



**GOVERNMENT OF THE CAYMAN ISLANDS**

**JUDICIAL ADMINISTRATION**

**FINANCIAL STATEMENTS**

**30 JUNE 2014**

# **Judicial Administration**

## **Financial Statements for the year ended 30 June 2014**

### **CONTENTS**

	<b>Page</b>
Statement of Responsibility for the Financial Statements	2
Auditor General's Report	3-4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets/Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9-23

Telephone: (345) 949-4296  
Direct ext: (345) 244-3804  
: (345) 949-9856 Email:  
[Kevin.McCormac@gov.ky](mailto:Kevin.McCormac@gov.ky)



Judicial Administration  
Cayman Islands Government  
P.O. Box 495  
Grand Cayman KY1-1106  
CAYMAN ISLANDS.

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Judicial Administration 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 Court Administrator 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 Judicial Administration.

As Court Administrator and Chief Financial Officer we are responsible for the preparation of Judicial Administration's financial statements, representation and judgements made in these statements.

The financial statements fairly present (except for property, plant and equipment) the Financial Position, Financial Performance and Cash Flows 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 Judicial Administration 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;
- (c) comply with International Public Sector Accounting Standards as set out by 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 agent has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Kevin McCormac  
Court Administrator

Kim France  
Chief Financial Officer

Date- October 31, 2014

Date- October 31, 2014

## AUDITOR GENERAL'S REPORT

### To the Court Administrator and the Members of the Legislative Assembly

I have audited the accompanying financial statements of Judicial Administration, which comprise the statement of financial position as at 30 June 2014, and the statements of financial performance, cash flows, and changes in net assets/equity 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 qualified audit opinion. In rendering my audit opinion on the financial statements of Judicial Administration, 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)

### **Basis for Qualified Opinion**

A detailed fixed asset register was not maintained by Judicial Administration and was therefore not available at 30 June 2014. As a result, we were unable to form an opinion on the completeness, existence, accuracy and valuation of the property, plant and equipment recorded at 30 June 2014, as well as the depreciation expense for the year then ended and the related impact this would have on the equity of Judicial Administration as at 30 June 2014.

### **Qualified Opinion**

In my opinion, except for the effects of such adjustments, if any, as might have determined to be necessary in respect if the matters discussed in the "Basis for Qualified Opinion" paragraph above, the financial statements present fairly, in all material respects, the financial position of Judicial Administration 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

**JUDICIAL ADMINISTRATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014  
(Expressed in Cayman Islands Dollars)**

<b>Prior Year Actual CI\$000</b>		<b>Note</b>	<b>Current Year Actual CI\$000</b>	<b>Approved Budget (Note 1(c)) CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
<b>Current Assets</b>					
1,139	Cash and cash equivalents	<b>2</b>	1,141	1,409	268
415	Receivables from exchange transactions	<b>3</b>	485	443	(42)
23	Prepayments		130	25	(105)
87	Inventory		77	100	23
<b>1,664</b>	<b>Total Current Assets</b>		<b>1,833</b>	<b>1,977</b>	<b>144</b>
<b>Non-Current Assets</b>					
915	Property, plant and equipment	<b>4</b>	923	876	(47)
<b>915</b>	<b>Total Non-Current Assets</b>		<b>923</b>	<b>876</b>	<b>(47)</b>
<b>2,579</b>	<b>Total Assets</b>		<b>2,756</b>	<b>2,853</b>	<b>97</b>
<b>Current Liabilities</b>					
4	Payables under exchange transactions	<b>5</b>	4	56	52
150	Other payables and accruals	<b>5</b>	208	125	(83)
138	Employee entitlements	<b>7</b>	187	230	43
713	Surplus Payable	<b>6</b>	713	713	-
<b>1,005</b>	<b>Total Current Liabilities</b>		<b>1,112</b>	<b>1,124</b>	<b>12</b>
<b>1,005</b>	<b>Total Liabilities</b>		<b>1,112</b>	<b>1,124</b>	<b>12</b>
<b>1,574</b>	<b>Net Assets</b>		<b>1,644</b>	<b>1,729</b>	<b>85</b>
<b>Net Assets/Equity</b>					
2,669	Contributed capital		2,849	2,849	-
(1,095)	Accumulated deficits		(1,205)	(1,120)	85
<b>1,574</b>	<b>Total Net Assets/Equity</b>		<b>1,644</b>	<b>1,729</b>	<b>85</b>

