



GOVERNMENT OF THE CAYMAN ISLANDS

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

FINANCIAL STATEMENTS

30 JUNE 2013

Office of the Director of Public Prosecutions

Financial Statements for the year ended 30 June 2013

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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 (2012 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 (2012 Revision)*.

As Chief Officer I am responsible for establishing; and have established and maintain 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 2013.

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 2013;
- (b) fairly reflect the financial position as at 30 June 2013 and performance for the year ended 30 June 2013; 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. The Office of the Auditor General 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- 25/10/13


Kim France
Chief Financial Officer

Date 25/10/13

AUDITOR GENERAL'S REPORT

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

I have audited the accompanying financial statements of Office of the Director of Public Prosecutions, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in net worth and statement of 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 24 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibility for the 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.

Auditor's 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 I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Office of the Director of Public Prosecutions as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'A S Swarbrick', with a long horizontal flourish extending to the right.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

25 October 2013
Cayman Islands

OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000	Note	Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Final vs. Actual) CIS000
Current Assets				
701	2, 14	447	300	(147)
162	3	226	230	4
59	3	4	-	(4)
-		5	-	(5)
922		682	530	(152)
Non-Current Assets				
107	4, 14	204	350	146
107		204	350	146
1,029		886	880	(6)
Current Liabilities				
661	5, 14	204	50	(154)
83	7	89	100	11
73	6, 14	254	-	(254)
817		547	150	(397)
817		547	150	(397)
212		339	730	391
Net Worth				
212		339	730	391
-	6	-	-	-
212		339	730	391

The accounting policies and notes on pages 9-24 form part of these financial statements.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013
(Expressed in Cayman Islands Dollars)**

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Final vs. Actual) CIS000
Revenue					
2,647	Sale of outputs to Cabinet	9	2,724	2,724	-
60	Sale of outputs to others	9	17	-	(17)
<u>2,707</u>	Total Revenue		<u>2,741</u>	<u>2,724</u>	<u>(17)</u>
Expenses					
1,700	Personnel costs	10, 14	1,799	1,876	77
687	Supplies and consumables	11	434	628	194
13	Depreciation	4	31	30	(1)
225	Litigation costs	14	294	190	(104)
9	Gain/(losses) on foreign exchange transactions		2	-	(2)
<u>2,634</u>	Total Expenses		<u>2,560</u>	<u>2,724</u>	<u>164</u>
<u>73</u>	Surplus for the Year		<u>181</u>	<u>-</u>	<u>(181)</u>

The accounting policies and notes on pages 9-24 form part of these financial statements.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2013
(Expressed in Cayman Islands Dollars)**

	Contributed Capital CIS\$000	Accumulated Surpluses CIS\$000	Total Net Worth CIS\$000	Final Budget CIS\$000	Original Budget CIS\$000	Variance (Final vs. Actual) CIS\$000
Balance at 1 July 2011	-	-	-	-	-	-
Equity Investment from Cabinet	430	-	430	430	330	-
Transfer of net liabilities from Portfolio of Legal Affairs	(218)	-	(218)	-	-	218
Surplus for the period 2011/12	-	73	73	-	-	(73)
Surplus repayment for the period 2011/12	-	(73)	(73)	-	-	73
Balance at 30 June 2012	212	-	212	430	330	218
Equity Investment from Cabinet	127	-	127	300	-	173
Surplus for the period 2012/13	-	181	181	-	-	(181)
Surplus repayment for the period 2012/13	-	(181)	(181)	-	-	181
Balance at 30 June 2013	339	-	339	730	330	391

The accounting policies and notes on pages 9-24 form part of these financial statements.

**OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013
(Expressed in Cayman Islands Dollars)**

Prior Year Actual CIS000		Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Final vs. Actual) CIS000
	Note			
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
2,485		2,660	2,744	84
1		72	-	(72)
<i>Payments</i>				
(1,694)		(1,793)	(1,876)	(83)
(404)		(1,192)	(818)	374
388	12	(253)	50	303
CASH FLOWS FROM INVESTING ACTIVITIES				
(117)		(128)	(340)	(212)
(117)		(128)	(340)	(212)
CASH FLOWS FROM FINANCING ACTIVITIES				
430		127	300	173
430		127	300	173
701		(254)	10	264
-		701	290	(411)
701		447	300	(147)
<i>Supplemental disclosure for cash flow information:</i>				
2		-	-	-
220		-	-	-

The accounting policies and notes on pages 9-24 form part of these financial statements.

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

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 (2012 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 (2012 Revision)* and the *Public Service Management Law (2011 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 2013 the DPP had 20 employees (2012: 19).

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.

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will have a significant impact on these financial statements other than enhanced disclosures.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1: Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(b) Reporting Period

The reporting period is the year ended 30 June 2013.

(c) Budget Amounts

The 2012/13 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 2012/13 original budget was presented in the 2012/2013 Annual Budget Statement of the Government of the Cayman Islands and approved by the Legislative Assembly on the 29 August 2012.

(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. 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 2013, 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.

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

Note 1: Significant Accounting Policies (continued)

(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.

