



GOVERNMENT OF THE CAYMAN ISLANDS

**OFFICE OF THE DIRECTOR OF PUBLIC
PROSECUTIONS**

**FINANCIAL STATEMENTS
30 JUNE 2014**

GOVERNMENT OF THE CAYMAN ISLANDS

**OFFICE OF THE
DIRECTOR OF PUBLIC PROSECUTIONS**

FINANCIAL STATEMENTS

30 JUNE 2014

Office of the Director of Public Prosecutions

Financial Statements for the year ended 30 June 2014

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OFFICE OF
THE DIRECTOR OF
PUBLIC PROSECUTIONS
CAYMAN ISLANDS

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2013 Revision)*.

As Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Office of the Director of Public Prosecutions.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Office of the Director of Public Prosecutions financial statements, representation and judgments made in these statements.

The financial statements fairly present the Financial Position, Financial Performance and Cash Flows of the Office of the Director of Public Prosecutions for the financial year ended 30 June 2014.

To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of Office of the Director of Public Prosecutions for the year ended 30 June 2014;
- (b) fairly reflect the financial position as at 30 June 2014 and performance for the year ended 30 June 2014; and
- (c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements which is carried out by its agent. The Office of the Auditor General and its agents has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Cheryl Richards
Chief Officer

Date- October 31, 2014

Kim France
Chief Financial Officer

Date- October 31, 2014

AUDITOR GENERAL'S REPORT

To the Director of Public Prosecutions and the Members of the Legislative Assembly

I have audited the accompanying financial statements of the Office of the Director of Public Prosecutions, which comprise the statement of financial position as at 30 June 2014, and the statements of financial performance, changes in net assets/equity, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 5 to 23 in accordance with the Section 60(a)(i) of the *Public Management and Finance Law (2013 Revision)*.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion. In rendering my audit opinion on the financial statements of the Office of the Director of Public Prosecutions, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

AUDITOR GENERAL'S REPORT (continued)

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Director of Public Prosecutions as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair Swarbrick, MA(Hons), CPFA
Auditor General

31 October 2014
Cayman Islands

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
Current Assets					
447	Cash and cash equivalents	2	488	504	16
226	Receivables from exchange transactions	3	223	228	5
4	Other receivables	3	-	-	-
5	Prepayments		7	6	(1)
682	Total Current Assets		718	738	20
Non-Current Assets					
204	Property, plant and equipment	4, 14	198	230	32
204	Total Non-Current Assets		198	230	32
886	Total Assets		916	968	52
Current Liabilities					
204	Other payables and accruals	5, 14	176	205	29
89	Employee entitlements	7, 14	101	90	(11)
254	Surplus payable	6	263	262	(1)
547	Total Current Liabilities		540	557	17
547	Total Liabilities		540	557	17
339	Net Assets		376	411	35
Net Assets/Equity					
339	Contributed capital		376	411	35
339	Total Net Assets/Equity		376	411	35

The accounting policies and notes on pages 9-23 form part of these financial statements.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000	Note	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
Revenue				
2,724 Sale of outputs to Cabinet	9	2,741	2,741	-
17 Sale of outputs to others	9,14	1	-	(1)
<u>2,741</u> Total Revenue		<u>2,742</u>	<u>2,741</u>	<u>(1)</u>
Expenses				
1,799 Personnel costs	10, 14	1,877	1,923	46
434 Supplies and consumables	11,14	445	522	77
31 Depreciation	4	41	46	5
294 Litigation costs	14	296	250	(46)
2 Loss on foreign exchange transactions		1	-	(1)
<u>2,560</u> Total Expenses		<u>2,660</u>	<u>2,741</u>	<u>(81)</u>
<u>181</u> Surplus for the Year		<u>82</u>	<u>-</u>	<u>82</u>

The accounting policies and notes on pages 9-23 form part of these financial statements.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