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

**JUDICIAL ADMINISTRATION  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in Cayman Islands Dollars)**

<b>Prior Year Actual CI\$000</b>		<b>Note</b>	<b>Current Year Actual CI\$000</b>	<b>Approved Budget (Note 1(c)) CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
	<b>Revenue</b>				
4,983	Sale of outputs to Cabinet	<b>9</b>	5,327	5,327	-
45	Other revenue	<b>9</b>	58	42	16
<b>5,028</b>	<b>Total Revenue</b>		<b>5,385</b>	<b>5,369</b>	<b>16</b>
	<b>Expenses</b>				
3,328	Personnel costs	<b>10</b>	3,578	3,467	(111)
1,558	Supplies and consumables	<b>11</b>	1,696	1,683	(13)
199	Depreciation	<b>4</b>	221	219	(2)
59	Write-down of inventories		-	-	
<b>5,144</b>	<b>Total Expenses</b>		<b>5,495</b>	<b>5,369</b>	<b>(126)</b>
<b>(116)</b>	<b>Deficit for the year</b>		<b>(110)</b>	<b>-</b>	<b>(110)</b>

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

**JUDICIAL ADMINISTRATION**  
**STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**  
**(Expressed in Cayman Islands Dollars)**

	<b>Contributed Capital CI\$000</b>	<b>Accumulated Deficits CI\$000</b>	<b>Total Net Assets/Equity CI\$000</b>	<b>Approved Budget Note 1(c) CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
<b>Balance at 1 July 2012</b>	<b>2,619</b>	<b>(979)</b>	<b>1,640</b>	<b>1,640</b>	-
Equity investment from Cabinet in the year 2012/13	50	-	50	50	-
Deficit for the year 2012/13	-	(116)	(116)	(141)	(25)
<b>Balance at 30 June 2013</b>	<b>2,669</b>	<b>(1,095)</b>	<b>1,574</b>	<b>1,549</b>	<b>(25)</b>
Equity investment from Cabinet in the year 2013/14	180	-	180	180	-
Deficit for the year 2013/14	-	(110)	(110)	-	110
<b>Balance at 30 June 2014</b>	<b>2,849</b>	<b>(1,205)</b>	<b>1,644</b>	<b>1,729</b>	<b>85</b>

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



**JUDICIAL ADMINISTRATION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in Cayman Islands Dollars)**

<b>Prior Year Actual CI\$000</b>	<b>Note</b>	<b>Current Year Actual CI\$000</b>	<b>Approved Budget CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Receipts</i>				
5,009	Sale of outputs to Cabinet	5,279	5,339	60
43	Sale of goods and services - third party	36	-	(36)
<i>Payments</i>				
(3,373)	Personnel costs	(3,529)	(3,459)	70
(1,734)	Supplies and consumables	(1,735)	(1,610)	125
<b>(55)</b>	<b>Net cash flows used in operating activities</b>	<b>51</b>	<b>270</b>	<b>219</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(213)	Purchase of property, plant and equipment	(229)	(180)	49
<b>(213)</b>	<b>Net cash flows used in investing activities</b>	<b>(229)</b>	<b>(180)</b>	<b>49</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
50	Equity investment	180	180	-
<b>50</b>	<b>Net cash flows from financing activities</b>	<b>180</b>	<b>180</b>	<b>-</b>
(218)	<b>Net increase/(decrease) in cash and cash equivalents</b>	2	270	268
1,357	Cash and cash equivalents at beginning of year	1,139	1,139	-
<b>1,139</b>	<b>Cash and cash equivalents at end of year</b>	<b>1,141</b>	<b>1,409</b>	<b>268</b>

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

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Description and Principal Activities**

Judicial Administration (the “Entity”) 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.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Entity as defined in the purchase agreements for the Government of Cayman Islands for the financial year ending 30 June 2014.

