are charged to the Income and Expenditure Account.

Minor new works and furniture are written off in the year of purchase as are all other items costing less than £1,000 (with the exception of personal computers for which a threshold of £500 has been applied). The fixed assets do not include the value of the Registers created and maintained by the Agency, nor the records ancillary to them.

The Agency does not own the property it occupies, but incurs a notional charge for accommodation costs, which is included in the Income and Expenditure Account.

1.3 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful life. The useful lives of all fixed assets are periodically and systematically reviewed to ensure that there are no fully depreciated assets in current use by the Agency. Average useful lives are normally as follows:

Computer equipment	3 years
Office equipment	5 years

1.4 Operating Income

Operating Income is income that relates directly to the operating activities of the Agency. It comprises fees and charges for services provided on a full-cost basis to external customers. All services attract a fee. Operating Income is stated net of refunds and VAT.

1.5 Research and Development

The Agency undertakes no research and development work.

1.6 Expenditure

Expenditure on the Income and Expenditure account is deemed to be wholly programme in nature and reflect the costs of running the Agency.

1.7 Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities.

1.8 Pension Costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

1.9 Private Finance Initiative (PFI) Transactions

PFI transactions have been accounted for in accordance with Technical Note No.1 (Revised) entitled "How to Account for PFI Transactions" as required by FRoM.

The balance of risks and rewards of ownership of the PFI property are borne by the PFI operator and thus the PFI payments are recorded as an operating cost.

1.10 Provisions

The Agency provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5%).

1.11 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Agency discloses for assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Government Accounting Northern Ireland (GANI).

Where the time value of money is material, contingent liabilities that are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to the Assembly.

1.12 Taxation

As an Executive Agency of a Government Department, LRNI is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.13 Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a tangible fixed asset and a debtor is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease period is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

2. Income

	Land Registers	Registry of Deeds	Statutory Charges Registry	Total	Total
	2007-08	2007-08	2007-08	2007-08	2006-07
	£'000	£'000	£'000	£'000	£'000
Fee Income	24,789	693	146	25,628	25,076
Cost of Service	(14,766)	(1,265)	(227)	(16,258)	(16,431)
Surplus / (Deficit)	10,023	(572)	(81)	9,370	8,645

This breakdown is provided for fees and charges purposes only, not for SSAP 25.

The Agency's financial objective is to cover the costs of services and to make a return on average capital employed of 3.5%. This objective was achieved in 2007-08.

Income represents services provided to the Agency's customers both in the public and private sectors.

3. Staff Numbers and Related Costs

Staff costs consist of:

	2008	2007
	£'000	£'000
Salaries and Wages	5,009	4,450
Social Security Costs	309	273
Pension Costs	711	655
Casual Staff	335	0
	6,364	5,378

The Principal Civil Service Pension Schemes (NI) (PCSPS(NI)) of which most of the Agency's employees are members is an unfunded, multi-employer defined benefit scheme which produces its own resource accounts, but LRNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2007-08, employers' contributions of £711,096 were payable to the PCSPS(NI) (2006-07: £654,583) at one of four rates in the range 16.5% to 23.5% of pensionable pay, based on salary bands (2005-06: 16.5% to 23.5%). These rates increased from April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2006-07: £nil). Contributions prepaid at that date were £nil (2006-07: £nil).

Average Number of Persons Employed

The average number of full time equivalent persons employed by the Agency during the year was as follows:

	2008	2007
Management Team	8	9
Professional Staff	5	5
Administrative Staff	208	224
Casual Staff	29	-
Total	250	238

4. Other Operating Costs

	Notes	2008 £'000	2007 £'000
Travel and Subsistence		30	24
Hospitality		4	3
Postage		104	131
Contract Cleaning		49	49
Security		68	59
Stationery and Printing		117	118
Consultancy		75	21
Training and Conferences		35	37
Office Equipment		5	16
Computer Consumables		46	45
PFI Contract		7,752	8,605
Advertising and Publicity		1	1
OSNI		168	173
Telephones		31	46
Refurbishment		46	379
Miscellaneous		84	88
Notional Costs	5	1,516	1,498
		10,131	11,293

All Operating Costs are considered to be programme expenditure by the Agency.

5. Notional Costs

These costs relate to services received for which no actual payment is made. They are included in the Accounts so as to reflect the full economic cost of provision.

	2008	2007
	£'000	£'000
Services provided by parent Department		
Finance and Accounts	61	58
Personnel and Training	120	116
Office Accommodation Branch	1,149	1,137
Information Systems Unit	60	60
Central Policy and Management Unit	49	48
Internal Audit Branch	17	20
Departmental Solicitor's Office	2	3
Business Development Service	48	47
Central Procurement Directorate / PD	1	0
	1,507	1,489
Other Notional Costs		
Northern Ireland Audit Office	9	9
Total Notional Costs	1,516	1,498