	Contributed Capital CIS000	Accumulated Surpluses CIS000	Total Net Assets/Equity CIS000	Approved Budget (Note 1(c)) CIS000	Variance (Budget vs. Actual) CIS000
Balance at 1 July 2012	212	-	212	212	-
Equity Investment from Cabinet	127	-	127	127	-
Surplus for the period 2012/13	-	181	181	-	-
Surplus repayment for the period 2012/13	-	(181)	(181)	-	-
Balance at 30 June 2013	339	-	339	339	-
Equity Investment from Cabinet	37	-	37	72	35
Surplus for the period 2013/14	-	82	82	-	(82)
Surplus repayment due for the period 2013/2014	-	(82)	(82)	-	82
Balance at 30 June 2014	376	-	376	411	35

The accounting policies and notes on pages 9-23 form part of these financial statements.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000	Note	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
2,660		2,744	2,739	(5)
72		1	-	(1)
<i>Payments</i>				
(1,793)		(1,865)	(1,917)	(52)
(1,192)		(768)	(765)	3
(253)	12	112	57	(55)
CASH FLOWS FROM INVESTING ACTIVITIES				
(128)		(35)	(72)	(37)
(128)		(35)	(72)	(37)
CASH FLOWS FROM FINANCING ACTIVITIES				
127		37	72	35
-		(73)	-	73
127		(36)	72	108
(254)		41	57	16
701		447	447	-
447		488	504	16

The accounting policies and notes on pages 9-23 form part of these financial statements.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Description and principal activities

The Office of the Director of Public Prosecutions ("DPP") is a Government-owned entity as defined by section 2 of the *Public Management and Finance Law (2013 Revision)* and is domiciled in the Cayman Islands.

The Cayman Islands Constitution Order 2009 (s.57) for the first time created the independent office of the Director of Public Prosecutions. The primary function under this office is to institute and undertake criminal proceedings in the Cayman Islands courts, a function that was previously ascribed to the Attorney General.

The appointment of the Director of Public Prosecution took effect on May 1, 2011. This appointment formally brought into force the constitutional role of the Director of Public Prosecution. As a result, the Office of the Director of Public Prosecution is in its own right a civil service entity recognized under both the *Public Management and Finance Law (2013 Revision)* and the *Public Service Management Law (2013 Revision)*.

The principal office of the DPP is located on the third floor, Bermuda House, Dr. Roys Drive, George Town, Grand Cayman. As of 30 June 2014 the DPP had 20 employees (2013: 20).

Note 1: Significant Accounting Policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS") issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board are used.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no significant changes to the accounting policies during the year ended 30 June 2014.

(a) Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(b) Reporting Period

The reporting period is the year ended 30 June 2014.

(c) Budget Amounts

The 2013/14 Final/original budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The 2013/14 original budget was presented in the 2013/2014 Annual Budget Statement of the Government of the Cayman Islands and approved by the Legislative Assembly on 23 October, 2013. There have been no subsequent adjustments to the approved budget and therefore this represents the final budgeted amounts.

(d) Judgments and Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The account balances that require judgement are receivables from exchange transactions and property, plant and equipment. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the reporting period that is affected by those revisions. As at 30 June 2014, no reliable fair value estimate of contributed goods and services provided to the DPP by Government entities could be made and therefore no estimated amounts are recorded in these financial statements (2013: \$0).

(e) Revenue

Revenue is recognized in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognized as a liability (unearned revenue).

The DPP derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognized at fair value of services provided.

(f) Expenses

Expenses are recognized when incurred on the accrual basis of accounting. In addition, an expense is recognized for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

(g) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months at the date of acquisition.

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognized in the Statement of Financial Performance.

(i) Prepayments

The portion of goods and services paid in advance of receiving such goods and services has been recognized as a prepayment.

