



**CROWN OFFICE AND PROCURATOR FISCAL SERVICE**

**Annual Report and Accounts**

**For the year ended 31 March 2010**

Authorised for issue on: 26th July 2010

Laid before the Scottish Parliament  
by the Scottish Ministers August 2010

Reference: **SG/2010/124**

## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

| <b>LIST OF CONTENTS</b>                             | <b>Page</b> |
|---|-------------|
| Annual Report                                       | 2           |
| Management Commentary                               | 3           |
| Remuneration Report                                 | 11          |
| Statement of Accountable Officer's Responsibilities | 17          |
| Statement on Internal Control                       | 18          |
| Independent Auditor's report                        | 21          |
| Operating Cost Statement                            | 23          |
| Balance Sheet                                       | 24          |
| Cash Flow Statement                                 | 25          |
| Statement of Changes in Taxpayer's Equity           | 26          |
| Resources by Service's Aims and Objectives          | 28          |
| Notes to the Accounts                               | 29          |
| Direction by Scottish Ministers                     | 55          |

# Crown Office and Procurator Fiscal Service

## ANNUAL REPORT

This report is for the year ended 31st March 2010.

### Introduction

#### Basis of Accounts

1. These accounts have been prepared in accordance with the Government Financial Reporting Manual and the accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The accounts direction is reproduced at page 55 to these accounts.

#### Service Accounting Boundary

2. These accounts reflect the assets and liabilities of the Crown Office and Procurator Fiscal Service (COPFS). A separate set of accounts is produced for the Queen's Lord Treasurer's Remembrancer (QLTR), which is a separate organisation with a separate Accountable Officer, but shares the same Audit Committee as COPFS. QLTR exists for the specific purpose of dealing, on behalf of the Crown, with matters of *bona vacantia*, *ultimus haeres* and Treasure Trove, all three of which are based on the common law principle relating to ownerless goods – *Quod nullius est fit domini regis* – which means "That which belongs to not one becomes the King's". Following devolution the Crown's property rights in ownerless goods and the revenues raised from them were transferred to Scottish Ministers. Consequently all net receipts of the QLTR Unit have, since devolution, been paid into the Scottish Consolidated Fund, rather than being transferred to the Treasury in London as used to be the case.

#### Background

3. The Crown Office and Procurator Fiscal Service is the successor Service under the devolved administration in Scotland to the former Crown Office, Scotland, and Lord Advocate's Department. Responsibility for the work carried out by the former Lord Advocate's Department has now passed to the Scottish Government. The Crown Agent and Chief Executive heads the Service.

### MINISTERS AND SENIOR OFFICERS

4. The Crown Office and Procurator Fiscal Service's Ministers and their responsibilities were:

#### Lord Advocate

#### Mrs Elish Angiolini QC

Head of the systems of criminal prosecution and investigation of deaths in Scotland.

#### Solicitor General

#### Mr Frank Mulholland QC

Assistance to the Lord Advocate.

## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT** *(continued)*

5. The members of the Management Board during the year were:

|   |   |
|---|---|
| <b>Mr N McFadyen CBE</b><br>(1 April 2009- 21 February 2010)                          | Crown Agent and Chief Executive                                       |
| <b>Mrs C Dyer</b><br>(22 February- 31 March 2010)<br>(1 April 2009- 21 February 2010) | <b>Crown Agent and Chief Executive</b><br>Chief of Strategic Delivery |
| <b>Mr J Dunn</b>  | Deputy Crown Agent  |
| <b>Mr P Collings</b>  | Deputy Chief Executive  |
| <b>Ms L Thomson</b>   | Area Procurator Fiscal – Glasgow                                      |
| <b>Ms M McLaughlin</b>  | Area Procurator Fiscal – Lothian & Borders                            |
| <b>Ms J Irvine</b>  | Director of Human Resources   |
| <b>Mr R Gordon CB</b>   | Head of Scottish Government Justice Portfolio – Non-Executive member  |
| <b>Mr W Matthews</b>  | Non-Executive member  |

6. The Non-Executive members bring an external perspective to the consideration of corporate management issues such as staffing, planning, budget monitoring, training and development, accommodation strategy and relations with stakeholders.

#### **Audit Committee**

7. The COPFS also has an Audit Committee, which is chaired by and whose members are all, Non-Executive Members. More detail of the work of the Audit Committee is provided in the Governance section at page 5 of this report.

### **MANAGEMENT COMMENTARY**

#### **Aim**

8. To provide an independent, modern prosecution service which is committed to professional excellence, pursues cases fairly and consistently in the public interest and is responsive to the public's needs.

#### **Objectives**

9. To secure the confidence of all sections of the community in the prosecution system by improving the delivery of justice through the timely, efficient and effective prosecution of crime.

10. To give priority to the prosecution of serious crime, including drugs trafficking and crimes committed by persistent offenders.

11. To provide services which meet the information needs of victims, witnesses and next-of-kin, in co-operation with other agencies.

12. To ensure that all deaths reported to the Procurator Fiscal are investigated appropriately and speedily.

## Crown Office and Procurator Fiscal Service

### ANNUAL REPORT *(continued)*

#### Corporate Governance

##### Structure

13. Effective Corporate Governance must be at the heart of any business if it is to succeed. One of the key features within COPFS is that Corporate Governance (including Internal Control and Risk Management) is regarded as a business, rather than a finance, issue.

14. A good standard of Corporate Governance, and therefore, the effective efficient and economic running of the organisation is ensured through the adherence to a number of underlying principles, these include:

- Integrity and accessibility of financial information;
- Auditor Independence;
- Management Responsibility; and
- Sound processes of internal control

15. COPFS has a clearly defined governance structure:

##### The Management Board (which comprises Executive and Non-Executive Members):

The Management Board's remit is to ensure that COPFS is organised and managed in the most effective way and to provide visible and accountable leadership to staff – setting the strategic direction for the organisation, monitoring and stimulating its performance, ensuring that decisions on priorities and ways of working are informed by contacts with the wider world and managing its people and resources to best effect. It meets monthly and the minutes of the meetings are published on the Intranet.

##### Corporate Issues Sub Group

A Corporate Issues Sub Group (CISG), chaired by COPFS Deputy Chief Executive and including selected Area Fiscals, Area Business Managers, Crown Office Directors and the Head of Strategy and Planning, was established in April 2008. CISG is responsible for ensuring: that COPFS is organised and managed in the most effective way; that its corporate service way of working and policies meet the business needs of the Service; that its training and development plans meet the business needs of the Service; that its IT programme reflects COPFS priorities and is managed effectively; the consideration of proposals on projects and initiatives that affect the organisation and management of business across the Service; and to take decisions on corporate business issues when appropriate or to make recommendations to the Management Board when its decision-making is required.

##### The Area Fiscals Group

The Area Fiscal Group's remit is to take the lead in the development of prosecution policy and consider legal and operational issues within COPFS. The Group also acts as a sounding board for wider management issues and is a means for all Area Fiscals to have an input into the overall management of the COPFS. It also meets monthly and the minutes of the meetings are also published on the Intranet.

## Crown Office and Procurator Fiscal Service

### ANNUAL REPORT (*continued*)

#### The Audit Committee

The Audit Committee supports the Accountable Officers (COPFS and QLTR) in their responsibilities for issues of risk, control and governance over their respective budgets. This includes reviewing the comprehensiveness of assurances in meeting the Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances. In formal terms, the Audit Committee reports annually to the overarching Scottish Government Audit Committee (SGAC). The Audit Committee has three Non-Executive Members, one of whom is elected as Chair. The Audit Committee met on:

- 14 May 2009
- 5 October 2009
- 7 December 2009
- 22 February 2010

#### Executive Members

COPFS has executive directors for each of its key areas, e.g. Operations, HR, Finance, and IT. The Deputy Chief Executive has executive responsibility for Estates.

#### Project Management

Projects are managed using the appropriate project management methodology, e.g. PRINCE 2 for IT projects.

#### Best Practice

COPFS processes are reviewed on an ongoing basis driven by, e.g. Executive management as a matter of routine, an Internal Audit programme agreed by the Audit Committee, formal initiatives such as the Scottish Government's Efficient Government and Best Value initiatives.

16. The operation of sound mechanisms for internal control is ensured through:

- Planning procedures to ensure that future work is aligned to Government policy and the COPFS's strategic direction;
- Clear capital investment control mechanisms;
- Sound project management and project sponsorship disciplines; and
- Sound asset management processes including management of our property.

17. COPFS operates a formal risk management procedure to ensure that all risks to our business are identified and receive focused management attention at the appropriate level. The Area Fiscals Group reviews the key strategic risks and reports to the Management Board and Audit Committee.

18. Individual Managers identify and evaluate risk when they prepare and monitor their annual business plans. Project Managers ensure that risks are identified when preparing project plans. Risk is, therefore, a standard agenda item in many areas. The Statement on Internal Control (pages 18-20) contains further details of the framework of responsibility for risk management.

## Crown Office and Procurator Fiscal Service

### ANNUAL REPORT (*continued*)

#### Principal Activities

19. COPFS is the sole public prosecution authority in Scotland. It is responsible for making decisions about, and bringing prosecutions for, all criminal offences. COPFS also has the duty to investigate all sudden, suspicious or unexplained deaths and is responsible for deciding whether criminal proceedings or a Fatal Accident Inquiry should be held and for conducting such proceedings and inquiries. Responsibility for investigating complaints against the police, involving allegations of criminal conduct, rests with the Area Procurators Fiscal. Prosecution of police officers is undertaken on the instruction of Crown Counsel. COPFS's Financial Crime Unit and Civil Recovery Unit investigate and recover proceeds of drugs trafficking and other serious crime. COPFS also provides a Victim Information and Advice Service across Scotland. COPFS works closely with its criminal justice partners to help make Scotland a safer place and plays a pivotal role within the criminal justice system in maintaining the security and confidence of all communities of Scotland in the prosecution system – making the justice system more accessible and more responsive. The core values of COPFS are impartiality, integrity, sensitivity, respect and professionalism.

20. The Scottish Government publication '*Spending Review 2007*' set out the Service's spending plans for the financial years 2008-09, 2009-10 and 2010-11, together with the Service's aim, objectives and targets over this period. COPFS is committed to continuous improvement in service delivery. The Scottish Government publication '*Efficiency Delivery Plans*' set out how COPFS planned to generate efficiency savings agreed as part of the Spending Review for the years 2008-09 to 2010-11.

21. COPFS's main strategic priorities for 2009-10, as set out in the above Spending Review document, were focused on:

- prosecuting serious crime – making sure that serious crime is prosecuted in a timely and efficient manner;
- delivering reform and improving efficiency;
- securing public confidence in the criminal justice system and serving communities – improving people's quality of life (e.g. better prosecution on environmental crime); and
- providing support and being responsive – to meet the needs of victims of crime, next-of-kin and vulnerable witnesses.

22. The Crown Office works closely with a range of stakeholders including, the Scottish Government, Police Services and the Scottish Courts Service. Relationships with stakeholders are covered in the Crown Office and Procurator Fiscal Service Business Plan (which is available at: [www.copfs.gov.uk](http://www.copfs.gov.uk)).

#### Performance Against Targets

23. In 2009-10 all COPFS performance targets were exceeded. Performance against the 'take and implement' target, which assesses how quickly the Service deals with cases once reported, was 85% against a target of 75%. The 80% targets for serving Sheriff and Jury and High Court indictments within 8 and 9 months respectively were also met, with performance of 86% and 87%. The target for completing 80% of death investigations within 12 weeks was exceeded, by managing to conduct the investigation and advise the next of kin of the outcome in 87% of the deaths reported that required further investigation. Further details are available on the Service's website - [www.copfs.gov.uk](http://www.copfs.gov.uk)

## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT** *(continued)*

24. The net expenditure incurred in this financial year is reported for the objectives detailed above in the statement of the Resources by COPFS's Aim and Objectives.

#### **Financial Performance**

25. In line with the Scottish Government and other Central Government bodies in the UK, from financial year 2009/10 onwards, the Crown Office and Procurator Fiscal Service has implemented full reporting of the Annual Accounts under International Financial Reporting Standards (IFRS). Shadow IFRS based accounts for 2008/09 were produced and the comparators shown below reflect the IFRS figures for 2008/09.

26. The results for the year are reported in the accounts. They record total outturn (resource and capital) of £118.9m (2008-09 £108.0m) against the statutory budget of £119.5m (2008-09 £110.1m). Outturn figures were consistent with Scottish Government requests for underspends by £0.5m (2008-09 £2.1m). A summary of outturn against the statutory budget is provided at Note 22 to the accounts.

27. Total property, plant and equipment and intangible asset additions in the financial year were £6.0m (2008-09 £5.1m) in respect of capital refurbishments, investment in ICT and the purchase of vehicles.

