

# LINDEN LEGAL AID INC.

*DECEMBER 31, 2009*

*FINANCIAL STATEMENTS*



**RAM & McRAE**  
CHARTERED ACCOUNTANTS  
PROFESSIONAL SERVICES FIRM

157 'C' Waterloo Street  
North Cummingsburg  
Georgetown



**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF  
LINDEN LEGAL AID CENTRE INC.**

We have audited the accompanying financial statements of **Linden Legal Aid Centre Inc.**, which comprise the statement of financial position as at December 31, 2009, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.


Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act 1991. This responsibility includes: *designing, implementing and maintaining internal control* relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements on pages 1 to 11 present fairly, in all material respects, the financial position of Linden Legal Aid Centre Inc. as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 1991.

  
**RAM & McRAE**  
CHARTERED ACCOUNTANTS  
PROFESSIONAL SERVICES FIRM  
157 'C' WATERLOO STREET  
GEORGETOWN, GUYANA

November 22, 2010

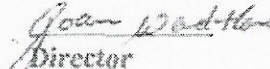


Linden Legal Aid Centre  
Statement of Financial Position  
As at December 31, 2009

	Notes	2009 G\$	2008 G\$
<b>Current assets</b>			
Cash and cash equivalents	3	990,685	1,883,952
<b>Total current assets</b>		<u>990,685</u>	<u>1,883,952</u>
<b>Current liabilities</b>			
Accounts payable		180,158	33,310
Deferred income	4	960,799	1,477,746
<b>Total current liabilities</b>		<u>1,140,957</u>	<u>1,511,056</u>
<b>Net current (liabilities)/assets</b>		<u>(150,272)</u>	<u>372,896</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	5,007,021	6,337,107
<b>Non-current liabilities</b>			
Deferred income	6	5,158,011	6,329,107
<b>Net (liabilities)/assets</b>		<u>(301,262)</u>	<u>380,896</u>
<b>Represented by:</b>			
Accumulated (deficit)/surplus		(301,262)	380,896
<b>Total equity</b>		<u>(301,262)</u>	<u>380,896</u>

The notes on pages 5 to 11 form an integral part of these financial statements.

  
Director

  
Director

**Linden Legal Aid Centre Inc.**  
**Statement of Comprehensive Income**  
For the year ended December 31, 2009

	Notes	2009 GS	2008 GS
<b>Revenue</b>			
Grants	7	4,781,387	7,535,254
Donated assets		1,414,203	488,803
Legal fees		737,700	325,880
Consultancy fees		118,500	63,500
Cash donations		100,000	75,000
Miscellaneous income		606,861	-
Bank interest		1,946	-
<b>Total income</b>		<u>7,760,597</u>	<u>8,488,437</u>
<b>Expenses</b>			
Operating expenses	8	3,420,077	2,256,643
Administrative expenses	9	4,970,603	5,851,098
Financial charges		52,075	14,800
<b>Total expenses</b>		<u>8,442,755</u>	<u>8,122,541</u>
<b>(Deficit)/surplus for the period</b>		<u>(682,158)</u>	<u>365,896</u>

*The notes on pages 5 to 11 form an integral part of these financial statements.*



Linden Legal Aid Centre Inc.  
Statement of Changes in Equity  
For the year ended December 31, 2009

Accumulated  
(deficit)/surplus  
GS

At January 01, 2008	15,000
Surplus for the year	365,896
At December 31, 2008	<u>380,896</u>
Deficit for the year	(682,158)
At December 31, 2009	<u>(301,262)</u>

*The notes on pages 5 to 11 form an integral part of these financial statements.*

**Linden Legal Aid Centre Inc.**  
**Statement of Cash Flows**  
For the year ended December 31, 2009

	2009	2008
	GS	GS
<b>Cash flows from operating activities</b>		
<b>(Deficit)/surplus for the period</b>	<b>(682,158)</b>	<b>365,896</b>
<i>Adjustments for:</i>		
Donated assets	(1,171,096)	(488,803)
Depreciation	1,414,203	490,803
Loss on disposal	158,990	-
<b>Operating (deficit)/surplus before working capital changes</b>	<b>(280,061)</b>	<b>367,896</b>
Increase in accounts payable	146,848	33,310
Increase in deferred income	(516,947)	1,477,746
<b>Net cash flows (used in)/ from operating activities</b>	<b>(650,160)</b>	<b>1,878,952</b>
<b>Cash flows from investing activities</b>		
Acquisition of office furniture and equipment	(243,107)	-
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(893,267)</b>	<b>1,878,952</b>
Cash and cash equivalents at January 1,	1,883,952	5,000
<b>Cash and cash equivalents at December 31,</b>	<b>990,685</b>	<b>1,883,952</b>
<b>Analysis of cash and cash equivalents as shown in the statement of financial position</b>		
Cash at bank	990,685	1,883,952
<b>Total</b>	<b>990,685</b>	<b>1,883,952</b>

*The notes on pages 5 to 11 form an integral part of these financial statements.*



## **Linden Legal Aid Centre Inc.**

### **Notes to the financial statements**

For the year ended December 31, 2009

#### **1. Incorporation and principal activity**

The company was incorporated in the Co-operative Republic of Guyana on September 24, 2007 as a not-for-profit entity without share capital. The principal objective of the company is to provide free or subsidised legal advice and representation to persons of the Linden Community who, because of lack of means, would otherwise have their need for such advice and representation unmet.