(j) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis over its estimated useful life at rates stipulated below to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Asset Type

Estimated Useful life

• Leasehold Improvements	5 years
• Office equipment and furniture	10 years
• Library books	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

(k) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the DPP are paid to the Public Service Pension Fund and administered by the Public Service Pensions Board (the "Board"). Contributions of 12.384% on basic salary—employer 6.192% and employee 6.192%—are made to the fund by the DPP. Contributions of 12% on acting, duty allowances – employer 6% and employee 6% - are made to the Fund by DPP.

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000, the Board continued to operate a defined benefit scheme for existing defined benefit employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plan are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans, are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(l) Financial Instruments

The DPP is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, receivables from exchange transactions and other receivables, payables under exchange transactions and other payables and accruals, employee entitlements and surplus payable, all of which are recognized in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and receivables from exchange transactions.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of other payables and accruals and surplus payable.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

Recognition

The DPP recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognized in the Statements of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognized less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is derecognised when the DPP realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or has expired.

(m) Provisions and Contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an outflow of economic benefits is probable that the benefits will be realised.

(n) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognized in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:-

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at year-end date;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(n) Foreign Currency (continued)

- Non-monetary items that are carried at fair value denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rates that existed when the fair values were determined.

(o) Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(p) Revenue from Non-Exchange Transactions

The DPP receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The DPP has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 - Revenue from Non-Exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a property, plant and equipment, such service in-kind is recognized in the cost of property, plant and equipment.

(q) Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. If there is any indication of impairment present, the entity is required to make a formal estimate of recoverable amount.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank accounts in the name of the Entity. As at 30 June 2014 the DPP held no restricted cash balances (2013: \$0). No interest was earned during the year on the amounts held in these bank accounts.

Prior Year Actual	Description	In Actual Deposited Currency \$000	Exchange Rate	Current Year Actual CIS000
CIS000		457	1.000	457
422	CIS Operational Current Account	31	1.000	31
25	CIS Payroll Current Account			488
447	Total Cash and Cash Equivalents			

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Receivables from exchange transactions and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the DPP and review of specific debtors.

Prior Year Actual	Receivables from exchange transactions	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CIS000		CIS000	CIS000	CIS000
226	Outputs to Cabinet	223	228	5
226	Total receivables from exchange transactions	223	228	5

As of 30 June 2014, other receivables composed of:

Prior Year Actual	Other Receivables	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CIS000		CIS000	CIS000	CIS000
4	Other	-	-	-
4	Total other receivables	-	-	-

As at 30 June 2014, the ageing analysis of receivables from exchange transactions and other receivables are as follows:

Prior Year Actual	Receivables from exchange transactions	Other receivables	Impairment	Net Receivables
CIS000	CIS000	CIS000	CIS000	CIS000
230	Current	223	-	223
-	- Past due 1-30 days	-	-	-
-	- Past due 31-60 days	-	-	-
-	- Past due 61 and above	-	-	-
230	Total	223	-	223

As of June 30, 2014, receivables from exchange transactions and other receivable are all due within one year from financial position date.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Note 4: Property, plant and equipment

	As at 30 June 2013				
	Furniture and fittings \$000	Office equipment \$000	Other Assets \$000	Work-in-progress \$000	Total \$000
Cost					
At 1 July 2012	17	3	100	-	120
Additions	-	35	93	-	128
At 30 June 2013	17	38	193	-	248
Accumulated depreciation					
At 1 July 2012	1	2	10	-	13
Depreciation charge for the year	2	3	26	-	31
At 30 June 2013	3	5	36	-	44
Net book value at 30 June 2013	14	33	157	-	204
	As at 30 June 2014				
	Furniture and fittings \$000	Office equipment \$000	Other Assets \$000	Work-in-progress \$000	Total \$000
Cost					
At 1 July 2013	17	38	193	-	248
Additions	-	-	29	6	35
At 30 June 2014	17	38	222	6	283
Accumulated depreciation					
At 1 July 2013	3	5	36	-	44
Depreciation charge for the year	2	6	33	-	41
At 30 June 2014	5	11	69	-	85
Net book value at 30 June 2014	12	27	153	6	198

Work-in-progress represents the construction of an office cubicle at June 30, 2014.