#### **Indication of likely future developments**

28. As has been widely acknowledged and reported, Public Spending is expected to be under significant pressure for the foreseeable future. COPFS management have recognised this and have been discussing at various forums, (such as Management Board, Corporate Issues Sub-Group and Area Fiscals Group), different scenarios and are preparing for a likely challenging SR10 settlement.

29. 2010 will see the implementation of the Sexual Offences (Scotland) Act 2009 and, if approved by the Scottish Parliament, the Criminal Justice and Licensing (Scotland) Bill. It will also see the establishment of a national deaths unit within COPFS.

30. In line with the UK Government's 'Clear Line of Sight' policy, Cost of Capital will be removed from the Annual Accounts in 2010/11.

#### **Policy and achievement of policy on social and community issues**

31. The work of COPFS is at the heart of every community. The Criminal Justice System maintains the security and confidence of the people of Scotland by providing just and effective means to investigate crimes and bring offenders to justice. COPFS plays a central role in this process. As an employer, COPFS also offers significant opportunities for work and for the development of those we employ, benefiting the individuals, the organisation, the justice system and Scotland as a whole.



## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT** *(continued)*

#### **Principal Risks and Uncertainties facing the business**

32. COPFS is funded from the Scottish Block. 2010-11 is the last year of the three year Strategic Spending Review settlement (SR07), and, an exercise (SR10) for 2011-12, 12-13 and 13-14 is scheduled for later this calendar year. As previously noted, it is widely recognised that public funding is under pressure and we expect any settlement to be challenging but the organisation's top management have been engaged in discussions for some time in anticipation of the challenges ahead.

COPFS has published Efficient Government targets primarily relating to Summary Justice Reform, all of which it has met so far. The targets for 2010/11 are challenging but we anticipate achieving them.

#### **Employment Policies**

##### **Staff Relations and Equal Opportunities**

33. COPFS is an equal opportunities employer. Policies are in place to guard against discrimination and to ensure that there is no unfair or illegal discriminatory treatment or any barriers to employment or advancement in the Service.

34. COPFS equal opportunities policy states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, or religion/belief or because they work part-time. Employment and promotion are based solely on merit. Staff who work an alternative pattern are assessed on exactly the same basis as those working full time.

35. COPFS is committed to developing its plans on race equality and diversity. The Diversity Strategy Group, chaired by the Solicitor General, oversees the plans, which commit COPFS to increasing the diversity of staff within the organisation, to develop them regardless of differences and to valuing the contribution of each individual. The Equality Advisory Group (EAG) consisting of representatives from external groups meets two or three times per year to review the Crown Office and Procurator Fiscal Service policies.

36. COPFS gives a high priority to the development of all its staff. Training, development and learning in the Service is quality assured through our commitment to the Investor in People (IiP) Scheme. COPFS was first recognised as an Investor in People in 1996 and has since gone through three re-recognition assessments. We are committed to a programme of continuous improvement in relation to our implementation of the IiP standard.

37. The average number of days lost due to sick absence in 2009/10 was 9.0 days (2008/09 10.6 days).

38. There were no significant personal data related incidents reported in 2009/10.

##### **Employee Consultation**

39. COPFS is committed to effective communication with its employees and does this by means of office circulars, in-house newsletters, the intranet, and regular team briefing. In addition, there is ongoing dialogue with Trade Union representatives under recognised procedures.

## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT** *(continued)*

#### **Health, Safety and the Environment**

40. COPFS aims to provide a safe and healthy working environment for all staff and, so far as is reasonably practicable, have systems and procedures in place which will ensure that all equipment, plant and premises are safe and free from adverse effects to health. We apply the Scottish Government's Health and Safety Management Systems and procedures and we have a Health and Safety Committee, as well as trained Health and Safety Liaison Officers to provide support services and advice to staff. We work in partnership with Trade Union representatives to address any safety issues and help to encourage a pro-active safety culture.

41. The Service is committed to improving environmental performance as part of our wider commitment to sustainable development. We recognise our legal and ethical responsibilities to protect and enhance the environment and are working towards sustainable practices in the use and disposal of materials, energy, and transport and landscape management.

#### **Other Disclosures**

##### **Payment Policy**

42. COPFS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. The Crown Office and Procurator Fiscal Service aims to pay 100% of invoices, including disputed invoices once the dispute has been settled on time in these terms. Beyond this, in line with the Scottish Government, COPFS has, for many years, had a target for payment within 30 days. In 2009/10, performance against the 30 day target was 98.1%, (2008/09 97.9%). During the year ended 31 March 2009, following a Ministerial statement, COPFS aspired to pay all undisputed invoices within 10 days. During 2009/10 we paid 91.7% within the 10 day aspiration period (2008/09 95.0%). In 2009/10, in line with the Government Policy, no interest was paid under the terms of the Late Payment of Commercial Debt (Interest) Act.

#### **Significant changes in Property, Plant and Equipment and Intangible Assets**

43. The movements in property, plant and equipment and intangible assets are respectively set out in notes 5 and 6 to the accounts. There is no significant difference between the value of the assets shown in the accounts and their current market value.

#### **Post-Balance Sheet events**

44. There were no post-balance sheet events to report.

#### **Charitable donations**

45. No charitable donations were made.

## **Crown Office and Procurator Fiscal Service**

### **ANNUAL REPORT** *(continued)*

#### **Auditors**

46. The accounts of the Crown Office and Procurator Fiscal Service are audited by auditors appointed by the Auditor General for Scotland. KPMG LLP carried out the audit of the Service's accounts for the financial year ended 31 March 2010. The notional fee for this service was £107,900 (2008-09 £107,300), which relates solely to the provision of statutory audit services.

Remuneration paid to auditors for non-audit work is disclosed separately at note 3 in the Accounts.

#### **Disclosure of information to auditors**

47. As Accountable Officer, as far as I am aware, there is no relevant information of which the Crown Office and Procurator Fiscal Service's auditors are unaware. I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Service's auditors were aware of that information.

**Catherine Dyer**  
**Accountable Officer**  
**Date: 15<sup>th</sup> July 2010**

## **Crown Office and Procurator Fiscal Service**

### **REMUNERATION REPORT**

1. This report has been prepared in accordance with the provisions of the Companies Act 2006 in as far as it is judged relevant to the public sector. As in previous years, External Auditors are required to read all of the report and ensure that it is consistent with the financial statements but are required to audit only certain sections. The information that is presented in tabular format has been audited.

#### **Remuneration Policy**

2. The salaries of Scottish Government Ministers (including junior ministers) were established under section 81(1) and (2) of the Scotland Act 1998. They are paid through the Scottish Parliamentary Corporate Body (SPCB) and reflected in the SPCB's annual accounts ([www.scottish.parliament.uk](http://www.scottish.parliament.uk)).

3. The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk/iam/codes/csmc/index.asp](http://www.civilservice.gov.uk/iam/codes/csmc/index.asp)) and with independent advice from the Review Body on Senior Salaries (SSRB).

4. In reaching its recommendations, the SSRB is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on Departments to meet the output targets for the delivery of Departmental Services;
- the funds available to Departments as set out in the Government's Departmental Expenditure Limits; and
- the Government's inflation target.

5. Further information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com).

6. The level of remuneration received by all members of staff is dependent on satisfactory performance with additional payments available for exceptional performers. The standards required are outlined in our performance management system and staff are appraised on an ongoing basis with formal in-year and year-end reviews. All staff are subject to performance appraisal.

#### **Service Contracts / Appointments**

##### **Executive Members of the Management Board**

7. Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. These principles, as set out by the Committee on the Standards in Public Life (at the time known as The Nolan Committee), are also applied when appointments are made to Non-Executive Member posts.

8. Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## **Crown Office and Procurator Fiscal Service**

### **REMUNERATION REPORT** *(continued)*

9. The appointment of the Crown Agent and Chief Executive was approved by the Permanent Secretary of the Scottish Government. The appointment is for an indefinite period under the terms of the Senior Civil Service contract and may be terminated under the terms of the Civil Service Management Code.

10. Other members of the Management Board are appointed for an indefinite period under the terms of the Senior Civil Service contract and may be terminated under the terms of the Civil Service Management Code.

11. The members of the Management Board covered by this report hold appointments which are open-ended until they reach the normal retiring age of 65. The rules for termination are set out at Chapter 11 of the Civil Service Management Code. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

### **Non-Executive members of the Management Board and Audit Committee**

12. The Management Board includes, and the Audit Committee consists solely of, independent Non-Executive Members. Responsibility for the appointment of Non-Executive Members transferred to the Permanent Secretary of the Scottish Government during 2009/10 and the following reappointments were subsequently made:

- Bill Matthews was reappointed Chair and Non Executive Member of the Audit Committee until 31<sup>st</sup> July 2010;
- Bill Hughes was reappointed as a Non Executive Member of the Audit Committee until 31<sup>st</sup> August 2012; and
- Mary Wilson was reappointed as a Non Executive Member of the Audit Committee until 31<sup>st</sup> August 2010.

13. The Crown Office and Procurator Fiscal Service is already engaged with the Permanent Secretary's office in relation to the appointment of replacement Non-Executive Members this summer.

### **Remuneration**

#### **Ministers**

14. Ministers are paid, and their pensions are administered, by the Scottish Parliamentary body, whose accounts can be found at <http://www.scottish.parliament.uk/corporate/anrep-accts/accounts/index.htm>

#### **Executive Members of the Management Board**

#### **Salaries**

15. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The salary detailed reflects the salary for the period of the year the individual was a member of the Management Board.

## Crown Office and Procurator Fiscal Service

### REMUNERATION REPORT *(continued)*

#### Benefits in kind

16. The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument. In 2009-2010 this value was £nil (2008-2009: £nil).

#### Civil Service Pensions

17. Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 had the opportunity to choose between membership of the premium scheme or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account). However, from 30 July 2007, the premium scheme was closed to new members and the 'nuvos' defined benefit scheme opened to new entrants from that date.

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

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

20. Pension policy is covered under Accounting Policy 1.14 and the Remuneration Report above, covers pension liabilities for Ministers and Crown Office and Procurator Fiscal Service Senior Management. Further details about the Civil Service pension arrangements can be found at the website: [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

#### Cash Equivalent Transfer Values

21. The Cash Equivalent Transfer Value (CETV) is an actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total actual service as a civil servant, not just their service in a senior capacity to which disclosure applies.

## Crown Office and Procurator Fiscal Service

### REMUNERATION REPORT *(continued)*

22. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme. It also includes any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction in benefits resulting from lifetime allowance tax which may be due when pension benefits are drawn.

#### Real Increase in CETV

23. This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

24. The CETV information for inclusion in the accounts was provided by the Department for Work and Pensions. The CETV opening/closing positions are as per the dates shown in the salary table below for those joining/leaving the scheme.

#### Remuneration of Non-Executive Members

25. Our Non-Executive members are non salaried but receive a fee and expenses in line with their duties.

#### Audited Information

##### Remuneration

##### Ministers

26. The salary, pension entitlements and value of any taxable benefits in kind for the Ministers of the Crown Office and Procurator Fiscal Service and members of the Management Board for the year ending 31<sup>st</sup> March 2010 were as follows:

|  | <b>2009-10<br/>Ministerial<br/>Salary*<br/>£</b> | <b>2008-09<br/>Ministerial<br/>Salary<br/>£</b> |
|--|--|---|
| <b>Mrs E Angiolini QC</b><br>Lord Advocate         | 112,309  | 111,092   |
| <b>Mr Frank Mulholland QC</b><br>Solicitor General | 96,904   | 95,733  |

Salaries for the Law Officers are payable by the Scottish Parliament under Chapter 46, Section 81 of the Scotland Act 1998 and in accordance with the Scottish Parliamentary Salaries Scheme which has passed by a resolution of the Parliament on a free vote on 21 March 2002.

\* For 2009-10 the Scottish Government Ministers agreed that they would freeze their pay level. However, the Salaries Scheme does not give the power to withhold an annual increase. To achieve the required reduction, the pay increase for 2009-10 was therefore deducted from the Law Officer's net salaries and repaid to the Scottish Consolidated Fund.