6. Fixed Assets

	Computer Hardware	Office Equipment	Total 2008	Total 2007
	£'000	£'000	£'000	£'000
Cost / Valuation				
At 1 April 2007	25	110	135	146
Additions	12		12	9
Disposals		(55)	(55)	(13)
Revaluation		4	4	(7)
Transfer	(25)		(25)	
At 31 March 2008	12	59	71	135
Accumulated Depreciation				
At 1 April 2007	15	78	93	89
Current year charge		7	7	22
Disposals		(55)	(55)	(13)
Revaluation		2	2	(5)
Transfer	(15)		(15)	
At 31 March 2008	0	32	32	93
Net Book Value				
At 1 April 2007	10	32	42	57
At 31 March 2008	12	27	39	42

7. Debtors: Due within 1 Year

	2008	2007
	£'000	£'000
Trade Debtors	75	88
Prepayments	3	6
Other Debtors	619	539
	697	633

Debtors: Intra-Government Balances

	2008	2007
	£'000	£'000
Balances with other NICS bodies	29	57
Balances with other NI Government bodies	10	8
Balances with UK Government bodies	1	2
Balances with NI Councils	0	0
	40	67
Balances with bodies external to Government	657	566
Total Debtors at 31 March 2008	697	633

8. Cash at Bank and In-Hand

	2008	2007
	£'000	£'000
Balance at 1 April 2007	2,474	1,101
Net Change in Cash Balances	(2,161)	1,373
Balance at 31 March 2008	313	2,474

Held at commercial bank and cash-in-hand.

9. Creditors: Amounts Falling Due within 1 Year

	2008	2007
	£'000	£'000
Refunds Due	61	40
Accruals	2,262	2,377
Amounts due to DFP	313	2,474
Other Creditors	560	535
	3,196	5,426

Creditors: Intra-Government Balances

	2008	2007
	£'000	£'000
Balances with other NICS bodies	313	2,474
Balances with other NI Government bodies	-	-
Balances with UK Government bodies	-	-
Balances with NI Councils	-	-
	313	2,474
Balances with bodies external to Government	2,883	2,952
Total Creditor at 31 March 2008	3,196	5,426

10. Deferred Income

The Deferred Income figure on the Balance Sheet arises from cash received in advance of work being completed. This cash has been received by the Agency during the year 2007-08.

All Deferred Income relates to transactions with bodies external to Government.

11. Reconciliation of Government Funds and Movement on Capital and Reserves

	Revaluation Reserve	General Fund	Total	Total
	2008	2008	2008	2007
	£'000	£'000	£'000	£'000
Cost / Valuation	0	(7,847)	(7,847)	(7,052)
Surplus		9,370	9,370	8,645
Notional Funding		1,516	1,516	1,498
Interest on Capital		(244)	(244)	(262)
Revaluation Reduction Reserve				
Cash Surplus		(10,983)	(10,983)	(9,301)
Movement in Amount due to Consolidated Fund		2,161	2,161	(1,374)
Revaluation of Fixed Assets	4		4	(2)
Realised Revaluation	(2)		(2)	1
Balance at 31 March 2008	2	(6,027)	(6,025)	(7,847)

12. Capital and Other Commitments

There were no capital commitments at 31 March 2008 (2007: £nil).

The Agency entered into a PFI agreement for the computerisation of the Agency's operations and archive. The contract was signed on 8 July 1999 and will run for 10 years with an option to extend to 15 years. As the contract is service based there are no commitments, capital or otherwise, relating to it.

13. Reconciliation of Net Expenditure to Net Cash Inflow from Operating Activities

	2008	2007
	£'000	£'000
Surplus	9,370	8,645
Adjustments for Non-Cash Transactions		
Depreciation Charge	7	22
Loss on Disposal of Fixed Assets		
Notional Costs	1,516	1,498
Realised Revaluation	-	1
Interest on Capital	(244)	(262)
Adjustments for Movements in Working Capital other than Cash		
(Increase) / Decrease in Debtors	(65)	(104)
Increase / (Decrease) in Creditors	(70)	443
Increase / (Decrease) in Deferred Creditors	(1,692)	440
Net Cash Inflow from Operating Activities	8,822	10,683

14. Financing

	2008	2007
	£'000	£'000
DFP Cash Receipts	26,110	24,139
DFP Cash Expenditure	(15,127)	(14,838)
DFP Cash Surplus	10,983	9,301

15. Key Corporate Financial Target

The Agency is required by Statute to cover costs from fee income. In 2007-08 income exceeded costs by £9,370k (2006-07: £8,645k).

16. Commitments under Leases

Commitments under operating leases to pay rentals during the following year of these Accounts are given in the table below, analysed according to the period in which the lease expires.

	2008	2007
	£'000	£'000
Office Machinery		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	3	3
Expiry thereafter	-	-
	3	3

17. Public Private Partnership

A contract was awarded in July 1999 to BT (formerly BT Syntegra) to design, implement and manage the IT infra structure for LRNI's registration systems. This contract will run for 10 years with an option to extend to 15 years. The NIAO has examined the Public Private Partnership contract and confirmed that it should be treated as off balance sheet. This complies with the criteria set out in the "Treasury Taskforce Private Finance - Technical Note (Revised)" issued July 1999 and amendment to FRS 5 - "Reporting the substance of transactions: Private Finance Initiative and Similar Contracts". As the contract is service based there is a zero capital value.