As of 30 June 2014, other assets are composed of:

Prior Year Actual Description CIS000	2013-14 Cost CIS000	2013-14 Accumulated Depreciation CIS000	2013-14 Net book Value CIS000
71 Library books	99	12	87
122 Leasehold improvements	123	57	66
193 Total other assets	222	69	153

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 5: Payables under exchange transactions and accruals

Prior Year Actual CIS000	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
- Creditors	20	-	(20)
20 Creditors other government agencies	29	20	(9)
- Employee deductions	1	-	(1)
184 Accrued expenses	126	185	59
204 Other payables and accruals	176	205	29

Payables from exchange transactions and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Surplus payable

Surplus payable represents surplus of \$263 thousand as at June 30, 2014 (2013: \$254 thousand). Under the *Public Management & Finance Law (2013 Revision)* section 39 (3)(f), The DPP may "retain such part of its net operating surplus as is determined by the Financial Secretary". The DPP has booked a surplus payable to the Government in the amount of \$82 thousand relating to the year ended June 30, 2014. The Financial Secretary has not confirmed whether the DPP can retain the surplus achieved during the prior year. During the year the DPP paid to Cabinet surplus payable in the amount of \$73 thousand.

Note 7: Employee entitlements

Prior Year Actual CIS000	Description	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
	<i>Current employee entitlements are represented by:</i>			
89	Annual Leave	101	90	(11)
89	Total current portion	101	90	(11)
89	Total employee entitlements	101	90	(11)

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Revenue from Non-Exchange Transactions

During the year ended 30 June 2014, the DPP received services in-kind in the form of computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements (2013: \$0).

Note 9: Revenue

Prior Year Actual CIS000	Revenue type	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
2,724	Sale of outputs to Cabinet	2,741	2,741	-
17	Other	1	-	(1)
<u>2,741</u>	Total sales of goods and services	<u>2,742</u>	<u>2,741</u>	<u>(1)</u>

Note 10: Personnel costs

Prior Year Actual CIS000	Description	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
1,518	Salaries, wages and allowances	1,584	1,609	25
191	Health care	191	213	22
84	Pension	89	94	5
6	Other personnel-related costs	13	7	(6)
<u>1,799</u>	Total personnel costs	<u>1,877</u>	<u>1,923</u>	<u>46</u>

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 11: Supplies and consumables

Prior Year Actual CIS000	Description	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
153	Lease of property and equipment	160	162	2
59	Witness expense	72	100	28
67	Purchase of services	62	71	9
55	Utilities	53	63	10
44	Supplies and materials	44	51	7
20	Audit fees	20	20	-
18	Travel and subsistence	14	20	6
3	Reference books	11	11	-
12	Training	5	20	15
3	General Insurance	4	4	-
434	Total supplies and consumables	445	522	77

Note 12: Reconciliation of net cash flows from operating activities to surplus

Prior Year Actual CIS000	Description	Current Year Actual CIS000	Approved Budget CIS000	Variance (Budget vs. Actual) CIS000
181	Surplus from ordinary activities	82	-	(82)
	Non-cash movements			
31	Depreciation expense	41	46	5
	Changes in current assets and liabilities:			
(64)	Decrease/(increase) in receivables	3	(2)	(5)
55	Decrease in other receivables	4	3	(1)
(5)	Increase in prepayments	(2)	-	2
(451)	(Decrease)/increase in liabilities	(16)	10	26
(253)	Net cash flows (used in)/from operating activities	112	57	(55)

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 13: Commitments

Prior Year Actual Type CIS000	One year or less CIS000	One to five Years CIS000	Total CIS000
Operating Commitments			
613 Non-cancellable accommodation leases	153	307	460
613 Total Operating Commitments	153	307	460

The DPP has medium- to long-term accommodation leases for the premises it occupies in George Town. The lease is for 5 years and expires the 30 June 2017. The amounts disclosed above as future commitments are based on the current rental rates.