## Crown Office and Procurator Fiscal Service

### REMUNERATION REPORT *(continued)*

|  | <b>Accrued pension at age 65 as at 31 March 2010</b><br>£000s | <b>Real increase in pension at age 65</b><br>£000s | <b>CETV at 31 March 2010</b><br>£000s | <b>CETV at 31 March 2009</b><br>£000s | <b>Real increase of CETV</b><br>£000s |
|--|---|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Ministers</b>                                   |   |  |                                       |                                       |                                       |
| <b>Mrs E Angiolini QC</b><br>Lord Advocate         | 15-20   | 0-2.5  | 226                                   | 183                                   | 34                                    |
| <b>Mr Frank Mulholland QC</b><br>Solicitor General | 5-10  | 0-2.5  | 69                                    | 41                                    | 26                                    |

27. The Ministers are members of the Scottish Parliamentary Pension Scheme.

|                          | <b>Accrued pension at age 60 at 31/03/10 and related lump sum</b><br>£000 | <b>Real increase in pension and related lump sum at age 60</b><br>£000 | <b>CETV at 31/03/2010</b><br>£000 | <b>CETV at 31/03/2009</b><br>£000 | <b>Real increase of CETV</b><br>£000 |
|--------------------------|---|--|-----------------------------------|-----------------------------------|--------------------------------------|
| <b>Senior Managers</b>   |   |  |                                   |                                   |                                      |
| <b>Mrs C Dyer</b>        | 25-30<br>plus lump sum of 75-80   | 2.5-5<br>plus lump sum of 7.5-10                                       | 474                               | 398                               | 50                                   |
| <b>Mr N McFadyen CBE</b> | 50-55<br>plus lump sum of 160-165   | 0-2.5<br>plus lump sum of 5-7.5  | 1,134                             | 1,010                             | 49                                   |
| <b>Mr J Dunn</b>         | 25-30<br>plus lump sum of 75-80   | 0-2.5<br>plus lump sum of 5-7.5  | 472                               | 415                               | 32                                   |
| <b>Mr P Collings</b>     | 45-50<br>plus lump sum of 140-145   | 0-2.5<br>plus lump sum of 5-7.5  | 1,134                             | 1,032                             | 47                                   |
| <b>Ms L Thomson</b>      | 25-30<br>plus lump sum of 85-90   | 0-2.5<br>plus lump sum of 5-7.5  | 534                               | 459                               | 43                                   |
| <b>Ms M McLaughlin</b>   | 20-25<br>plus lump sum of 65-70   | 0-2.5<br>plus lump sum of 5-7.5  | 347                               | 290                               | 37                                   |
| <b>Ms J Irvine</b>       | 5-10<br>no lump sum   | 0-2.5<br>no lump sum   | 148                               | 121                               | 17                                   |



## Crown Office and Procurator Fiscal Service

### REMUNERATION REPORT *(continued)*

#### Senior Managers' Salaries

|   | <b>2009-10<br/>Salary<br/>including<br/>performance<br/>pay</b> | <b>2008-09<br/>Salary<br/>including<br/>performance<br/>pay</b> |
|---|---|---|
| <b>Senior Managers</b>  | £000's  | £000's  |
| <b>Mrs C Dyer</b><br>Crown Agent & Chief Executive from 22/02/10<br>Chief of Strategic Delivery to 21/02/10 | 105-110   | 95-100  |
| <b>Mr N McFadyen CBE</b><br>Crown Agent & Chief Executive to 21/02/10                                       | 130-135   | 135-140   |
| <b>Mr J Dunn</b>  | 100-105   | 95-100  |
| <b>Mr P Collings</b>  | 115-120   | 115-120   |
| <b>Ms L Thomson</b>   | 100-105   | 95-100  |
| <b>Ms M McLaughlin</b>  | 90-95   | 90-95   |
| <b>Ms J Irvine</b>  | 70-75   | 65-70   |

#### The fees for Non-Executive members of the management Board were as follows:

|                       |   |      |
|-----------------------|---|------|
| <b>Mr W Matthews</b>  | 5-10  | 5-10 |
| <b>Mr R Gordon CB</b> | Mr Gordon, Director General for Constitutional and Corporate change, was appointed as a Non-Executive member on 6 December 2004. He receives no direct remuneration from COPFS for this role. His salary as an employee of the Scottish Government is disclosed in the Scottish Government's Consolidated Accounts. |      |

**Catherine Dyer**  
**Accountable Officer**

**Date: 15<sup>th</sup> July 2010**

## **Crown Office and Procurator Fiscal Service**

### **STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

In accordance with an accounts direction issued under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 the Service is required to prepare resource accounts for each financial year in the form and on the basis set out in the Financial Reporting Manual (FReM), detailing the resources acquired, held, or disposed of during the year and the use of resources by the Service during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Service, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Crown Agent and Chief Executive is the Accountable Officer, responsible for preparing the Service's accounts and transmitting them to the Auditor General for Scotland. The Crown Agent and Chief Executive was appointed as the Accountable Officer of the Crown Office and Procurator Fiscal Service by the Principal Accountable Officer for the Scottish Government.

In preparing the accounts the Accountable Officer was required to comply with the FReM and in particular to:

- observe the accounts direction including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which an Accountable Officer is answerable, for keeping proper records and for safeguarding the Service's assets, are set out in the *'Memorandum to Accountable Officers'* from the Principal Accountable Officer.

The Accountable Officer is responsible for the maintenance and integrity of the corporate and financial information included on the Service's website. Legislation in the UK governing the preparation and dissemination of the annual report and accounts may differ from legislation in other jurisdictions.

## **Crown Office and Procurator Fiscal Service**

### **STATEMENT ON INTERNAL CONTROL**

#### **Scope of Responsibility**

As Accountable Officer for the Service, I have responsibility for maintaining a sound system of internal control which supports the achievement of the Service's policies, aims and objectives, as set by Scottish Ministers, whilst safeguarding the public funds and the Service's assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

#### **The Purpose of the System of Internal Control**

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Service's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The general principles for a successful risk management strategy are set out in the Scottish Public Finance Manual.

The process within the Crown Office and Procurator Fiscal Service accords with the guidance from the Scottish Ministers and has been in place for the year ended 31 March 2010 and up to the date of approval of the annual accounts.

#### **The Risk and Control Framework**

The Crown Office and Procurator Fiscal Service operates risk management strategies in accordance with the Scottish Public Finance Manual. Risk management guidance is subject to annual review and update.

In the Crown Office and Procurator Fiscal Service, the Management Board oversees the effective management of risk. The Area Fiscals Group has a responsibility to ensure that risk is managed effectively across each Directorate and Fiscal Area and the Audit Committee has a responsibility to ensure that there is a review of the establishment and maintenance of an effective system of risk management and report to the Management Board. Area Procurators Fiscal and Group Heads, as budget holders, are responsible for the preparation and maintenance of risk registers for their span of control. This role includes assessing and monitoring risks and actions taken to manage risk and for ensuring that risk assessment is embedded into corporate and performance management, business planning and financial reporting processes. In addition the Service may have in existence at any time in the year, risk registers based on specific programmes, policies and projects.

## **Crown Office and Procurator Fiscal Service**

### **STATEMENT ON INTERNAL CONTROL** *(continued)*

The Crown Office and Procurator Fiscal Service is committed to a process of continuous development and improvement as we continue to develop our systems and respond to developments in best practice. Examples include:

- Improved Management Information reports to Management Board, Corporate Issues Sub-Group, Area Fiscal Group and Area Business Managers;
- Significant improvement in data integrity and use of the MI toolkit;
- Robust Business Continuity Plans and Counter-Terrorism plans;
- Risk management taking a much higher profile across all areas of the Service;
- Continued improvement in the area of criminal confiscation and civil recovery;
- HR's launch of the Managers' Charter;
- the introduction of an effective absence management programme, which has reduced average absences by 10%;
- the IIP reaccreditation of Silver Status;
- the ISD led implementation of phase 1 of the new ITIL help desk;
- Significant efficient government savings from use of best practice in procurement;
- Finance site visits to communicate on budget management; risk; propriety and fraud; and
- Development of a Project Tracker system in Estates.

The Crown Office and Procurator Fiscal Service Audit Committee membership is comprised entirely of Non-Executive Members and is chaired by a non-executive member of the Board.

### **Review of Effectiveness**

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- a Management Board which meets monthly to consider the plans and strategic direction of the Service (the board comprises senior members of the Service and non-executive members);
- a Corporate Issues Sub-Group, comprising Corporate Directors, Area Fiscals and Area Business Managers, which meets monthly with the remit to ensure that the Crown Office and Procurator Fiscal Service is organised and managed in the most effective way and to ensure that our corporate service policies and ways of working best meet the business needs of the Service.
- the work of the internal auditors, who submit to the Audit Committee regular reports which include Internal Audit's independent opinion on the adequacy and effectiveness of the Service's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letter and other reports;
- reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key objectives; and
- stewardship reports and certificates of assurance received from Corporate Group Heads and Area Procurators Fiscal. In 2009-10 there was one significant breach of COPFS IT access policies. An employee as part of their job, was required to look at serious cases across Scotland, however under monitoring of the usage of this information, breaches had been identified and as a result, the employee is no longer with the organisation.

## **Crown Office and Procurator Fiscal Service**

### **STATEMENT ON INTERNAL CONTROL** *(continued)*

Appropriate action is in place to address all other (minor) weaknesses identified and to ensure the continuous improvement of the system.

**Catherine Dyer**  
**Accountable Officer**

**Date: 15<sup>th</sup> July 2010**

## **INDEPENDENT AUDITORS' REPORT TO THE SCOTTISH PARLIAMENT AND THE AUDITOR GENERAL FOR SCOTLAND (CONTINUED)**

We have audited the accounts of the Crown Office and Procurator Fiscal Service for the year ended 31 March 2010 under the Public Finance and Accountability (Scotland) Act 2000. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity, Resources by Service's Aims and Objectives and the related notes. These accounts have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the Crown Office and Procurator Fiscal Service and to the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditors' report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland, this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Crown Office and Procurator Fiscal Service and the Auditor General for Scotland, for this report, or the opinions we have formed.

### **Respective responsibilities of the Crown Office and Procurator Fiscal Service, Accountable Officer and auditor**

The Crown Office and Procurator Fiscal Service and Accountable Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the accounts in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Accountable Officer is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the accounts and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the Management Commentary and the part of the Remuneration Report that is not audited, included in the Annual Report, is consistent with the accounts. We also report whether in all material respects:

- the expenditure and receipts shown in the accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the accounts were applied in accordance with section 65 of the Scotland Act 1998.

In addition, we report to you if, in our opinion, the Crown Office and Procurator Fiscal Service has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the Crown Office and Procurator Fiscal Service's compliance with Scottish Government guidance and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Management Commentary and the part of the Remuneration Report that is not audited. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

## **Crown Office and Procurator Fiscal Service**

### **Basis of audit opinion**

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the accounts and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Crown Office and Procurator Fiscal Service and Accountable Officer in the preparation of the accounts, and of whether the accounting policies are most appropriate to the Crown Office and Procurator Fiscal Service's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the Remuneration Report to be audited.

### **Opinions**

#### *Accounts*

In our opinion

- the accounts give a true and fair view, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Crown Office and Procurator Fiscal Service as at 31 March 2010 and the net operating cost, resources applied to service aims and objectives, changes in taxpayers' equity and cash flows for the year then ended;
- the accounts and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- information which comprises the Management Commentary and the part of the Remuneration Report that is not audited, included with the Annual Report, is consistent with the accounts.

#### *Regularity*

In our opinion in all material respects

- the expenditure and receipts shown in the accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the accounts were applied in accordance with section 65 of the Scotland Act 1998.

**DJ Watt**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE OPERATING COST STATEMENT

For the year ended 31st March 2010

|                                 |      | 2009-2010      | 2008-2009 |
|---------------------------------|------|----------------|-----------|
|                                 | Note | £ ' 000        | £ ' 000   |
| <b>Administration Costs</b>     |      |                |           |
| Staff costs                     | 2    | 66,715         | 60,780    |
| Other Administration Costs      | 3    | 46,862         | 43,222    |
|                                 |      | <b>113,577</b> | 104,002   |
| Operating income applied        | 4    | (573)          | (330)     |
| <b>Net Administration Costs</b> |      | <b>113,004</b> | 103,672   |
| <b>Programme Costs</b>          |      |                |           |
| Expenditure                     |      | 0              | 0         |
| Less: income                    |      | 0              | 0         |
| <b>Net Programme Costs</b>      |      | 0              | 0         |
| <b>Total Outturn</b>            |      | <b>113,004</b> | 103,672   |

The above results relate to continuing activities.

The notes on pages 29 to 54 form part of these accounts.



## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE BALANCE SHEET

As at 31st March 2010

|   | Note | 2010<br>£'000   | 2009<br>£'000   | 2008<br>£'000   |
|---|------|-----------------|-----------------|-----------------|
| <b>Non-Current Assets</b>                             |      |                 |                 |                 |
| Property, Plant and Equipment                         | 5    | 27,299          | 26,544          | 25,674          |
| Intangible Assets                                     | 6    | 5,874           | 5,213           | 5,370           |
| Trade and Other Receivables due in more than one year | 9    | 0               | 1               | 2               |
| <b>Total Non-Current Assets</b>                       |      | <b>33,173</b>   | <b>31,758</b>   | <b>31,046</b>   |
| <b>Current Assets</b>                                 |      |                 |                 |                 |
| Assets Classified as Held for Sale                    | 7    | 0               | 0               | 0               |
| Inventories   | 8    | 0               | 0               | 0               |
| Trade and Other Receivables                           | 9    | 2,886           | 2,171           | 1,961           |
| Cash and Cash Equivalents                             | 10   | 2,581           | 2,559           | 2,253           |
| <b>Total Current Assets</b>                           |      | <b>5,467</b>    | <b>4,730</b>    | <b>4,214</b>    |
| <b>Total Assets</b>                                   |      | <b>38,640</b>   | <b>36,488</b>   | <b>35,260</b>   |
| <b>Current Liabilities</b>                            |      |                 |                 |                 |
| Trade and Other Payables                              | 11   | (14,081)        | (12,242)        | (11,217)        |
| Provisions for Liabilities and Charges                | 13   | (757)           | (841)           | (383)           |
| <b>Total Current Liabilities</b>                      |      | <b>(14,838)</b> | <b>(13,083)</b> | <b>(11,600)</b> |
| <b>Total Assets less Current Liabilities</b>          |      | <b>23,802</b>   | <b>23,405</b>   | <b>23,660</b>   |
| <b>Non-Current Liabilities (&gt; 1 year)</b>          |      |                 |                 |                 |
| Trade and Other Payables                              | 11   | (5,228)         | (5,303)         | (5,365)         |
| Provisions for Liabilities and Charges                | 13   | (1,159)         | (1,174)         | (562)           |
| <b>Total Non-Current Liabilities</b>                  |      | <b>(6,387)</b>  | <b>(6,477)</b>  | <b>(5,927)</b>  |
| <b>Assets less Liabilities</b>                        |      | <b>17,415</b>   | <b>16,928</b>   | <b>17,733</b>   |
| <b>Taxpayers' Equity</b>                              |      |                 |                 |                 |
| General Fund  |      | (9,637)         | (9,206)         | (9,759)         |
| Revaluation Reserve                                   |      | (7,778)         | (7,722)         | (7,974)         |
| Donated Assets Reserve                                |      | 0               | 0               | 0               |
| European Union Grant Reserve                          |      | 0               | 0               | 0               |
| <b>Total Taxpayers' Equity</b>                        |      | <b>(17,415)</b> | <b>(16,928)</b> | <b>(17,733)</b> |

The notes on pages 29 to 54 form part of these accounts.

**Catherine Dyer**  
Accountable Officer

Date: 15<sup>th</sup> July 2010

## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE CASH FLOW STATEMENT

For the year ended 31st March 2010

|  | Note | 2009-2010<br>£'000 | 2008-2009<br>£'000 |
|--|------|--------------------|--------------------|
| Net cash outflow from operating activities                           | (A)  | <b>(107,764)</b>   | <b>(96,989)</b>    |
| Net cash outflows from investment activities                         | (B)  | (4,939)            | (5,373)            |
| Payments to the SCF for income not applied                           |      | 225                | (832)              |
| Cash flows from financing activities                                 | (C)  | 112,500            | 103,500            |
| Increase in cash in the period                                       |      | <b>22</b>          | <b>306</b>         |
| <b>(A) Reconciliation of operating costs to operating cash flows</b> |      |                    |                    |
| Net operating cost   |      | 113,004            | 103,672            |
| Adjust for non-cash transactions                                     |      | (5,326)            | (4,904)            |
| Increase/(decrease) in inventories                                   |      | 0                  | 0                  |
| Increase/(decrease) in receivables and other current assets          |      | 714                | 209                |
| (Increase)/decrease in trade and other payables                      |      | (727)              | (918)              |
| (Increase)/decrease in provisions                                    |      | 99                 | (1,070)            |
| Interest receivable  |      | 0                  | 0                  |
| <b>Net cash outflow from operating activities</b>                    |      | <b>107,764</b>     | <b>96,989</b>      |
| <b>(B) Analysis of cash flows from investment activities</b>         |      |                    |                    |
| Purchase of property, plant and equipment                            |      | 2,915              | 3,492              |
| Purchase of intangible assets  |      | 3,039              | 1,629              |
| Adjustment for movement in working capital                           |      | (1,015)            | 261                |
| Proceeds of disposal of property, plant and equipment                |      | 0                  | (8)                |
| Proceeds of disposal of intangible assets                            |      | 0                  | (1)                |
| <b>Net cash outflow from investment activities</b>                   |      | <b>4,939</b>       | <b>5,373</b>       |
| <b>(C) Analysis of cash flows from financing activities</b>          |      |                    |                    |
| From Scottish Consolidated Fund                                      |      | 112,500            | 103,500            |
| National Insurance Contributions                                     |      | 0                  | 0                  |
| Surrender of excess capital receipts                                 |      | 0                  | 0                  |
| <b>Cash flows from financing activities</b>                          |      | <b>112,500</b>     | <b>103,500</b>     |
| <b>(Increase)/decrease in cash and cash equivalents</b>              |      | <b>(22)</b>        | <b>(306)</b>       |
| Net cash and cash equivalents requirement                            |      | <b>112,478</b>     | <b>103,194</b>     |

The notes on pages 29 to 54 form part of these accounts.

## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE Statement of Changes in Taxpayers' Equity

For the year ended 31st March 2010

|  | Note | General Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>Reserves<br>£'000 |
|--|------|-----------------------|---------------------------------|----------------------------|
| <b>Balance at 31st March 2009</b>                                  |      | <b>9,206</b>          | <b>7,722</b>                    | <b>16,928</b>              |
| Net gain/(loss) on revaluation of<br>Property, Plant and Equipment | 5    | 0                     | 139                             | 139                        |
| Net gain/(loss) on revaluation of Intangibles                      | 6    | 0                     | 0                               | 0                          |
| Release of reserves to Operating Cost Statement                    |      | 0                     | (83)                            | (83)                       |
| Non cash charges - Cost of Capital                                 | 3    | 624                   | 0                               | 624                        |
| Non cash charges - Auditor's Remuneration                          | 3    | 108                   | 0                               | 108                        |
| Transfers between reserves   |      | 0                     | 0                               | 0                          |
| Net operating cost for the year                                    |      | (113,004)             | 0                               | (113,004)                  |
| <b>Total recognised income and expense for 2009-2010</b>           |      | <b>(103,066)</b>      | <b>7,778</b>                    | <b>(95,288)</b>            |
| Parliamentary Funding  |      | 112,500               | 0                               | 112,500                    |
| Movement of balance with the SCF                                   |      | 203                   | 0                               | 203                        |
| <b>Balance at 31st March 2010</b>                                  |      | <b>9,637</b>          | <b>7,778</b>                    | <b>17,415</b>              |

The notes on pages 29 to 54 form part of these accounts.

## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE

#### Statement of Changes in Taxpayers' Equity

for the year ended 31st March 2009

|  | Note | General Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>Reserves<br>£'000 |
|--|------|-----------------------|---------------------------------|----------------------------|
| <b>Balance at 31st March 2008</b>                                  |      | 14,019                | 3,575                           | 17,594                     |
| <b>IFRS Adjustments</b>  | 25   | (4,260)               | 4,399                           | 139                        |
| <b>Balance at 1st April 2008</b>                                   |      | 9,759                 | 7,974                           | 17,733                     |
| Net gain/(loss) on revaluation of<br>Property, Plant and Equipment | 5    | 0                     | (299)                           | (299)                      |
| Net gain/(loss) on revaluation of Intangibles                      | 6    | 0                     | 0                               | 0                          |
| Release of reserves to Operating Cost Statement                    |      | 0                     | 53                              | 53                         |
| Non cash charges - Cost of Capital                                 | 3    | 645                   | 0                               | 645                        |
| Non cash charges - Auditor's Remuneration                          | 3    | 108                   | 0                               | 108                        |
| Transfers between reserves   |      | 6                     | (6)                             | 0                          |
| Net operating cost for the year                                    |      | (103,672)             | 0                               | (103,672)                  |
| <b>Total recognised income and expense for 2008-2009</b>           |      | (93,154)              | 7,722                           | (85,432)                   |
| Parliamentary Funding  |      | 103,500               | 0                               | 103,500                    |
| Movement of balance with the SCF                                   |      | (1,140)               | 0                               | (1,140)                    |
| <b>Balance at 31st March 2009</b>                                  |      | 9,206                 | 7,722                           | 16,928                     |

The notes on pages 29 to 54 form part of these accounts.

## Crown Office and Procurator Fiscal Service

### CROWN OFFICE AND PROCURATOR FISCAL SERVICE RESOURCES BY SERVICES' AIMS AND OBJECTIVES

for the year ended 31st March 2010

|  | <b>Gross</b>                             | <b>2009-2010<br/>Income</b> | <b>Net</b>                               | <b>2008-2009<br/>Net</b>                |
|--|--|-----------------------------|--|---|
| <b>Aim</b>   | £ ' 000                                  | £ ' 000                     | £ ' 000                                  | £ ' 000                                 |
| <p>To provide an independent, modern prosecuting service which is committed to professional excellence, pursues cases fairly and consistently in the public interest and is responsive to the public's needs</p> <p><b>Objectives</b></p> <p>To improve the delivery of justice by timely, efficient and effective investigation and prosecution of crime. To support stronger, safer communities by securing public confidence, including that of ethnic minorities, in the prosecution system. To give priority to the prosecution of serious crime, including drugs trafficking and persistent offenders.</p> <p>To provide services which meet the information needs of victims, witnesses and next of kin, in co-operation with other agencies.</p> <p>To ensure that all deaths reported to the Procurator Fiscal are investigated appropriately and speedily.</p> | <p>106,302</p> <p>2,846</p> <p>4,429</p> | <p>(573)</p>                | <p>105,729</p> <p>2,846</p> <p>4,429</p> | <p>97,030</p> <p>2,586</p> <p>4,056</p> |
| <b>Net Operating Costs</b>   | 113,577                                  | (573)                       | 113,004                                  | 103,672                                 |

The notes on pages 29 to 54 form part of these accounts.

## Crown Office and Procurator Fiscal Service

### NOTES TO THE ACCOUNTS

#### 1. Statement of Accounting Policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 55) these accounts have been prepared in compliance with the principles and disclosure requirements of the *Government Financial Reporting Manual*, which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by the Crown Office and Procurator Fiscal Service are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. The fundamental accounting concepts of going concern and accruals have been applied consistently.

##### 1.1 Basis of Accounting

The accounts of the Crown Office and Procurator Fiscal Service form part of the resource accounting departmental boundary of the Scottish Government and will be incorporated in the Scottish Government's Consolidated IFRS Accounts.

##### 1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

##### 1.3 Change of Accounting Policy – First Time Adoption

These accounts have been prepared under First Year Adoption rules for International Financial Reporting Standards. Restated IFRS based shadow accounts were prepared in 2008-09, resulting in comparatives being restated from UK Generally Accepted Accounting Policy (UK GAAP) where required. The reconciliation to IFRS from the previously published UK GAAP accounts is summarised at Note 25, First Time Adoption.

The date of adoption to IFRS was 1<sup>st</sup> April 2008.

New Financial Instruments Standards FRS 25, FRS 26 and FRS 29 as interpreted and adapted by the Government Financial Reporting Manual (FRM) were adopted under UK GAAP in 2008-09. These standards are identical to their equivalent IFRS standards, IAS 32, IAS 39 and IFRS 7. Therefore, the accounts have not been restated for financial instruments.

## **Crown Office and Procurator Fiscal Service**

### **1.4 Property, Plant and Equipment (PPE)**

#### **Recognition**

All PPE assets have been accounted for as non-current assets unless they are deemed as held-for-sale (see 1.7 below)

Title to the freehold land and buildings shown in the accounts is held by the Lord Advocate. From 1 April 1996 the Crown Office assumed responsibility as principal for this accommodation in its capacity as 'major occupier', pursuant to the reorganisation of the management of the Civil Estate. The property which the Service so occupies is therefore capitalised and appears on the Service's balance sheet.

#### **Valuation**

Freehold land and buildings have been stated at fair value using open market value under a rolling 5-year programme of professional valuations, with desk top valuations in intervening years. From 1 April 2007 other non-current assets that have short useful lives or low values or both are no longer revalued using indices but are reported as depreciated historic cost as a proxy for fair value.

Losses in value reflected in valuations are accounted for in accordance with IAS 36, Impairment of Assets. The consumption of economic benefits is taken to the revaluation reserve to the extent of any previous gain and any further loss is charged to the Outturn Statement.