The total amount charged to the Operating Cost statement in respect of off-balance sheet PFI transactions was £7.75m (2006-07: £8.6m). The total cost of the contract to the Agency will be a maximum of £75m but final costs are dependent on the volumes of transactions processed by the Agency.

18. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking activities. LRNI is not exposed to the degree of financial risk faced by business entities. The Agency has no powers to borrow or to invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the business in undertaking its activities.

Liquidity Risk

The Agency's net revenue resource requirements are financed by resources voted annually by Parliament as is capital expenditure. LRNI is not therefore exposed to liquidity risks.

Interest Rate Risk

The Agency's financial assets and liabilities carry nil or fixed rates of interest. LRNI is not therefore exposed to significant interest rate risk.

Foreign Currency Risk

LRNI currently trades only with local customers dealing in local currency. The Agency is therefore not exposed to foreign currency risk.

19. Contingent Liabilities

There are a very small number of cases under negotiation at 31 March 2008, based on claims against the Agency. Settlement of such cases is unlikely to result in a material liability to the Agency.

20. Related Party Transactions

Land Registers is an Executive Agency of the Department of Finance and Personnel. The Department of Finance and Personnel (DFP) is regarded as a related party. During the year the Land Registers of Northern Ireland has had various material transactions with the Department and other entities for which the Department is regarded as the parent department.

In addition, the Land Registers of Northern Ireland has had a number of transactions with other government departments.

During the year none of the board members or key management staff or other related parties have undertaken any material transactions with the Agency.

21. Post Balance Sheet Events

Equal Pay

Since the balance sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

LPS Merger

This is the last Annual Report and Accounts for Land Registers in its current form, as from the 1 April 2008 we will become part of the wider Land and Property Services (LPS) joining with colleagues from Ordnance Survey of Northern Ireland (OSNI) and the former Valuation and Lands and Rate Collection Agencies.

The Accounts were authorised for issue on 3 July 2008 and by the Accounting Officer.

Report of the Comptroller and Auditor General

Land Registers of Northern Ireland - Surplus Income

Under Section 84 of the Land Registration Act (Northern Ireland) 1970 (“the 1970 Act”) and Section 16(1) of the Registration of Deeds Act (Northern Ireland) 1970, the Department of Finance and Personnel has the power to make an order prescribing the fees to be charged by the Land Registers of Northern Ireland (LRNI) for services provided.

The 1970 Act, as amended by The Registration (Land and Deeds)(Northern Ireland) Order 1992, states that fees are to be at a sufficient level to enable LRNI “to meet so much of the operating expenses of the Land Registry as is attributable to its registration functions”.

Full details of the fee income and the cost of services for the three separate registers within LRNI (the Land Registry, the Registry of Deeds and the Statutory Charges Registry) are shown at Note 2 to the Annual Accounts.

In my Report on the Land Registers of Northern Ireland Annual Report and Accounts 2006-07 (NIA 41/06-07) I noted my concerns regarding the level of surplus income generated by LRNI since 2003-04, which has arisen primarily from Land Registry services, since the introduction of the Land Registry (Fees) Order (Northern Ireland) 2003 (“the 2003 Order”). I also noted that there has been an escalating upward trend, with £19.08m of surplus income generated by LRNI since 2003.

The Land Registry (Fees) Order (Northern Ireland) 2007 and The Registration of Deeds (Fees) Order (Northern Ireland) 2007, both of which came into operation on 1 April 2007, substantially reduced fees paid for many transactions. However, despite this, LRNI generated further surplus income of £9.37m in 2007-08. LRNI has advised me that:

“this surplus was principally generated through the over-heating in the Northern Ireland property market in Spring / Summer 2007 which saw many more properties being pushed into the higher fee band than had been anticipated”.

The Land Registration Act (Northern Ireland) 1970 (“the 1970 Act”), as amended, requires that fees should meet the operating expenses of the Land Registry as is attributable to its registration functions. As in previous years, the surplus income in Land Registers was used to cover deficits in the Registry of Deeds and Statutory Charges Registry, with net surpluses arising in LRNI continuing to be surrendered to the Department of Finance and Personnel (“the Department”) at the end of each financial year. It appears therefore that the surpluses are being used for purposes wider than those specifically permitted by the 1970 Act.

I asked the LRNI Accounting Officer what action she had taken in response to the Department’s request to take appropriate steps to ensure more effective financial management of fee income, including more frequent and regular reviews of fees. In addition, I asked the Department and LRNI whether they had acted upon my recommendation to take into account past surpluses earned when setting revised fees. I was advised that:

“LRNI has accepted my recommendations and has put in place procedures to review fees on an annual basis and that past surpluses are considered as part of the process. LRNI also continues to benchmark its fees against the other Home Countries Registration Authorities. A new Fees Order has been prepared which will bring about further reductions in fees but its implementation has been deferred due to the current downturn in the property market. The situation will be revisited when the housing market stabilises”.

It is important that LRNI continues to make efforts to reduce surplus income through regular review and revision of fees, in light of changes in the property market, and I will keep progress under review.



JM Dowdall CB

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

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