(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. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

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

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

<u>Asset Type</u>	<u>Estimated Useful life</u>
• 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.

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%—employer 6% and employee 6%—are made to the fund by the 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 plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are centralized in the Government and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

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

Note 1: Significant Accounting Policies (continued)

(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, trade and other receivables and trade and other payable, 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 exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and receivables.

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 accounts payable and accrued expenses.

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 expires.

(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.

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

Note 1: Significant Accounting Policies (continued)

(m) Provisions and Contingencies (continued)

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 inflow of economic benefits is virtually certain 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
- 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) Corresponding Figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. 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.

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

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank accounts in the name of DPP maintained at Royal Bank of Canada. As at 30 June 2013 the DPP held no restricted cash balances. No interest was earned during the year on the amounts held in these bank accounts.

Prior Year Actual CIS000	Description	In Actual Deposited Currency \$000	Exchange Rate	Current Year Actual CIS000
558	CI\$ Operational Current Account	422	1.000	422
143	CI\$ Payroll Current Account	25	1.000	25
701	Total Cash and Cash Equivalents			447

Note 3: Trade receivables 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 CIS000	Trade Receivables	Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Final vs. Actual) CIS000
162	Outputs to Cabinet	226	230	4
	- Outputs to other government agencies	-	-	-
	- Less: provision for doubtful debts	-	-	-
162	Total trade receivables	226	230	4

As of 30 June 2013, other receivables composed of:

Prior Year Actual CIS000	Other Receivables	Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Final vs. Actual) CIS000
	- Advances (Salary, Official Travel, etc)	-	-	-
	- Interest receivable	-	-	-
59	Other	4	-	(4)
59	Total other receivables	4	-	(4)

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

Note 3: Trade receivables and other receivables (continued)

As at 30 June 2013, the ageing analysis of trade receivables and other receivables are as follows:

Prior Year Actual CI\$000		Trade Receivables CI\$000	Other Receivables CI\$000	Impairment CI\$000	Net Receivables CI\$000
221	Current	226	4	-	230
	- Past due 1-30 days	-	-	-	-
	- Past due 31-60 days	-	-	-	-
	- Past due 61 and above	-	-	-	-
221	Total	226	4	-	230

As of June 30, 2013, accounts receivable and other receivable are all due within one year from financial position date.

Note 4: Property, plant and equipment

	Furniture and fittings CI\$000	Office equipment CI\$000	Other Assets CI\$000	Total CI\$000
<u>Cost</u>				
At 1 July 2012	17	3	100	120
Additions	-	35	93	128
At 30 June 2013	17	38	193	248
<u>Accumulated depreciation</u>				
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

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

Note 4: Property, plant and equipment (continued)

	As at 30 June 2012			
	Furniture and fittings \$000	Office equipment \$000	Other Assets \$000	Total \$000
<u>Cost</u>				
At 1 July 2011	-	-	-	-
Additions	17	3	100	120
Disposals/transfers	-	-	-	-
At 30 June 2012	17	3	100	120
<u>Accumulated depreciation</u>				
At 1 July 2011	-	-	-	-
Depreciation charge for the year	1	2	10	13
Disposals/transfers	-	-	-	-
At 30 June 2012	1	2	10	13
Net book value at 30 June 2012	16	1	90	107

As of 30 June 2013 and other assets composed of:

Prior Year Actual CI\$000	Description	2012-13 Cost CI\$000	2012-13 Accumulated Depreciation CI\$000	2012-13 Net book Value CI\$000
1	Library books	71	4	67
89	Leasehold improvements	122	32	90
90	Total other assets	193	36	157

Note 5: Other payables and accruals

Prior Year Actual CI\$000	Description	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Final vs. Actual) CI\$000
-	Creditors	-	25	25
355	Creditors other government agencies	20	25	5
306	Accrued expenses	184	-	(184)
661	Other payables and accruals	204	50	(154)

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

Note 5: Trade payables, other payables and accruals (continued)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Surplus payable

Surplus payable represents surplus of \$254 thousand as at June 30, 2013 (2012: \$73 thousand). Under the *Public Management & Finance Law (2012 Revision)* section 39 (3)(f), DPP may "retain such part of its net operating surplus as is determined by the Financial Secretary". The Financial Secretary has not confirmed whether DPP can retain the surplus achieved during the year.

Note 7: Employee entitlements

Prior Year Actual C1\$000	Description	Current Year Actual C1\$000	Final/Original Budget C1\$000	Variance (Final vs. Actual) C1\$000
	<i>Current employee entitlements are represented by:</i>			
83	Annual Leave	89	100	11
83	Total current portion	89	100	11
	<i>Non-current employee entitlements are represented by:</i>			
-	Retirement and long service leave	-	-	-
83	Total employee entitlements	89	100	11

The retirement and long-service leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 8: Revenue from Non-Exchange Transactions

During the year ended 30 June 2013, 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.

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

Note 9: Revenue

Prior Year Actual CI\$000	Revenue type	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Final vs. Actual) CI\$000
2,647	Sale of outputs to Cabinet	2,724	2,724	-
-	Sale of outputs to other government agencies	-	-	-
60	Other	17	-	17
2,707	Total sales of goods and services	2,741	2,724	17

Other revenue includes receipt of funds from the courts.