#### **Capitalisation**

The minimum level for capitalisation of a property, plant, or equipment asset is £5,000 per individual item with the exception of ICT, which is capitalised on a grouped basis.

#### **Subsequent Cost**

Subsequent costs are included in the assets carrying amount, only when it is probable that the future economic benefits associated with the item will flow to the Crown Office and Procurator Fiscal Service and the value can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Operating Cost Statement during the financial period to which they are incurred.

### **1.5 Intangible Assets**

Software, valued at cost, has been treated in the accounts as intangible and amortised on a straight line basis over the expected life of the asset (normally 3 years). Software under development is capitalised at cost and is not subject to depreciation until the asset is brought into use.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

## Crown Office and Procurator Fiscal Service

### 1.6 Depreciation

Freehold Land is not depreciated.

Depreciation is provided at a rate calculated to write off the valuation of freehold buildings and other property, plant and equipment by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

|                         |               |
|-------------------------|---------------|
| Freehold buildings      | 5 to 55 years |
| Equipment and computers | 3 to 10 years |
| Vehicles                | 4 to 5 years  |
| Telephone systems       | 12.5 years    |
| Software bought         | 3 years       |
| Software developed      | 3-5 years     |

### 1.7 Assets Held for Sale

An asset is derecognised and held for sale under IFRS 5 when the following requirements are met:

- It is available for immediate sale
- A plan is in place, supported by management, and steps have been taken to sell the asset
- It is actively marketed and there is an expectation that the sale will be made in less than 12 months.

Assets held for sale include assets where the Crown Office and Procurator Fiscal Service intend and expects to sell within one year from the date of classification of held for sale. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

### 1.8 Operating Income

Operating income is income which relates directly to the operating activities of the Crown Office and Procurator Fiscal Service. It includes income applied without limit and income applied within limit. For income categorised as being applied within limit any excess over that approved, is surrendered to the Scottish Consolidated Fund (SCF).

### 1.9 Non Operating Income

Income from Fines and Fixed Penalties is recorded on a cash basis.

### 1.10 Administration and Programme Expenditure

The outturn statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Crown Office and Procurator Fiscal Service as defined under the administration cost control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. The Service has no programme related expenditure.



## **Crown Office and Procurator Fiscal Service**

### **1.11 Cost of Capital Charge**

A charge, reflecting the cost of capital utilised by the Crown Office and Procurator Fiscal Service, is included in the outturn statement. The charge is calculated on the average value of all assets less liabilities at the Government's standard rate of 3.5% in real terms, except for cash balances with the Office of the Paymaster General and amounts to be paid to and from the Scottish Consolidated Fund where the charge will be at a nil rate.

### **1.12 Parliamentary Funding**

COPFS is largely funded by monies awarded via the Budget Bill which is passed by the Scottish Parliament. This is treated as grant rather than income. This method of presentation is intended to ensure transparency and clarity.

### **1.13 Foreign Currency**

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Foreign currency imprests are translated into sterling at the exchange rate ruling at the time of funding.

### **1.14 Employee Benefits**

#### *Retirement Benefits*

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded. Departments, agencies and other bodies covered by the PCSPS recognise the expected cost of providing pensions for their employees on a systematic and rational basis over the period during which it benefits from their services by payment to the PCSPS of amounts calculated on an accruing basis. (Relevant disclosures are reported in Note 2.) Liability for the payment of future benefits is a charge to the PCSPS. There is a separate scheme statement for the PCSPS as a whole. Ministers are covered by the provisions of the Scottish Parliamentary Pension Scheme which is contributory and funded.

#### *Short Term Employee Benefits*

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for employee benefits earned but not taken.

### **1.15 Provisions**

Provisions are recognised when the Crown Office and Procurator Fiscal Service has a present or constructive obligation as a result of past events, it is probably that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate set by HM Treasury. The increase in the provision due to passage of time is recognised as an expense.

## **Crown Office and Procurator Fiscal Service**

### **1.16 Leases**

Where Crown Office and Procurator Fiscal Service bears substantially all of the risks and rewards of owning the leased item is accounted for as a finance lease under IAS17 Leases. IAS17 does not set a quantitative test for assessing the transfer of risks and rewards of ownership. Finance leases are capitalised at the start of the lease term at the fair value of the leased asset, or if lower, the present value of future lease payments is used a proxy for the purposes of the value of asset and the associated financial liability. Property, plant and equipment and financial liabilities associated with finance leases are recognised and valued on the same basis as other property, plant and equipment and financial liabilities as set out in the relevant accounting policies.

Lease payments are apportioned between the finance charges and the lease liability in order to achieve a constant rate of interest on the remaining balance of the liability. Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

Leases where post of the risks and rewards of ownership of the asset remain with the lessor are classified as operating leases. Rentals payable in respect of operating leases will be charged to the outturn statement on a straight line basis over the term of the lease.

### **1.17 Value Added Tax (VAT)**

The majority of services provided by the Crown Office and Procurator Fiscal Service fall outside the scope of VAT. The Service can recover VAT on certain contracted-out services. Income and expenditure are shown in the accounts net of VAT.

### **1.18 Financial Instruments**

The Crown Office and Procurator Fiscal Service has no material deposits and all material assets and liabilities are denominated in sterling. The Crown Office and Procurator Fiscal Service is therefore not exposed to interest rate or currency risk.

The classification of financial assets is determined on initial recognition and comprises only receivables with fixed or determinate payments. Financial assets include other receivables and cash at bank in the balance sheet. Receivables are recognised at fair value less any provision for non-recovery, which is charged to the Operating Cost Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been substantially transferred from Crown Office and Procurator Fiscal Service.

The Crown Office and Procurator Fiscal Service has no borrowings and relies primarily on funding from the Scottish Consolidated Fund for its cash requirements. The Crown Office and Procurator Fiscal Service is therefore not exposed to liquidity risks.

Financial liabilities are classified at the point of initial recognition and comprise trade and other payables. Financial liabilities are valued at fair value and derecognised when they have been extinguished i.e. discharged, cancelled or expired.

## **Crown Office and Procurator Fiscal Service**

### **1.19 Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **1.20 Trade Payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **1.21 Segmental Reporting**

The Crown Office and Procurator Fiscal Service does not report to its Management Board on a segmental basis. Rather, it produces quarterly financial reports to the Management Board for the Service as a whole but with a sub-analysis by expenditure type. This is considered the most suitable method of reporting to and informing the Management Board, which includes the Accountable Officer, who is considered to be the Chief Operating Decision-Maker.

### **1.22 Critical Accounting Estimates and Judgements**

The preparation of the accounts in conformity with IFRS requires the board and Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the accounts is as follows:

#### *Valuation of property, plant and equipment*

Freehold land and buildings have been stated at fair value using open market value under a rolling 5-year programme of professional valuations, with desk top valuations in intervening years. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors, (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of HM Treasury's Financial Reporting Manual.

#### *Early Departure Costs*

The Crown Office and Procurator Fiscal Service is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Service provides in full for this cost when a decision has been made. In 2009-10 the HM Treasury discount factor reduced from 2.2% to 1.8% and the new rate has been applied to provisions.

## Crown Office and Procurator Fiscal Service

### 2 Staff Costs and Numbers

| 2a Staff costs consist of:                        | 2009-2010<br>£ ' 000 |               |            | 2008-2009<br>£ ' 000 |               |            |
|---|----------------------|---------------|------------|----------------------|---------------|------------|
|   | Total                | Officials     | Ministers  | Total                | Officials     | Ministers  |
| Wages and Salaries                                | 54,038               | 53,829        | 209        | 48,711               | 48,504        | 207        |
| Social security costs                             | 4,166                | 4,142         | 24         | 3,761                | 3,737         | 24         |
| Other pension costs                               | 8,964                | 8,920         | 44         | 8,573                | 8,531         | 42         |
| <b>Sub-total</b>                                  | <b>67,168</b>        | <b>66,891</b> | <b>277</b> | <b>61,045</b>        | <b>60,772</b> | <b>273</b> |
| Inward secondments                                | 441                  | 441           | 0          | 447                  | 447           | 0          |
| Agency, temporary and contract staff              | 61                   | 61            | 0          | 220                  | 220           | 0          |
| <b>Total</b>                                      | <b>67,670</b>        | <b>67,393</b> | <b>277</b> | <b>61,712</b>        | <b>61,439</b> | <b>273</b> |
| Less recoveries in respect of outward secondments | (678)                | (678)         | 0          | (659)                | (659)         | 0          |
| <b>Total</b>                                      | <b>66,992</b>        | <b>66,715</b> | <b>277</b> | <b>61,053</b>        | <b>60,780</b> | <b>273</b> |

Ministers are paid directly by the Scottish Parliamentary Corporate Body.

### 2b The average number of whole-time equivalent persons employed on each objective (including Senior Management and Ministers) during the year was as follows:

| OBJECTIVE        | 2009-2010    |           |                   | 2008-2009                  |            |              |
|------------------|--------------|-----------|-------------------|----------------------------|------------|--------------|
|                  | Total        | Ministers | Senior Management | Permanently Employed Staff | Other      | Total        |
| 1 Prosecution    | 1,614        | 2         | 7                 | 1,472                      | 133        | 1,487        |
| 2 Victim Support | 95           |           |                   | 95                         | 0          | 91           |
| 3 Deaths         | 67           |           |                   | 63                         | 4          | 62           |
| <b>TOTAL</b>     | <b>1,776</b> | <b>2</b>  | <b>7</b>          | <b>1,630</b>               | <b>137</b> | <b>1,640</b> |

## **Crown Office and Procurator Fiscal Service**

### **Retirement Benefits**

The PCSPS is an unfunded multi-employer defined benefit scheme. The Crown Office and Procurator Fiscal Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31<sup>st</sup> March 2007. Details can be found in the accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2009-10, normal employer contributions of £8,922,307 were payable to the PCSPS (2008-09: £8,506,268) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred; and they reflect past experience of the scheme.

Employees joining after 1st October 2002, could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £13,848 (2008-09: £16,961) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,955, (0.8 per cent of pensionable pay), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (2008-09: £1,260).

## Crown Office and Procurator Fiscal Service

### 3 Other Administration Costs

|                                | 2009-2010<br>£ ' 000 | 2008-2009<br>£ ' 000 |
|--------------------------------|----------------------|----------------------|
| Travel & Subsistence           | 929                  | 1,063                |
| Training                       | 635                  | 544                  |
| Accommodation                  | 11,861               | 10,290               |
| Legal and Witness Costs        | 16,977               | 16,586               |
| Supplies and Services          | 9,551                | 7,336                |
| Early Departure Costs          | 836                  | 1,752                |
| Other Staff and Office Costs   | 665                  | 740                  |
| <b>Non-Cash Costs:</b>         |                      |                      |
| Audit fee                      | 108                  | 108                  |
| Cost of capital                | 624                  | 645                  |
| Impairment                     | 0                    | 53                   |
| Depreciation                   | 4,676                | 4,105                |
| <b>Total Other Admin Costs</b> | <b><u>46,862</u></b> | <b><u>43,222</u></b> |

Within Legal and Witness Costs for 2009-10 are £7,670 for non-audit services provided by the appointed auditor, KPMG LLP, (2008-09 £11,000).

### 4. Operating Income

|  | 2009-2010                    |                                     | 2008-2009                  |                  |
|--|------------------------------|-------------------------------------|----------------------------|------------------|
|  | Income<br>Applied<br>£ ' 000 | Income<br>Not<br>Applied<br>£ ' 000 | Total<br>Income<br>£ ' 000 | Total<br>£ ' 000 |
| Operating income analysed by classification and activity, is as follows: |                              |                                     |                            |                  |
| *Administration income:  |                              |                                     |                            |                  |
| allowable within admin cost limit  | 573                          | 0                                   | 573                        | 330              |
| included in the above:   |                              |                                     |                            |                  |
| Profit on sale of assets   | 96                           | 0                                   | 96                         | 7                |
| QLTR costs recharged   | 477                          | 0                                   | 477                        | 323              |
| Other income:  |                              |                                     |                            |                  |
| Fines and Fixed Penalties **   |                              | 4,650                               | 4,650                      | 10,867           |
| Civil Recovery income**  |                              | 946                                 | 946                        | 875              |
| Other income not applied   |                              | 0                                   | 0                          | 0                |

\* Retained income limit per the Budget Act is £600,000. (2008-2009 £600,000).

\*\*Collected on behalf of HM Treasury/Scottish Consolidated Fund. Treated as not applied.