In addition, the Entity has reported the activities and trust monies that it administers on behalf of Cabinet.

The principal office of the Entity is located in the Court House, George Town, Grand Cayman. As of 30 June 2014, Judicial Administration had 74 employees (2013: 57).

**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.

**(b) Reporting Period**

The reporting period is the year ended 30 June 2014.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 1: Significant Accounting Policies (continued)**

**(c) Budget Amounts**

The 2013/14 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 2013/14 Annual Budget Statement and approved by the Legislative Assembly on October 23, 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 recognised 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 Entity by Government entities could be made and therefore no estimated amounts are recorded in these financial statements (2013: \$0).

**(e) Revenue**

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

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

**(f) Expenses**

Expenses are recognised 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 recognised as a loss in the Statement of Financial Performance.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 1: Significant Accounting Policies (continued)**

**(i) Inventory**

Inventories are recorded at the lower of cost or net realisable value. Where inventories are valued at cost, specific identification of their individual costs or the first-in-first-out (FIFO) method is used.

**(j) Prepayments**

The portion of amount paid for goods and services in advance of receiving such goods and services are recognised as a prepayment.

**(k) 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 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Computer hardware and software	3 – 10 years
• Office equipment; furniture and fittings	3 – 25 years
• Vehicles	3 – 20 years
• Other fixed assets	5 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation 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 in 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.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 1: Significant Accounting Policies (continued)**

**(l) 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 Entity 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 Entity. Contributions of 12% on acting, duty allowances – employer 6% and employee 6% - are made to the Fund by the Entity.

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, therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

**(m) Financial Instruments**

The Entity 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 payables under exchange transactions, other payables and accruals, employee entitlements and surplus payables, all of which are recognised 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.

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.

**Recognition**

The Entity recognises 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 recognised in the Statements of Financial Performance.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 1: Significant Accounting Policies (continued)**

**(m) Financial Instruments (continued)**

**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 recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

**De-recognition**

A financial asset is de-recognised when the Entity realises 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.

**(n) 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 inflow of economic benefits is probable that the benefits will be realised.

**(o) 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 recognised 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 using the exchange rates that existed when the fair values were determined.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 1: Significant Accounting Policies (continued)**

**(p) Comparative Figures**

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

**(q) Revenue from Non-Exchange Transactions**

The Entity 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 Entity 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 an item of property, plant and equipment, such service in-kind is recognized in the cost of property, plant and equipment.

**(r) 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 Entity held no restricted cash balances (2013: \$0). No interest was earned during the year ended 30 June 2014 on the amounts held in these bank accounts (2013: \$0).

Prior Year Actual CI\$000	Description	Foreign Currency CI\$000	Exchange Rate	Current Year Actual CI\$000	Approved Budget CI\$000	Variance (Budget vs. Actual) CI\$000
930	CI\$ Operational Current Account	916	1.00	916	1,200	284
121	US\$ Operational Current Account	177	0.83	147	121	(26)
88	CI\$ Payroll Current Account	78	1.00	78	88	10
<b>1,139</b>	<b>Total cash and cash equivalents</b>			<b>1,141</b>	<b>1,409</b>	<b>268</b>

**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 Entity and review of specific debtors. Expected losses have been determined based on an analysis of the Entity losses in previous periods.

**JUDICIAL ADMINISTRATION**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
**FOR THE YEAR ENDED 30 JUNE 2014**  
**(Expressed in thousands of Cayman Islands Dollars)**

**Note 3: Receivables from exchange transactions and other receivables (continued)**

<b>Prior Year Actual CI\$000</b>	<b>Receivables from exchange transactions</b>	<b>Current Year Actual CI\$000</b>	<b>Approved Budget CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
410	Sale of outputs to Cabinet	458	440	(18)
3	Sale of goods and services	3	-	(3)
2	Other	24	3	(21)
<b>415</b>	<b>Receivables from exchange transactions</b>	<b>485</b>	<b>443</b>	<b>(42)</b>

<b>30 June 2014</b>				
<b>Prior Year Actual CI\$000</b>	<b>Description</b>	<b>Current Year Receivables from exchange transactions CI\$000</b>	<b>Approved Budget CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
410	Current	-	-	-
2	Past due 1-30 days	482	443	(39)
-	Past due 31-60 days	-	-	-
-	Past due 61 – 90 days	-	-	-
3	Past due 91 days and above	3	-	(3)
<b>415</b>	<b>Total</b>	<b>485</b>	<b>443</b>	<b>(42)</b>

As of 30 June 2014, receivables from exchange transactions are all due within one year from financial position date (2013: all receivable from exchange transaction).