Note 10: Personnel costs

Prior Year Actual CI\$000	Description	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Final vs. Actual) CI\$000
1,459	Salaries, wages and allowances	1,518	1,584	66
145	Health care	191	202	11
80	Pension	84	86	2
16	Other personnel-related costs	6	4	(2)
1,700	Total personnel costs	1,799	1,876	77

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

Note 11: Supplies and consumables

Prior Year Actual CI\$000	Description	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Final vs. Actual) CI\$000
148	Lease of property and equipment	153	175	22
64	Purchase of services	67	78	11
175	Witness expense	59	140	81
75	Utilities	55	127	72
24	Supplies and materials	47	28	(19)
20	Interdepartmental expenses	20	25	5
33	Travel and subsistence	18	37	19
148	Recruitment and training	12	10	(2)
-	General Insurance	3	8	5
687	Total supplies and consumables	434	628	194

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

Prior Year Actual CI\$000	Description	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Final vs. Actual) CI\$000
73	Surplus from ordinary activities	181	-	(181)
	Non-cash movements			
13	Depreciation expense	31	30	(1)
	Changes in current assets and liabilities:			
(162)	Increase in receivables	(64)	20	84
(59)	Decrease/(increase) in other receivables	55	-	(55)
-	Increase in prepayments (Decrease)/increase in other payables and accruals	(5)	-	5
523		(451)	-	451
388	Net cash flows (used in)/from operating activities	(253)	50	303

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

Note 13: Commitments

Prior Year Actual Type CI\$000		One year or less CI\$000	One to five Years CI\$000	Total CI\$000
Operating Commitments				
153	Non-cancellable accommodation leases	153	460	613
-	- Other non-cancellable leases	-	-	-
	Non-cancellable contracts for the supply			
-	- of goods and services	-	-	-
-	- Other operating commitments	-	-	-
153	Total Operating Commitments	153	460	613

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

Cash and cash equivalents

The actual year-end cash was higher than budget primarily because of the over estimation in budgeted property, plant and equipment acquisition. (Refer to amount under-budget in property, plant and equipment of \$147 thousand)

Property, plant and equipment

The actual purchase of fixed assets was lower than budgeted primarily because of the acquisition of second hand law books at a significantly reduced cost to new purchase.

Other payables and accruals

The increase of \$154k over budget is primarily due to the inclusion of \$143 liability transferred from Portfolio of Legal Affairs in prior year which was not included in the budget and still outstanding at year end.

Employee entitlement

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

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

Statement of financial position (Continued)

Surplus payable

Budget projected zero surplus/deficit. The reasons for the variance are discussed below in the Statement Financial Performance section of this Note. A portion of the variance relates to prior year surplus, which has not been paid by 30 June 2013.

Statement of financial performance

Personnel costs

Actual personnel costs are lower than the final budget by a net of \$77 thousand primarily because of the non-fulfillment of a budgeted position. These reductions were however offset by the increase in temporary relief of \$12 thousand.

Supplies and consumables

Actual supplies and consumables are lower than the final budget primarily because of over-estimation of witness expense \$81 thousand, utilities \$72 thousand and lease of property of \$22 thousand. Witness expense represent costs associated with expert advice and court appearances which would vary depending on the type and number of cases. Electricity budget for 2012/13 was based on the prior shared service cost with Portfolio of Legal however the actual expense was much lower.

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 \$104 thousand higher than budgeted (number of cases for which rulings were provided were 1,530 compared to budget 1,200-1,400). In addition number of non-traffic cases prosecuted was 1,524 compared to budget of 900-1,100.

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 free of cost during the financial year ended 30 June 2013 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.

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

Key management personnel (Continued)

For the year ended 30 June 2013 there are one full-time equivalent, and two part-time (2012: 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 2013 was \$203 thousand (2012: \$183 thousand). There were no loans made to key management personnel or their close family members in 2012-13 (2011-12: \$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 (2010 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, accounts receivable, 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 2013 (2012: \$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.

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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 2013, all of the financial liabilities were due within three months of the year end dates (2012: within three months of year-end dates).

NOTE 17: Financial instruments – fair values

As at 30 June 2013 and 2012, the carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable 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.

NOTE 18: Transfer of net liabilities from the Portfolio of Legal Affairs

The organization of DPP described under Description and principal activities in the beginning of these Notes, entailed the transfer of selected assets and liabilities from the Portfolio of Legal Affairs ("Legal Affairs"). Since the current principal activities of DPP have been discharged by Legal Affairs prior to 1 May 2011, the actual creation of DPP included such transfer of assets and liabilities involved in the relevant activities.

The net book value of the assets and liabilities transferred from Legal Affairs to DPP on 1 May 2011 amounted to a net liability of \$218 thousand. The amount is considered to be a transaction with the common owner of DPP and Legal Affairs, which is the Government of the Cayman Islands, and is reflected as a withdrawal of contributed capital during the year ended 30 June 2012 in the statement of changes in net worth.