## Crown Office and Procurator Fiscal Service

### 5 Property, Plant and Equipment

|  | Land<br>£'000 | Buildings<br>£'000 | Information<br>Technology<br>£'000 | Plant &<br>Machinery<br>£'000 | Vehicles<br>£'000 | Total<br>£'000 |
|--|---------------|--------------------|------------------------------------|-------------------------------|-------------------|----------------|
| <b><u>Cost or valuation</u></b>            |               |                    |                                    |                               |                   |                |
| At 1st April 2009                          | 1,490         | 23,416             | 5,105                              | 1,923                         | 341               | 32,275         |
| Additions                                  | 0             | 2,128              | 604                                | 135                           | 48                | 2,915          |
| Disposals                                  | 0             | 0                  | 0                                  | 0                             | (11)              | (11)           |
| Impairments                                |               |                    |                                    |                               |                   | 0              |
| Transfers                                  |               |                    |                                    |                               |                   | 0              |
| Revaluations                               | 0             | (43)               | 0                                  | 3                             | 0                 | (39)           |
| <b>At 31st March 2010</b>                  | <b>1,490</b>  | <b>25,501</b>      | <b>5,709</b>                       | <b>2,061</b>                  | <b>378</b>        | <b>35,139</b>  |
| <b><u>Depreciation</u></b>                 |               |                    |                                    |                               |                   |                |
| At 1st April 2009                          | 0             | (1,661)            | (3,144)                            | (753)                         | (173)             | (5,731)        |
| Charged in year                            | 0             | (1,218)            | (614)                              | (427)                         | (39)              | (2,298)        |
| Disposals                                  | 0             | 0                  | 0                                  | 0                             | 11                | 11             |
| Impairments                                |               |                    |                                    |                               |                   | 0              |
| Revaluations to outturn statement          |               |                    |                                    |                               |                   | 0              |
| Revaluations                               | 0             | 179                | 0                                  | (1)                           | 0                 | 178            |
| <b>At 31st March 2010</b>                  | <b>0</b>      | <b>(2,700)</b>     | <b>(3,758)</b>                     | <b>(1,181)</b>                | <b>(201)</b>      | <b>(7,840)</b> |
| <b><u>Net Book Value</u></b>               |               |                    |                                    |                               |                   |                |
| <b>At 31st March 2010</b>                  | <b>1,490</b>  | <b>22,801</b>      | <b>1,952</b>                       | <b>880</b>                    | <b>176</b>        | <b>27,299</b>  |
| At 31st March 2009                         | 1,490         | 21,755             | 1,961                              | 1,170                         | 168               | 26,544         |
| <b><u>Analysis of Asset financing:</u></b> |               |                    |                                    |                               |                   |                |
| Owned                                      | 1,490         | 5,920              | 1,952                              | 880                           | 176               | 10,418         |
| Leasehold Buildings                        |               | 9,948              |                                    |                               |                   | 9,948          |
| Finance Leases                             |               | 6,933              |                                    |                               |                   | 6,933          |
| <b>NBV at 31st March 2010</b>              | <b>1,490</b>  | <b>22,801</b>      | <b>1,952</b>                       | <b>880</b>                    | <b>176</b>        | <b>27,299</b>  |

Notes: Freehold Land, buildings and Plant were professionally valued at 31 March 2009 by BNP Paribas Real Estate Advisory & Property Management UK Limited (formerly Atis Real), as part of the conversion to IFRS, at existing use open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuers were external to the organisation. BNP Paribas Real Estate Advisory & Property Management UK Limited provided a desk-top valuation of the Crown Office and Procurator Fiscal Service's Freehold Land, Buildings and Plant as at 31 March 2010. Properties have been valued as fully-equipped operational entities.

## Crown Office and Procurator Fiscal Service

### 5a Property, Plant and Equipment Prior Year

|                                     | Land<br>£'000 | Buildings<br>£'000 | Information<br>Technology<br>£'000 | Plant &<br>Machinery<br>£'000 | Vehicles<br>£'000 | Total<br>£'000 |
|-------------------------------------|---------------|--------------------|------------------------------------|-------------------------------|-------------------|----------------|
| <b><u>Cost or valuation</u></b>     |               |                    |                                    |                               |                   |                |
| At 31st March 2008                  | 1,490         | 22,463             | 3,694                              | 1,400                         | 279               | 29,326         |
| Additions                           |               | 1,455              | 1,457                              | 518                           | 62                | 3,492          |
| Disposals                           |               |                    | (45)                               |                               |                   | (45)           |
| Impairments                         |               | 53                 |                                    |                               |                   | 53             |
| Transfers                           |               |                    |                                    |                               |                   | 0              |
| Revaluations                        |               | (555)              | (1)                                | 5                             |                   | (551)          |
| <b>At 31st March 2009</b>           | <b>1,490</b>  | <b>23,416</b>      | <b>5,105</b>                       | <b>1,923</b>                  | <b>341</b>        | <b>32,275</b>  |
| <b><u>Depreciation</u></b>          |               |                    |                                    |                               |                   |                |
| At 1st April 2008                   |               | (769)              | (2,293)                            | (417)                         | (172)             | (3,651)        |
| Charged in year                     |               | (1,091)            | (851)                              | (335)                         | (43)              | (2,320)        |
| Disposals                           |               |                    |                                    |                               | 42                | 42             |
| Impairments                         |               |                    |                                    |                               |                   | 0              |
| Revaluations to outturn statement   |               | (53)               |                                    |                               |                   | (53)           |
| Revaluations                        |               | 252                |                                    | (1)                           |                   | 251            |
| <b>At 31st March 2009</b>           | <b>0</b>      | <b>(1,661)</b>     | <b>(3,144)</b>                     | <b>(753)</b>                  | <b>(173)</b>      | <b>(5,731)</b> |
| <b><u>Net Book Value</u></b>        |               |                    |                                    |                               |                   |                |
| <b>At 31st March 2009</b>           | <b>1,490</b>  | <b>21,755</b>      | <b>1,961</b>                       | <b>1,170</b>                  | <b>168</b>        | <b>26,544</b>  |
| At 31st March 2008                  | 1,490         | 21,693             | 1,401                              | 983                           | 107               | 25,674         |
| <b>Analysis of Asset financing:</b> |               |                    |                                    |                               |                   |                |
| Owned                               | 1,490         | 5,895              | 1,961                              | 1,170                         | 168               | 10,684         |
| Leasehold Buildings                 |               | 8,634              |                                    |                               |                   | 8,634          |
| Finance Leases                      |               | 7,226              |                                    |                               |                   | 7,226          |
| <b>NBV at 31st March 2009</b>       | <b>1,490</b>  | <b>21,755</b>      | <b>1,961</b>                       | <b>1,170</b>                  | <b>168</b>        | <b>26,544</b>  |



## Crown Office and Procurator Fiscal Service

### 6 Intangible Assets

|                                 | Software<br>£'000 | Software under<br>Development<br>£'000 | Total<br>£'000 |
|---------------------------------|-------------------|--|----------------|
| <b><u>Cost or valuation</u></b> |                   |  |                |
| At 1st April 2009               | 10,945            | 1,102                                  | 12,047         |
| Additions                       | 820               | 2,219                                  | 3,039          |
| Reclassifications               | 661               | (661)                                  | 0              |
| <b>At 31st March 2010</b>       | <b>12,426</b>     | <b>2,660</b>                           | <b>15,086</b>  |
| <b><u>Amortisation</u></b>      |                   |  |                |
| At 1st April 2009               | (6,834)           | 0                                      | (6,834)        |
| Charged in year                 | (2,378)           | 0                                      | (2,378)        |
| Reclassifications               | 0                 | 0                                      | 0              |
| <b>At 31st March 2010</b>       | <b>(9,212)</b>    | <b>0</b>                               | <b>(9,212)</b> |
| <b><u>Net Book Value</u></b>    |                   |  |                |
| <b>At 31st March 2010</b>       | <b>3,214</b>      | <b>2,660</b>                           | <b>5,874</b>   |
| At 31st March 2009              | 4,111             | 1,102                                  | 5,213          |

### 6a Intangible Assets Prior Year

|                                 | Software<br>£'000 | Software under<br>Development<br>£'000 | Total<br>£'000 |
|---------------------------------|-------------------|--|----------------|
| <b><u>Cost or valuation</u></b> |                   |  |                |
| At 1st April 2008               | 10,227            | 191                                    | 10,418         |
| Additions                       | 527               | 1,102                                  | 1,629          |
| Reclassifications               | 191               | (191)                                  | 0              |
| <b>At 31st March 2009</b>       | <b>10,945</b>     | <b>1,102</b>                           | <b>12,047</b>  |
| <b><u>Amortisation</u></b>      |                   |  |                |
| At 1st April 2008               | (5,049)           | 0                                      | (5,049)        |
| Charged in year                 | (1,785)           | 0                                      | (1,785)        |
| Reclassifications               | 0                 | 0                                      | 0              |
| <b>At 31st March 2009</b>       | <b>(6,834)</b>    | <b>0</b>                               | <b>(6,834)</b> |
| <b><u>Net Book Value</u></b>    |                   |  |                |
| <b>At 31st March 2009</b>       | <b>4,111</b>      | <b>1,102</b>                           | <b>5,213</b>   |
| At 31st March 2008              | 5,178             | 191                                    | 5,369          |

## Crown Office and Procurator Fiscal Service

### 7 Assets classified as held for sale

As at 31 March there were no assets classified as held for sale.

### 8 Inventories

As at 31 March there were no inventories.

### 9 Trade and other receivables

|   | 2010<br>£'000 | 2009<br>£'000 | 2008<br>£'000 |
|---|---------------|---------------|---------------|
| <b>Amounts falling due within 1 year</b>              |               |               |               |
| VAT   | 515           | 185           | 170           |
| Other Receivables                                     | 178           | 157           | 246           |
| Prepayments   | 1,716         | 1,506         | 1314          |
| Accrued Income  | 477           | 323           | 231           |
|   | <u>2,886</u>  | <u>2,171</u>  | <u>1,961</u>  |
| <br><b>Intra-Government Balances</b>                  |               |               |               |
|   | <b>£'000</b>  | £'000         | £'000         |
| <b>Amounts falling due within 1 year</b>              |               |               |               |
| Balances with other Central Government Bodies         | 1,145         | 627           | 755           |
| Balances with Local Authorities                       | 0             | 0             | 1             |
| <b>Total: Intra-governmental balances</b>             | <u>1,145</u>  | <u>627</u>    | <u>756</u>    |
| Balances with bodies external to government           | 1,741         | 1,544         | 1205          |
| <b>Total receivables at 31 March</b>                  | <u>2,886</u>  | <u>2,171</u>  | <u>1,961</u>  |
| <br><b>Amounts falling due after more than 1 year</b> |               |               |               |
|   | <b>£'000</b>  | £'000         | £'000         |
| Other Receivables                                     | 0             | 1             | 2             |
|   | <u>0</u>      | <u>1</u>      | <u>2</u>      |
| <br><b>Intra-Government Balances</b>                  |               |               |               |
|   | <b>£'000</b>  | £'000         | £'000         |
| <b>Amounts falling due after more than 1 year</b>     |               |               |               |
| Balances with bodies external to government           | 0             | 1             | 2             |
| <b>Total receivables at 31 March</b>                  | <u>0</u>      | <u>1</u>      | <u>2</u>      |

## Crown Office and Procurator Fiscal Service

### 10 Cash and cash equivalents

|  | <b>2010</b>         | 2009                | 2008                |
|--|---------------------|---------------------|---------------------|
|  | <b>£'000</b>        | £'000               | £'000               |
| Balances at Government Banking Services                    | 2,567               | 2,450               | 2,257               |
| Commercial banks and cash in hand                          | 14                  | 109                 | (4)                 |
| <b>At 31 March</b>   | <b><u>2,581</u></b> | <b><u>2,559</u></b> | <b><u>2,253</u></b> |
| At 1 April   | 2,559               | 2,253               | 3,336               |
| Net change in cash and cash equivalent balances            | 22                  | 306                 | (1,083)             |
| <b>At 31 March</b>   | <b><u>2,581</u></b> | <b><u>2,559</u></b> | <b><u>2,253</u></b> |
| Amount issued and unspent from Scottish Consolidated Fund  | 1,966               | 2,169               | 1,029               |
| Cash receipts due to be paid to Scottish Consolidated Fund | 615                 | 390                 | 1,224               |
| <b>At 31 March</b>   | <b><u>2,581</u></b> | <b><u>2,559</u></b> | <b><u>2,253</u></b> |