The company's registered office is located at Christianburg Magistrate's Court Building, Burnham Drive, Linden.

These financial statements were approved by the Board of Directors on November \_\_\_\_, 2010.

#### **2. Statement of accounting policies**

##### **(a) Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 1991 under the historical cost basis.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions. Actual results could differ from those estimates.

##### *Application of new and revised Standards and Interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new standards and interpretations which became effective during the period. Significant changes were as follows:

##### **IAS 1: Presentation of Financial Statements (effective January 1, 2009)**

The adoption of this revised Standard resulted in changes to the titles of the primary financial statements and the introduction of the Statement of Comprehensive Income which presents all items of recognised income and expense either in one single statement or in two linked statements. The Company has elected to present a single statement.

##### **Improvements to IFRS (primarily effective January 1, 2009)**

This project resulted in the amendment of 32 Standards, primarily aimed at removing inconsistencies and clarifying wording. There were no changes affecting the Company's financial statements.

##### **IFRS 8: Operating Segments (effective January 1, 2009)**

This Standard, which replaces IAS 14: Segment Reporting, is not applicable to the Company.

Other revised standards and interpretations which became effective during the period and were adopted did not have any impact on the accounting policies, financial position or performance of the Company.



**Linden Legal Aid Centre Inc.**  
**Notes to the financial statements**  
For the year ended December 31, 2009

**2. Statement of accounting policies continued**

*Standards and Interpretations not yet effective*

At the date of authorisation of these financial statements IFRS 9: Financial Instruments: Disclosures was in issue but not yet effective. Additionally there are several interpretations and amendments to existing standards which are not yet effective. The Company has not early adopted any such pronouncements. The director anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

**(b) Income and expenditure**

Income and expenditure are dealt with in these financial statements on the accrual basis.

**(c) Revenue recognition**

Revenue from services are recognised when the service has been rendered. Donations, other than capital donations, are recognised when received. Income from grants, other than capital grants, is recognised to the extent utilised. Any unutilised amounts are credited to deferred income.

**(d) Capital donations**

Capital donations comprise the estimated or actual (if available) acquisition cost of office furniture and equipment donated in-kind as well as cash donations and grants received specifically for the acquisition of office furniture and equipment. Capital donations of non-depreciable assets are credited to capital reserve. Capital donation of depreciable assets are credited to deferred income with an amount equivalent to their annual depreciation charge transferred to the income and expenditure account each year.

**(e) Reporting currency**

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates ruling at the dates of these transactions. Any gains or losses arising from these conversions are accounted for in the income statement in the period in which they were incurred. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates prevailing at the end of the year.

**(f) Property, plant and equipment**

Office furniture and equipment are stated at historical cost. Depreciation is provided for on the straight line basis at rates sufficient to write off the cost of the assets over their estimated useful lives. The rate used is as follows:

Office furniture and equipment	20%
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**Linden Legal Aid Centre Inc.**  
**Notes to the financial statements**  
For the year ended December 31, 2009

<b>3. Cash and cash equivalents</b>	<b>2009</b>	<b>2008</b>
	<b>GS</b>	<b>GS</b>
Bank balances	<u>990,685</u>	<u>1,883,952</u>

Included in bank balances are grants received but not utilised as detailed in note 4 of \$960,799 (2008: \$1,477,746) which represents grant funding and is therefore restricted.

**4. Deferred income (current)**

This represents grants received but not utilised at the end of the period:

UNICEF ( <i>United Nations Children's Fund</i> )	849,939	1,477,746
Bank of Nova Scotia	100,000	-
United States Agency for International Development ( <i>USAID</i> )	<u>10,860</u>	<u>-</u>
<b>Total</b>	<u><u>960,799</u></u>	<u><u>1,477,746</u></u>

Please refer to note 7 for additional information on the UNICEF, USAID funded Legal Aid Project and Bank of Nova Scotia.