**JUDICIAL ADMINISTRATION**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
**FOR THE YEAR ENDED 30 JUNE 2014**  
(Expressed in thousands of Cayman Islands Dollars)

**Note 4: Property, plant and equipment**

	<b>30 June 2013</b>						
	<b>Vehicles</b>	<b>Furniture and fittings</b>	<b>Computer hardware and software</b>	<b>Office equipment</b>	<b>Other Assets</b>	<b>Work in Progress</b>	<b>Total</b>
<u>Cost</u>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 July 2012	30	241	38	212	1,633	94	2,248
Additions	-	26	80	32	75	-	213
Transfers		24	51	8	11	(94)	-
At 30 June 2013	30	291	169	252	1,719	-	2,461
	<b>30 June 2013</b>						
	<b>Vehicles</b>	<b>Furniture and fittings</b>	<b>Computer hardware and software</b>	<b>Office equipment</b>	<b>Other Assets</b>	<b>Work in Progress</b>	<b>Total</b>
<u>Accumulated depreciation</u>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 July 2012	30	190	34	160	933	-	1,347
Depreciation charge for the year	-	9	18	18	154	-	199
At 30 June 2013	30	199	52	178	1,087	-	1,546
<b>Carrying value at 30 June 2013</b>	<b>-</b>	<b>92</b>	<b>117</b>	<b>74</b>	<b>632</b>	<b>-</b>	<b>915</b>
	<b>30 June 2014</b>						
	<b>Vehicles</b>	<b>Furniture and fittings</b>	<b>Computer hardware and software</b>	<b>Office equipment</b>	<b>Other Assets</b>	<b>Work in Progress</b>	<b>Total</b>
<u>Cost</u>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 July 2013	30	291	169	252	1,719	-	2,461
Additions	36	28	9	28	90	38	229
Transfers		-	-	-	-	-	-
At 30 June 2014	66	319	178	280	1,809	38	2,690
	<b>30 June 2014</b>						
	<b>Vehicles</b>	<b>Furniture and fittings</b>	<b>Computer hardware and software</b>	<b>Office equipment</b>	<b>Other Assets</b>	<b>Work in Progress</b>	<b>Total</b>
<u>Accumulated depreciation</u>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 July 2013	30	199	52	178	1,087	-	1,546
Depreciation charge for the year	4	12	35	22	148	-	221
At 30 June 2014	34	211	87	200	1,235	-	1,767
<b>Carrying value at 30 June 2014</b>	<b>32</b>	<b>108</b>	<b>91</b>	<b>80</b>	<b>574</b>	<b>38</b>	<b>923</b>

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 4: Property, plant and equipment (continued)**

Work in progress as at 30 June 2014, represent Courtroom construction amounting to \$38 thousand (2013: \$Nil).

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

Prior Year Actual CI\$000	Description	30 June 2014		Carrying Value CI\$000
		Cost CI\$000	Accumulated Depreciation CI\$000	
760	Library books	770	525	245
439	Lease improvements	455	240	215
395	Website	395	379	16
99	Electrical & A/C	99	60	39
26	Other	90	31	59
<b>1,719</b>	<b>Total other fixed assets</b>	<b>1,809</b>	<b>1,235</b>	<b>574</b>