Note 14: Explanation of major variances against budget

Explanations for major variances for the DPP performance against the final budget are as follows:

Statement of financial position

Property, plant and equipment

During the financial year the Portfolio was granted appropriation of \$72 thousand for capital expenditure. However, \$37 thousand was unspent and therefore the main reason for the net variance of \$32 thousand in the property, plant and equipment.

Other payables and accruals

The decrease of \$29 thousand from the budget is primarily due to the favourable settlement of a payable to a long-outstanding creditor.

Employee entitlement

The increase of \$11 thousand is as a result of an under estimation of accrued leave in the budget. This would vary depending on the number of days due to each employee at year end.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013**

Note 14: Explanation of major variances against budget (Continued)

Statement of financial performance

Personnel costs

Actual personnel costs are lower than budget by a net of \$46 thousand primarily because of the non-fulfillment of a budgeted position and unpaid leave taken by one employee during the year. These reductions were however offset by the honorarium paid to civil servants not budgeted for.

Supplies and consumables

Actual supplies and consumables are lower than the final budget by \$77 thousand primarily because of over-estimation of witness expense, recruitment and training, and utilities. Witness expense represent costs associated with expert advice and court appearances which would vary depending on the type and number of cases.

Litigation costs

Professional fees are budgeted as contingencies for all criminal prosecutions and would vary depending on the type and number of cases. This expense was \$145 thousand higher than budgeted (number of cases for which rulings were provided were 2,250 compared to budget 1,200-1,400). In addition, a number of non-traffic cases prosecuted was 2,031 compared to budget of 900-1,100. Offsetting this additional cost, was a favourable settlement of a long-outstanding payable of \$99 thousand.

Note 15: Related party and key management personnel disclosures

Related party disclosure

The DPP is a wholly-owned entity of the Government from which it derives a major source of its revenue. The DPP transact with other government entities on a regular basis. These transactions were provided in kind during the financial year ended 30 June 2014 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Key management personnel, defined as Ministers of the Government, and members of senior management are also considered to be related parties.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 15: Related party and key management personnel disclosures (Continued)

Key management personnel (Continued)

For the year ended 30 June 2014 there are one full-time equivalent, and one part-time (2013: one full-time, and two part-time), personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for senior management for the year ended 30 June 2014 was \$172 thousand (2013: \$203 thousand). There were no loans made to key management personnel or their close family members in 2013-14 (2012-13: \$0).

Note 16: Financial instrument risks

The DPP is exposed to a variety of financial risks including credit risk and liquidity risk. The DPP's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2013 Revision).

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the DPP. Financial assets which potentially expose the DPP to credit risk comprise cash and cash equivalents, receivables from exchange transactions, and other receivables.

The DPP is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The DPP is also exposed to a significant concentration of credit risk in relation to its accounts receivable, of which a significant portion is due from other Government entities. No credit limits have been established. As at 30 June 2014 (2013: \$0), no provision for doubtful debts has been made on these receivable as none of these accounts are impaired and management considers these debts to be recoverable in full.

The carrying amount of financial assets recorded in the financial statements represents the DPP's maximum exposure to credit risk. No collateral is required from debtors.

Liquidity risk

Liquidity risk is the risk that the DPP is unable to meet its payment obligations associated with its financial liabilities when they are due.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014**

Note 16: Financial instrument risks (Continued)

Liquidity risk (Continued)

The ability of the DPP to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the DPP on a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the DPP would have in its cash flows. As at 30 June 2014, all of the financial liabilities were due within three months of the year end dates (2013: within three months of year-end dates).

Note 17: Financial instruments – fair values

As at 30 June 2014 and 2013, the carrying values of cash and cash equivalents, receivables from exchange transactions, other receivables, payables under exchange transactions and accruals, and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore could change in the future. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