<b>5. Property, plant and equipment</b>	<b>Office furniture</b>	<b>Office equipment</b>	<b>Total</b>
	<b>GS</b>	<b>GS</b>	<b>GS</b>
<b>Cost</b>	<hr/>		
At January 1, 2009	3,678,957	3,148,953	6,827,910
Additions	37,935	205,172	243,107
Disposal	-	(232,668)	(232,668)
<b>At December 31, 2009</b>	<u><b>3,716,892</b></u>	<u><b>3,121,457</b></u>	<u><b>6,838,349</b></u>
<b>Depreciation</b>	<hr/>		
At January 1, 2009	236,184	254,619	490,803
Charges for the year	743,378	670,825	1,414,203
Write back on disposal	-	(73,678)	(73,678)
<b>At December 31, 2009</b>	<u><b>979,562</b></u>	<u><b>851,766</b></u>	<u><b>1,831,328</b></u>
<b>Net book value</b>	<hr/>		
<b>At December 31, 2009</b>	<u><b>2,737,330</b></u>	<u><b>2,269,691</b></u>	<u><b>5,007,021</b></u>
<b>At January 1, 2009</b>	<u><b>3,442,773</b></u>	<u><b>2,894,334</b></u>	<u><b>6,337,107</b></u>
<b>6. Deferred income (non-current)</b>	<hr/>		
Donated depreciable assets:	<u>5,158,011</u>	<u>6,329,107</u>	

This represents the unamortised income in respect of assets donated to the company.

**Linden Legal Aid Centre Inc.**  
**Notes to the financial statements**  
For the year ended December 31, 2009

7. Grants	2009	2008
	G\$	G\$
This balance comprises monies utilised from the following projects:		
(i) USAID/GDCCR Project	-	5,013,000
(ii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	4,781,387	2,522,254
<b>Total</b>	<u>4,781,387</u>	<u>7,535,254</u>

- (i) This represents the cash portion of a grant received from the Guyana Democratic Consolidation and Conflict Resolution Project (GDCCR) of the United States Agency for International Development (USAID) to cover expenses. The purpose of the grant was to enable the company to refurbish its office, purchase office equipment and furniture and pay fees to the attorneys and staff for a period of eight months for a total amount of US\$32,500.
- (ii) This represents amounts utilised from a grant of \$4,000,000 received from UNICEF, the United Nations Children's Fund in respect of a Project Cooperation Agreement to cover the Guyana Child Labour Project. The grant is for a period of one year from August 29, 2008. On December 11, 2009 this agreement was further extended for one year for a total cash amount of \$6,000,000 and will be expended in four installments.
- (iii) This represents amounts unutilised from the Bank of Nova Scotia to fund the purchase of books for donation to children.



**Linden Legal Aid Centre Inc.**  
**Notes to the financial statements**  
For the year ended December 31, 2009

	2009	2008
	GS	GS
<b>8 Operating expenses</b>		
Publication of notices	111,360	-
Swearing and filing fees	23,510	
Attorney fees	1,898,613	1,368,902
Legal expenses	5,000	-
Transportation	1,238,480	724,332
Telephone charges	143,114	163,409
<b>Total</b>	<u>3,420,077</u>	<u>2,256,643</u>
<b>9 Administrative expenses</b>		
Employment cost	1,662,050	1,801,656
Depreciation	1,414,203	490,803
Travelling	81,080	312,000
Other expenses	426,903	1,256,462
Meals and accomodation	312,775	-
Audit fees	399,000	-
Administrative expenses	112,500	243,000
Donation	55,180	-
Penalties	25,875	-
Internet fees	35,700	31,000
Repairs & maintenance: building	20,000	1,552,151
Repairs & maintenance: office equipment	152,500	-
Consultancy fees	65,000	-
Stationery	48,847	164,026
Loss on disposal	158,990	-
<b>Total</b>	<u>4,970,603</u>	<u>5,851,098</u>

**Taxation**

The company is a not-for-profit organisation and has therefore prepared these financial statements under the assumption that an exemption from taxes will be granted.

## **11. Financial Risk Management**

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of business. The activities of the company however, do not expose it to significant financial risks. Management nevertheless seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to appropriately identify, evaluate and manage any risks which may arise. No derivative investments are presently used to manage, mitigate or eliminate exposure to financial instrument units.

### **(i) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company's only exposure to credit risks is in respect of its bank balances. While the company holds no collateral in respect of these balances, their credit quality are considered high as the counterparties are financial institutions with no known liquidity problems.

### **(ii) Interest rate risk**

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The company earns interest on its cash deposits and none of its liabilities are subject to interest. The values of the cash deposits and liabilities are not influenced by future changes in interest rates.

### **(iii) Foreign Currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company would incur foreign currency risk on transactions that are denominated in a currency other than the Guyana dollar. The company is however not significantly exposed to foreign currency risks.

### **(iv) Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The company has no exposure to market risk as it has no traded securities.

### **(v) Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.



**Linden Legal Aid Centre Inc.**  
**Notes to the financial statements**  
For the year ended December 31, 2009

**11. Financial Risk Management**

**(v) Liquidity risk (continued)**

seeking commitments from donors. All financial liabilities were payable within thirty days of the period end.

The Company therefore has sufficient liquidity to fund liabilities as they fall due. Cash and cash equivalents include amounts treated as deferred income which will be utilised to fund future activities.

**(vi) Cash flow risk**

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount and timing. The company's financial assets are not expected to realise less than their carrying values.

**12. Fair values of financial instruments**

The fair value of cash and cash equivalents and accounts payable approximate to their carrying values due to their short term nature.

**Capital management**

The company manages its capital, represented by accumulated deficit on its statement of financial position, to ensure that it will be able to continue operating into the foreseeable future.