**Note 5: Payables under exchange transactions, other payables and accruals**

Prior Year Actual CI\$000	Description	Current Year Actual CI\$000	Approved Budget CI\$000	Variance (Budget vs. Actual) CI\$000
4	Payables under exchange transactions	4	56	52
-	Other payables	15	-	(15)
49	Creditors Ministries/Portfolios	17	-	(17)
100	Accrued Expenses	175	125	(50)
1	Payroll deductions	1	-	(1)
<b>154</b>	<b>Payables under exchange transactions, other payables and accruals</b>	<b>212</b>	<b>181</b>	<b>(31)</b>

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

**Note 6: Surplus payable**

Under the *Public Management & Finance Law (2013 Revision)* section 39 (3)(f), the Entity may “retain such part of its net operating surplus as is determined by the Financial Secretary”. There is no additional surplus payable to Government during the year. The Financial Secretary has not confirmed whether the Entity can retain the surplus achieved during the prior years.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 7: Employee entitlements**

Actual Prior Year CI\$000	Description	Current Year Actual CI\$000	Approved Budget CI\$000	Variance (Budget vs. Actual CI\$000)
	<i>Current employee entitlements payables are represented by:</i>			
117	Annual leave and time-in-lieu	187	230	43
21	Separation pay	-	-	
<b>138</b>	<b>Total employee entitlements (Current)</b>	<b>187</b>	<b>230</b>	<b>43</b>

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 2014, the Entity 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 for the year ended 30 June 2014 (2013: \$0).

**Note 9: Revenues**

Sale of Outputs to Cabinet consists of billings to the Government for services agreed under the Annual Budget Statement Agreement between the Entity and the Government.

Other revenue consists of fees and charges payable by the general public, including bailiff fees, photocopying fees, and sale of books.

**Note 10: Personnel costs**

Actual Prior Year CI\$000	Description	Current Year Actual CI\$000	Approved Budget CI\$000	Variance (Budget vs Actual) CI\$000
2,738	Salaries, wages and allowances	2,953	2,821	(132)
460	Health care	476	493	17
130	Pension	143	143	-
-	Other	6	10	4
<b>3,328</b>	<b>Total Personnel Costs</b>	<b>3,578</b>	<b>3,467</b>	<b>(111)</b>

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 11: Supplies and consumables**

<b>Prior Year Actual CI\$000</b>	<b>Description</b>	<b>Current Year Actual CI\$000</b>	<b>Approved Budget CI\$000</b>	<b>Variance (Budget vs. Actual) CI\$000</b>
534	Lease of property and equipment	586	540	(46)
313	Purchase of services	412	513	101
260	Utilities	274	267	(7)
166	Supplies and materials	142	153	11
83	Repairs and maintenance	106	-	(106)
75	Insurance	75	75	-
73	Others	58	62	4
24	Interdepartmental expenses	25	30	5
23	Recruitment and training	17	35	18
7	Travel and subsistence	1	8	7
<b>1,558</b>	<b>Total Supplies and consumables</b>	<b>1,696</b>	<b>1,683</b>	<b>(13)</b>

**Note 12: Litigation costs**

The Attorney General's Office provides litigation services to the Entity, and accounted for together with other Services in-kind received by the Entity. During the year ended 30 June 2014, there were no litigation costs (2013: \$0) recognized as expenses by the Entity.

**JUDICIAL ADMINISTRATION**  
**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**  
**FOR THE YEAR ENDED 30 JUNE 2014**  
**(Expressed in thousands of Cayman Islands Dollars)**

**Note 13: Reconciliation of net cash flows from operating activities to surplus**

Actual Prior year	Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
(116)	Deficit for the year	(110)	-	110
	Non-cash movements:			
199	Depreciation expense	221	219	(2)
59	Write-down of inventories	-	-	
	Changes in current assets and liabilities:			
24	Decrease (Increase) in receivables	(70)	(30)	40
(14)	Increase in prepayments	(107)	-	107
(54)	(Increase)/decrease in inventories	10	44	34
(153)	(Decrease) Increase in liabilities	107	37	(70)
<b>(55)</b>	<b>Net cash flows from operating activities</b>	<b>51</b>	<b>270</b>	<b>219</b>

**Note 14: Commitments**

Prior Year Actual	Type	One year or less	One to five Years	Over five Years	Total
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
	<b>Operating Commitments</b>				
1,809	Non-cancellable accommodation leases	575	883	-	1,458
-	Other operating commitments	-	-	-	-
<b>1,809</b>	<b>Total Commitments</b>	<b>575</b>	<b>883</b>	<b>-</b>	<b>1,458</b>

The Entity has medium- to long-term accommodation leases for the premises it occupies in George Town. The annual leases terminate in June 2015 and February 2017. The amounts disclosed above as future commitments are based on the current rental rates.