## Crown Office and Procurator Fiscal Service

### 11 Trade and other payables

|  | <b>2010</b>            | 2009                   | 2008                   |
|--|------------------------|------------------------|------------------------|
|  | <b>£'000</b>           | £'000                  | £'000                  |
| <b>Amounts falling due within one year:</b>          |                        |                        |                        |
| Taxation and Social Security Payables                | (2,257)                | (2,163)                | (1,919)                |
| Trade Payables                                       | (2,524)                | (2,127)                | (1,794)                |
| Other Payables                                       | (48)                   | (21)                   | (10)                   |
| Accruals and Deferred Income                         | (6,601)                | (5,316)                | (5,191)                |
| Finance Leases                                       | (69)                   | (56)                   | (50)                   |
| Balances payable to the Scottish Consolidated Fund   | (2,582)                | (2,559)                | (2,253)                |
| <b>Total due within one year</b>                     | <b><u>(14,081)</u></b> | <b><u>(12,242)</u></b> | <b><u>(11,217)</u></b> |
| <b>Intra-Government Balances</b>                     | <b>£'000</b>           | £'000                  | £'000                  |
| <b>Amounts falling due within 1 year</b>             |                        |                        |                        |
| Balances with other Central Government Bodies        | (5,682)                | (5,096)                | (4,886)                |
| Balances with Local Authorities                      | (328)                  | (230)                  | (268)                  |
| <b>Total: Intra-governmental balances</b>            | <b><u>(6,010)</u></b>  | <b><u>(5,326)</u></b>  | <b><u>(5,154)</u></b>  |
| Balances with Bodies External to Government          | (8,071)                | (6,916)                | (6,063)                |
| <b>Total payables at 31 March</b>                    | <b><u>(14,081)</u></b> | <b><u>(12,242)</u></b> | <b><u>(11,217)</u></b> |
|  | <b>£'000</b>           | £'000                  | £'000                  |
| <b>Amounts falling due after more than one year:</b> |                        |                        |                        |
| Other Payables, Accruals and Deferred Income         |                        |                        |                        |
| Finance Leases                                       | (5,228)                | (5,303)                | (5,365)                |
| <b>Total due after more than one year</b>            | <b><u>(5,228)</u></b>  | <b><u>(5,303)</u></b>  | <b><u>(5,365)</u></b>  |
|  | <b>£'000</b>           | £'000                  | £'000                  |
| <b>Amounts falling due after more than 1 year</b>    |                        |                        |                        |
| <b>Total: Intra-governmental balances</b>            |                        |                        |                        |
| Balances with Bodies External to Government          | (5,228)                | (5,303)                | (5,365)                |
| <b>Total payables at 31 March</b>                    | <b><u>(5,228)</u></b>  | <b><u>(5,303)</u></b>  | <b><u>(5,365)</u></b>  |

### 12 Movement on Working Capital Balances other than cash

|   | <b>2010</b>    | 2009       |
|---|----------------|------------|
|   | <b>£'000</b>   | £'000      |
| Increase in receivables                     | 714            | 209        |
| (Decrease)/Increase in payables             | (1,716)        | 761        |
|   | <u>(1,002)</u> | <u>970</u> |
| Add Increase/(Decrease) in capital payables | 1,015          | (261)      |
|   | <u>13</u>      | <u>709</u> |

## Crown Office and Procurator Fiscal Service

### 13 Provisions for liabilities and charges

|  | Early<br>Departure<br>Costs<br>£'000 | Other<br>Provisions<br>£'000 | 2010<br>Total<br>£'000 | 2009<br>Total<br>£'000 |
|--|--------------------------------------|------------------------------|------------------------|------------------------|
| Balance at 1 April                           | 1,174                                | 0                            | 1,174                  | 562                    |
| Add: element reported as due within one year | 776                                  | 65                           | 841                    | 383                    |
| <b>Total as at 1 April</b>                   | <b>1,950</b>                         | <b>65</b>                    | <b>2,015</b>           | <b>945</b>             |
| Provided for in year                         | 755                                  | 0                            | 755                    | 1,457                  |
| Provisions not required written back         | 0                                    | (65)                         | (65)                   | 0                      |
| Provisions utilised in year                  | (789)                                | 0                            | (789)                  | (387)                  |
| <b>Balance as at 31 March</b>                | <b>1,916</b>                         | <b>0</b>                     | <b>1,916</b>           | <b>2,015</b>           |
| Payable within one year                      | 757                                  | 0                            | 757                    | 841                    |
| Provision of over one year                   | 1,159                                | 0                            | 1,159                  | 1,174                  |

Analysis of expected timing of any resulting outflows of economic benefits

|                             | Early<br>Departure<br>Costs<br>£'000 | Other<br>Provisions<br>£'000 | 2010<br>Total<br>£'000 | 2009<br>Total<br>£'000 |
|-----------------------------|--------------------------------------|------------------------------|------------------------|------------------------|
| Payable in 1 year           | 757                                  | 0                            | 757                    | 841                    |
| Payable between 2 - 5 yrs   | 1,005                                | 0                            | 1,005                  | 1,174                  |
| Payable between 6-10 yrs    | 154                                  | 0                            | 154                    | 0                      |
| Thereafter                  | 0                                    | 0                            | 0                      | 0                      |
| <b>Total as at 31 March</b> | <b>1,916</b>                         | <b>0</b>                     | <b>1,916</b>           | <b>2,015</b>           |

## Crown Office and Procurator Fiscal Service

### 13a Provisions for liabilities and charges prior year

|  | Early<br>Departure<br>Costs<br>£'000 | Other<br>Provisions<br>£'000 | 2009<br>Total<br>£'000 | 2008<br>Total<br>£'000 |
|--|--------------------------------------|------------------------------|------------------------|------------------------|
| Balance at 1 April                           | 562                                  | 0                            | 562                    | 490                    |
| Add: element reported as due within one year | 383                                  | 0                            | 383                    | 390                    |
| <b>Total as at 1 April</b>                   | <b>945</b>                           | <b>0</b>                     | <b>945</b>             | <b>880</b>             |
| Provided for in year                         | 1,392                                | 65                           | 1,457                  | 480                    |
| Provisions not required written back         | 0                                    | 0                            | 0                      | 0                      |
| Provisions utilised in year                  | (387)                                | 0                            | (387)                  | (415)                  |
| <b>Balance as at 31 March</b>                | <b>1,950</b>                         | <b>65</b>                    | <b>2,015</b>           | <b>945</b>             |
| Payable within one year                      | 776                                  | 65                           | 841                    | 383                    |
| Provision of over one year                   | 1,174                                | 0                            | 1,174                  | 562                    |

Analysis of expected timing of any resulting outflows of economic benefits

|                             | Early<br>Departure<br>Costs<br>£'000 | Other<br>Provisions<br>£'000 | 2009<br>Total<br>£'000 | 2008<br>Total<br>£'000 |
|-----------------------------|--------------------------------------|------------------------------|------------------------|------------------------|
| Payable in 1 year           | 776                                  | 65                           | 841                    | 383                    |
| Payable between 2 - 5 yrs   | 1,174                                | 0                            | 1,174                  | 562                    |
| Payable between 6-10 yrs    | 0                                    | 0                            | 0                      | 0                      |
| Thereafter                  | 0                                    | 0                            | 0                      | 0                      |
| <b>Total as at 31 March</b> | <b>1,950</b>                         | <b>65</b>                    | <b>2,015</b>           | <b>945</b>             |

### 14 Capital commitments

|   | 2010<br>£'000 | 2009<br>£'000 |
|---|---------------|---------------|
| <b>Property, plant and equipment</b>            |               |               |
| Contracted for at 31 March but not provided for | 263           | 194           |
| Approved at 31 March but not provided for       | 8             | 1,265         |
| <b>Total</b>                                    | <b>271</b>    | <b>1,459</b>  |
| <b>Intangible assets</b>                        |               |               |
| Contracted for at 31 March but not provided for | 2,078         | 175           |
| Approved at 31 March but not provided for       | 0             | 250           |
| <b>Total</b>                                    | <b>2,078</b>  | <b>425</b>    |

## Crown Office and Procurator Fiscal Service

### 15 Commitments under leases

#### 15a Operating Leases

Total future minimum lease payments under operating leases are given in the tables below.

Obligations under Operating leases comprise:

|  | 2010                 | 2009                 |
|--|----------------------|----------------------|
| <b>Buildings</b>                       | <b>£'000</b>         | <b>£'000</b>         |
| Within one year                        | 0                    | 0                    |
| Between two and five years (inclusive) | 1,054                | 1,005                |
| After five years                       | 12,246               | 11,440               |
| <b>Total</b>                           | <b><u>13,300</u></b> | <b><u>12,445</u></b> |

#### 15b Finance Leases

Obligations under finance leases are payable as follows:

|  | Minimum<br>Lease<br>Payments<br>2010<br>£'000 | Interest<br>2010<br>£'000 | Principal<br>2010<br>£'000 | Minimum<br>Lease<br>Payments<br>2009<br>£'000 | Interest<br>2009<br>£'000 | Principal<br>2009<br>£'000 |
|--|---|---------------------------|----------------------------|---|---------------------------|----------------------------|
| Within one year                        | 1,801   | 1,732                     | 69                         | 1,802   | 1,740                     | 62                         |
| Between two and five years (inclusive) | 7,208   | 6,843                     | 365                        | 7,208   | 6,880                     | 328                        |
| After five years                       | 49,407  | 44,544                    | 4,863                      | 51,209  | 46,240                    | 4,969                      |
| <b>Total</b>                           | <b><u>58,416</u></b>                          | <b><u>53,119</u></b>      | <b><u>5,297</u></b>        | <b><u>60,219</u></b>                          | <b><u>54,860</u></b>      | <b><u>5,359</u></b>        |

### 16 Other Financial Commitments

#### 16a Other Commitments

At 31 March there were no other financial commitments.

#### 16b Guarantees, Indemnities and Letters of Comfort

At 31 March there were no guarantees, indemnities or letters of comfort.

## **Crown Office and Procurator Fiscal Service**

### **17 Contingent Liabilities disclosed under IAS 37**

At 31 March there were no Contingent Liabilities.

### **18 Related Party transactions**

The Crown Office and Procurator Fiscal Service is a separate Service of the Scottish Government for funding purposes. During the year, the Crown Office and Procurator Fiscal Service had a number of transactions with the Scottish Government and with other Government Departments and public bodies, viz. local authorities, the Scottish Court Service, the National Health Service and Universities. None of the Management Board members, key managerial staff or other related parties has undertaken any material transactions with the Crown Office and Procurator Fiscal Service during the year.



## Crown Office and Procurator Fiscal Service

### 19 Financial Instruments

The Crown Office and Procurator Fiscal Service has exposure to the following risks from the use of financial instruments: Credit risk; Liquidity risk; and Market risk.

This note presents information about the Crown Office and Procurator Fiscal Service's exposure to each of the above risks. Further quantitative disclosures are included throughout these accounts.

The management board has overall responsibility for the establishment and oversight of the Service's risk management framework. The Audit Committee oversees how management monitors compliance with the Crown Office and Procurator Fiscal Service's risk management policies and reviews the adequacy of the risk management framework in relation to risks faced by the Crown Office and Procurator Fiscal Service.

The Crown Office and Procurator Fiscal Service has no derivative financial assets or liabilities.

| <b>Financial Assets</b>      |             | <b>2010</b>            | 2009            | 2008            |
|------------------------------|-------------|------------------------|-----------------|-----------------|
| <b>Description</b>           | <b>Note</b> | <b>£'000</b>           | £'000           | £'000           |
| Accrued Income               | 9           | 477                    | 323             | 231             |
| Other receivables            | 9           | 178                    | 157             | 246             |
| Cash and Cash Equivalents    | 10          | 2,581                  | 2,559           | 2,253           |
|                              |             | <u><b>3,236</b></u>    | <u>3,039</u>    | <u>2,730</u>    |
| <br>                         |             |                        |                 |                 |
| <b>Financial Liabilities</b> |             | <b>2010</b>            | 2009            | 2008            |
| <b>Description</b>           |             | <b>£'000</b>           | £'000           | £'000           |
| Trade Payables               | 11          | (2,524)                | (2,127)         | (1,794)         |
| Accruals                     | 11          | (4,149)                | (2,906)         | (3,219)         |
| Other payables               | 11          | (48)                   | (21)            | (10)            |
| Scottish Consolidated Fund   | 11          | (2,582)                | (2,559)         | (2,253)         |
| Finance Leases               | 11          | (5,297)                | (5,359)         | (5,415)         |
|                              |             | <u><b>(14,600)</b></u> | <u>(12,972)</u> | <u>(12,691)</u> |

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

#### Liquidity risk

Liquidity risk is the risk that the Crown Office and Procurator Fiscal Service will not be able to meet its financial obligations as they fall due. The Service's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. The Crown Office and Procurator Fiscal Service's primary source of liquidity is allocation from the Budget Act for each financial year, approved by the Scottish Parliament. With the exception of finance leases, the Crown Office and Procurator Fiscal Service has no debt or borrowing facility with any external party.