**Note 15: Explanation of major variances against budget**

Explanations for major variances for the Entity performance against the original budget are as follows:

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 15: Explanation of major variances against budget (continued)**

**Statement of Financial Position**

*Cash and cash equivalents*

The decrease in year end cash of \$268 thousand is primarily due to the increase spending in supplies and consumables (primarily the under budgeting for a section of leased property previously un-occupied), personnel costs (honorarium paid to all civil servants) and purchase of fixed assets namely the increase in leasehold improvements

*Prepayments*

The year-end balance prepayments are higher than budgeted primarily due to \$59 thousand for bound volume of law reports (non-receipt of some volumes before year end) and prepaid risk management insurance of \$46 thousand.

*Receivables from exchange transactions*

The increase in receivables from exchange transactions of \$42 thousand is primarily due to an under estimation of sale of outputs to Government by \$17 thousand and \$15 thousand paid on behalf of Executive, not refunded by year-end.

*Payables under exchange transactions and other payables and accruals*

The year-end payables under exchange transactions and other payables and accruals were \$31 thousand higher than budget primarily due to under budgeting for a section of leased property previously un-occupied as well as the and timing of actual payments.

**Statement of Financial Performance**

*Personnel costs*

The increase in personnel cost over budget by \$111 thousand is primarily due to the payment of honorarium of \$63 thousand and an increase in for accrued vacation and time in lieu not budgeted for.

*Supplies and consumables*

The increase of \$13 thousand over budget is primarily due to increases in lease of property and equipment and repairs and maintenance. The net increase in lease of property and equipment is due to under budgeting for a section of leased property previously un-occupied. The increase in repairs and maintenance is mainly due to increase in computer software as a result of increase in the numbers of JEMS user license and the switch over from government computer services to stand alone. These increases were however offset by net decreases in professional fees and law reports. The budget presumed an increase for professional fees associated with the appointment of Guardian ad Litem, a requirement of the Children Law (2012 revision), however the necessary rules were passed later than anticipated. Some of the Law Reports were not received before year-end and reflected in prepayments above.

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 16: Related party and key management personnel disclosures**

**Related party disclosure**

The Entity is a wholly owned entity of the Government from which it derives a major source of its revenue. The Entity transacts 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 were defined as, Chief Officer, Deputy Chief Officer, Chief Financial Officer and other senior management, are considered to be related parties.

There are six full-time equivalent personnel considered at the senior management level in addition to the shared chief financial officer. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for senior management in the year ended 30 June 2014 was \$647 thousand (2013: \$426 thousand). There were no loans made to key management personnel or their close family members in the year ended 30 June 2014 (2013: \$0).

**Note 17: Financial instrument risks**

The Entity is exposed to a variety of financial risks including credit risk and liquidity risk. The Entity'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 counterparty will default on its contractual obligations resulting in financial loss to the Entity. Financial assets which potentially expose the Entity to credit risk comprise cash and cash equivalents and receivables from exchange transactions.

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

**JUDICIAL ADMINISTRATION  
NOTES TO THE FINANCIAL STATEMENTS CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2014  
(Expressed in thousands of Cayman Islands Dollars)**

**Note 17: Financial instrument risks (continued)**

Credit risks (continued)

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

Liquidity risk

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

The ability of the Entity to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Entity in 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 Entity would have with its own cash flows. As at 30 June 2014, all of the financial liabilities were due within three months of the year end date (2013: all within three months of the year-end date).

**Note 18: Financial instruments – fair values**

As at 30 June 2014 and 2013, the carrying values of cash and cash equivalents, receivables from exchange transactions, payables under exchange transactions, other payables 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 cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.