Liquidity is managed by the monitoring of actual performance against budgets and forecasts.

## Crown Office and Procurator Fiscal Service

### 19 Financial Instruments (continued)

The table below details the contractual maturities of financial liabilities.

#### Maturity Profile

| Financial Liabilities      | <1yr<br>£'000 | 2 - 5 yrs<br>(inclusive)<br>£'000 | >5yrs<br>£'000 | Total<br>£'000 |
|----------------------------|---------------|-----------------------------------|----------------|----------------|
| <b>2010</b>                |               |                                   |                |                |
| Trade Payables             | (2,524)       |                                   |                | (2,524)        |
| Accruals                   | (4,149)       |                                   |                | (4,149)        |
| Other payables             | (48)          |                                   |                | (48)           |
| Scottish Consolidated Fund | (2,582)       |                                   |                | (2,582)        |
| Lease Creditors            | (69)          | (365)                             | (4,863)        | (5,297)        |
| <b>2009</b>                |               |                                   |                |                |
| Trade Payables             | (2,127)       |                                   |                | (2,127)        |
| Accruals                   | (2,906)       |                                   |                | (2,906)        |
| Other payables             | (21)          |                                   |                | (21)           |
| Scottish Consolidated Fund | (2,559)       |                                   |                | (2,559)        |
| Finance Leases             | (62)          | (328)                             | (4,969)        | (5,359)        |
| <b>2008</b>                |               |                                   |                |                |
| Trade Payables             | (1,794)       |                                   |                | (1,794)        |
| Accruals                   | (3,219)       |                                   |                | (3,219)        |
| Other payables             | (10)          |                                   |                | (10)           |
| Scottish Consolidated Fund | (2,253)       |                                   |                | (2,253)        |
| Finance Leases             | (56)          | (295)                             | (5,064)        | (5,415)        |

#### Market risk

Market risk is the risk that market prices such as interest rates and foreign exchange rates will affect income or the value of holdings in financial instruments.

##### *Interest rate risk*

The Crown Office and Procurator Fiscal Service has no interest bearing assets or liabilities, substantially eliminating the impact of changes in interest rates.

##### *Currency risk*

The Crown Office and Procurator Fiscal Service is not exposed to foreign exchange rates.

## Crown Office and Procurator Fiscal Service

### 19 Financial Instruments (continued)

#### Fair values

The fair values, together with the carrying amounts of financial assets and liabilities in the balance sheet, are as follows:

|                              | 2010<br>Carrying<br>amount<br>£'000 | 2010<br>Carrying<br>amount<br>£'000 | 2009<br>Carrying<br>amount<br>£'000 | 2009<br>Carrying<br>amount<br>£'000 | 2008<br>Carrying<br>amount<br>£'000 | 2008<br>Carrying<br>amount<br>£'000 |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Financial Assets</b>      |                                     |                                     |                                     |                                     |                                     |                                     |
| Accrued Income               | 477                                 | 477                                 | 323                                 | 323                                 | 231                                 | 231                                 |
| Other receivables            | 178                                 | 178                                 | 157                                 | 157                                 | 246                                 | 246                                 |
| Cash and cash equivalents    | 2,581                               | 2,581                               | 2,559                               | 2,559                               | 2,253                               | 2,253                               |
| <b>Financial liabilities</b> |                                     |                                     |                                     |                                     |                                     |                                     |
| Trade Payables               | (2,524)                             | (2,524)                             | (2,127)                             | (2,127)                             | (1,794)                             | (1,794)                             |
| Accruals                     | (4,149)                             | (4,149)                             | (2,906)                             | (2,906)                             | (3,219)                             | (3,219)                             |
| Other payables               | (48)                                | (48)                                | (21)                                | (21)                                | (10)                                | (10)                                |
| Scottish Consolidated Fund   | (2,582)                             | (2,582)                             | (2,559)                             | (2,559)                             | (2,253)                             | (2,253)                             |
| Finance Leases               | (5,297)                             | (5,297)                             | (5,359)                             | (5,359)                             | (5,415)                             | (5,415)                             |
|                              | <u>(11,363)</u>                     | <u>(11,363)</u>                     | <u>(9,933)</u>                      | <u>(9,933)</u>                      | <u>(9,961)</u>                      | <u>(9,961)</u>                      |

#### Estimation of Fair Values

The following methods and assumptions were used to estimate fair values:

|                            |   |
|----------------------------|---|
| Accrued income             | The fair value is deemed to be the same as book value.                                  |
| Other receivables          | The fair value is deemed to be the same as book value.                                  |
| Cash and cash equivalents  | The fair value is deemed to be the same as book value.                                  |
| Trade payables             | The fair value is deemed to be the same as book value.                                  |
| Accruals                   | The fair value is deemed to be the same as book value.                                  |
| Other payables             | The fair value is deemed to be the same as book value.                                  |
| Scottish Consolidated Fund | The fair value is deemed to be the same as book value.                                  |
| Finance Leases             | The fair value is deemed to be equal to the net present value of future lease payments. |

## Crown Office and Procurator Fiscal Service

### 20 Losses and special payments

|   | <b>2009-10</b>  | 2008-09          |
|---|-----------------|------------------|
|   | <b>£'000</b>    | £'000            |
| Cash losses            0 cases (2008-09; 0 cases) | 0               | 0                |
| Special payments    15 cases (2008-09;16 cases)   | 4               | 26               |
| <b>Total</b>                                      | <b><u>4</u></b> | <b><u>26</u></b> |

No individual cases of losses of more than £250,000 were recorded.

### 21 Third-party Assets

At 31 March there were no third-party assets

### 22 Budget against outturn

|                       | <b>£'000</b>          | <b>£'000</b>          | <b>£'000</b>      |
|-----------------------|-----------------------|-----------------------|-------------------|
|                       | <b>Approved</b>       | <b>Outturn</b>        | <b>Variance</b>   |
|                       | <b>Budget</b>         |                       |                   |
| Operating Expenditure | 112,790               | 113,004               | (214)             |
| Capital Expenditure   | 6,700                 | 5,954                 | 746               |
| <b>Total</b>          | <b><u>119,490</u></b> | <b><u>118,958</u></b> | <b><u>532</u></b> |

The Crown Office and Procurator Fiscal Service was required to work towards surrendering £500,000 to the Scottish Government although this was not reflected in the Budget Bill, Autumn Budget Revision or Spring Budget Revision. This was achieved.

## Crown Office and Procurator Fiscal Service

| 23 Cash Requirement                              | £'000   | £'000          |
|--|---------|----------------|
| Approved Cash Requirement                        |         | 114,630        |
| Undrawn funding                                  |         | 2,130          |
| Funding drawn down                               |         | <u>112,500</u> |
| <b>Cash Expended:</b>                            |         |                |
| Operating costs                                  | 107,764 |                |
| Capital expenditure                              | 4,939   |                |
|  |         | <u>112,703</u> |
|  |         | (203)          |
| Cash Balance due to the SCF* as at 31 March 2009 |         | <u>2,169</u>   |
| Cash Balance due to the SCF as at 31 March 2010  |         | <u>1,966</u>   |
| <b>Consists of:</b>                              |         |                |
| Funding balance due to SCF                       |         | 1,966          |
| Excess income due to SCF                         |         |                |
|  |         | <u>1,966</u>   |

\*SCF - Scottish Consolidated Fund

## 24 Post-Balance Sheet Events

There have been no material post-balance sheet events between 31st March and the publication of the Accounts that require adjustments to the Accounts to be disclosed.

## Crown Office and Procurator Fiscal Service

### 25 FIRST TIME ADOPTION OF IFRS

#### Explanation of the Transition to IFRS

For all periods up to and including the year ended 31 March 2009, the Crown Office and Procurator Fiscal Service prepared its annual report and accounts in accordance with UK GAAP. For the year ended 31 March 2010, the Crown Office and Procurator Fiscal Service is required to prepare its annual report and accounts in accordance with IFRS.

IFRS 1 requires that where an entity adopted IFRS for the first time, comparative amounts should be restated to reflect the new accounting policies, and that the date of transition to IFRS is the beginning of the earliest comparative year reported in the accounts. For the Crown Office and Procurator Fiscal Service applying IFRS from 2009-10, this means that the effective date of transition to IFRS is 1 April 2008.

The IFRS also requires that accounting policies are applied retrospectively i.e. as if the transactions had always been accounted for under the new policy.

#### Reconciliation of Taxpayer's equity from UK GAAP to IFRS as at 31 March 2008 and 31 March 2009

|   | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Total<br>£'000       |
|---|--------------------------|---------------------------------|----------------------|
| Taxpayers' equity at 31 March 2008 under UK GAAP          | 14,019                   | 3,575                           | 17,594               |
| UK GAAP Prior year adjustments                            | 0                        | 0                               | 0                    |
| Restated Taxpayers' equity at 31 March 2008 under UK GAAP | <u>14,019</u>            | <u>3,575</u>                    | <u>17,594</u>        |
| Adjustments for:  |                          |                                 |                      |
| IAS 17 Leases   | (1,995)                  | 4,106                           | 2,111                |
| IAS 19 Employee benefits                                  | (1,972)                  |                                 | (1,972)              |
| IAS 36 Impairment of assets                               | (293)                    | 293                             | 0                    |
| Movement subtotal   | <u>(4,260)</u>           | <u>4,399</u>                    | <u>139</u>           |
| <b>Taxpayers' equity at 1 April 2008 under IFRS</b>       | <b><u>9,759</u></b>      | <b><u>7,974</u></b>             | <b><u>17,733</u></b> |
| Taxpayers' equity at 31 March 2009 under UK GAAP          | 14,203                   | 3,270                           | 17,473               |
| UK GAAP Prior year adjustments                            | 0                        | 0                               | 0                    |
| Restated Taxpayers' equity at 31 March 2009 under UK GAAP | <u>14,203</u>            | <u>3,270</u>                    | <u>17,473</u>        |
| Adjustments for:  |                          |                                 |                      |
| IAS 17 Leases   | (2,240)                  | 4,106                           | 1,866                |
| IAS 19 Employee benefits                                  | (2,411)                  |                                 | (2,411)              |
| IAS 36 Impairment of assets                               | (346)                    | 346                             | 0                    |
| Movement subtotal   | <u>(4,997)</u>           | <u>4,452</u>                    | <u>(545)</u>         |
| <b>Taxpayers' equity at 1 April 2009 under IFRS</b>       | <b><u>9,206</u></b>      | <b><u>7,722</u></b>             | <b><u>16,928</u></b> |

## Crown Office and Procurator Fiscal Service

### 25 FIRST TIME ADOPTION OF IFRS (Continued)

#### Reconciliation of Operating Cost Statement for the year ended 31 March 2009 from UK GAAP to IFRS

|   | £'000                 |
|---|-----------------------|
| Net operating cost for 2008 - 2009 under UK GAAP          | 102,866               |
| UK GAAP Prior year adjustments                            | <u>0</u>              |
| Restated Net operating cost for 2008 - 2009 under UK GAAP | 102,866               |
| Adjustments for:  |                       |
| IAS 17 Leases   | 314                   |
| IAS 19 Employee benefits                                  | 439                   |
| IAS 36 Impairment of assets                               | <u>53</u>             |
| Movement subtotal   | <u>806</u>            |
| <b>Total</b>  | <b><u>103,672</u></b> |

#### IAS 17 Leases

Accounting for leases under UK GAAP and IFRS is very similar. Both require leases to be classed as finance leases or operating leases. However, IAS17 does not provide a quantitative test of where a lease is a finance lease (90% test), instead it provides additional guidance on when a lease should be classified as a finance lease. Following a review of material contracts, an adjustment has been made to the accounts to reflect contracts that have been reclassified from operating leases to finance leases.

#### IAS 19 Employee benefits

IAS19 applies to the accounting for employee benefits, which states that entities must recognise the expected cost of short term accumulating compensated absences. An exercise to cost the amount of holiday entitlement owed to staff at the end of each financial year has been carried out. To recognise the costs an accrual has been reflected in the balance sheet.

#### IAS 36 Impairment of Assets

Under IAS 36 an impairment review of assets has been conducted. Only the recoverable amounts are included in the asset valuations. These adjustments reflect the write down in asset value as a result of the impairment reviews.

## Crown Office and Procurator Fiscal Service



### LORD ADVOCATE

**DIRECTION BY THE SCOTTISH MINISTERS**  
in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act  
2000

1. The statement of accounts for the Crown Office and Procurator Fiscal Service for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 15 July 2002 is hereby revoked.

A handwritten signature in blue ink, appearing to read 'Alison Stalford', is written over a faint, larger version of the same signature.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006