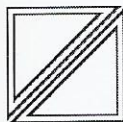


Linden Legal Aid Centre Inc.

DECEMBER 31, 2010

AUDITED FINANCIAL STATEMENTS



RAM & McRAE
PROFESSIONAL SERVICES FIRM
CHARTERED ACCOUNTANTS

157 'C' Waterloo Street
North Cummingsburg
Georgetown

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Ram & McRae

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

We were engaged to audit the accompanying financial statements of **Linden Legal Aid Centre Inc.**, which comprise the statement of financial position as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the following paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

The Company's registered office was destroyed by a fire on April 12, 2011 which resulted in the loss of all accounting records and fixed assets except for one item with a net book value of \$60,000. In this regard we were unable to obtain sufficient audit evidence to make judgement on the risks of material misstatements of the financial statements and determine whether internal controls were operating effectively.

Based on the significance of the matter described in the preceding paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Ram & McRae

Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

February 24, 2012

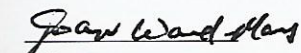
Linden Legal Aid Centre Inc.

Statement of Financial Position

As at December 31, 2010

	Notes	2010 G\$	2009 G\$
Current assets			
Cash and cash equivalents	3	1,218,591	990,685
Total current assets		<u>1,218,591</u>	<u>990,685</u>
Current liabilities			
Accounts payable		103,000	180,158
Deferred income	4	59,627	960,799
Total current liabilities		<u>162,627</u>	<u>1,140,957</u>
Net current assets/(liabilities)		<u>1,055,964</u>	<u>(150,272)</u>
Non-current assets			
Property, plant and equipment	5	3,639,352	5,007,021
Non-current liabilities			
Deferred income	6	3,639,352	5,158,011
Net assets/(liabilities)		<u>1,055,964</u>	<u>(301,262)</u>
Represented by:			
Accumulated surplus/(deficit)		1,055,964	(301,262)
Total equity		<u>1,055,964</u>	<u>(301,262)</u>

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


Director

Linden Legal Aid Centre Inc.
Statement of Comprehensive Income
For the year ended December 31, 2010

	Notes	2010 G\$	2009 G\$
Revenue			
Grants	7	5,401,172	4,781,387
Donated assets		1,518,659	1,414,203
Legal fees		1,008,940	737,700
Consultancy fees		-	118,500
Cash donations		-	100,000
Miscellaneous income		-	606,861
Bank interest		5,173	1,946
Total income		<u>7,933,944</u>	<u>7,760,597</u>
Expenses			
Operating expenses	8	2,927,469	3,420,077
Administrative expenses	9	3,642,249	4,970,603
Financial charges		7,000	52,075
Total expenses		<u>6,576,718</u>	<u>8,442,755</u>
Surplus/(deficit) for the period		<u><u>1,357,226</u></u>	<u><u>(682,158)</u></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, 2010

	Accumulated surplus/(deficit) G\$
At January 01, 2009	380,896
Deficit for the year	(682,158)
At December 31, 2009	<u>(301,262)</u>
Surplus for the year	1,357,226
At December 31, 2010	<u><u>1,055,964</u></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, 2010

	2010	2009
	G\$	G\$
Cash flows from operating activities		
Surplus/(deficit) for the period	1,357,226	(682,158)
<i>Adjustments for:</i>		
Donated assets	(1,518,659)	(1,171,096)
Depreciation	1,367,669	1,414,203
Loss on disposal	-	158,990
Operating surplus/(deficit) before working capital changes	1,206,236	(280,061)
Increase/(decrease) in accounts payable	(77,158)	146,848
Decrease in deferred income	(901,172)	(516,947)
Net cash flows (used in)/ from operating activities	227,906	(650,160)
Cash flows from investing activities		
Acquisition of office furniture and equipment	-	(243,107)
Net increase/(decrease) in cash and cash equivalents	227,906	(893,267)
Cash and cash equivalents at January 1,	990,685	1,883,952
Cash and cash equivalents at December 31,	1,218,591	990,685
Analysis of cash and cash equivalents as shown in the statement of financial position		
Cash at bank	1,218,591	990,685
Total	1,218,591	990,685

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, 2010

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 February 24, 2012.

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

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 and amended standards and interpretations which became effective during the period. The adoption of these pronouncements had no impact on the financial position or performance of the company.

Standards and Interpretations not yet effective

At the date of authorisation of these financial statements several new and amended standards and interpretations were in issue but not yet effective. The Company has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2010

2. Statement of accounting policies continued

(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, 2010

3. Cash and cash equivalents	2010	2009
	G\$	G\$
Bank balances	<u>1,218,591</u>	<u>990,685</u>

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>)	767	849,939
Bank of Nova Scotia	58,860	100,000
United States Agency for International Development (<i>USAID</i>)	-	10,860
Total	<u><u>59,627</u></u>	<u><u>960,799</u></u>

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

5. Property, plant and equipment	Office furniture G\$	Office equipment G\$	Total G\$
Cost			
At January 1, 2010	3,716,892	3,121,457	6,838,349
Loss in fire			
At December 31, 2010	<u>3,716,892</u>	<u>3,121,457</u>	<u>6,838,349</u>
Depreciation			
At January 1, 2010	979,562	851,766	1,831,328
Charges for the year	743,378	624,291	1,367,669
Write back on disposal			
At December 31, 2010	<u>1,722,940</u>	<u>1,476,057</u>	<u>3,198,997</u>
Net book value			
At December 31, 2010	<u>1,993,952</u>	<u>1,645,400</u>	<u>3,639,352</u>
At January 1, 2010	<u>2,737,330</u>	<u>2,269,691</u>	<u>5,007,021</u>

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2010

6. Deferred income (non-current)	2010	2009
	G\$	G\$
Donated depreciable assets:	<u>3,639,352</u>	<u>5,158,011</u>

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

7. Grants

This balance comprises monies utilised from the following projects:

(i) Bank of Nova Scotia	41,140	-
United States Agency for International Development		
(ii) (USAID)	10,860	-
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	5,349,172	4,781,387
Total	<u>5,401,172</u>	<u>4,781,387</u>

(i) This represents amounts unutilised from the Bank of Nova Scotia to fund the purchase of books for donation to children.

(ii) 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.

(iii) 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

8 Operating expenses

Publication of notices	-	111,360
Swearing and filing fees	-	23,510
Attorney fees	1,950,000	1,898,613
Legal expenses	-	5,000
Transportation	888,500	1,238,480
Telephone charges	88,969	143,114
Total	<u>2,927,469</u>	<u>3,420,077</u>

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2010

	2010	2009
	G\$	G\$
9 Administrative expenses		
Employment cost	1,616,937	1,662,050
Depreciation	1,367,669	1,414,203
Travelling	-	81,080
Other expenses	75,394	426,903
Meals and accomodation	71,039	312,775
Audit fees	315,875	399,000
Administrative expenses	93,400	112,500
Donation	50,000	55,180
Penalties	-	25,875
Internet fees	5,900	35,700
Repairs & maintenance: building	-	20,000
Repairs & maintenance: office equipment	45,000	152,500
Consultancy fees	-	65,000
Stationery	-	48,847
Loss on disposal	-	158,990
Withholding tax	1,035	-
Total	<u>3,642,249</u>	<u>4,970,603</u>

10. 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.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2010

11. Financial Risk Management continued

(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.

The company manages this risk by maintaining adequate financial assets in liquid form and continuously 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.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2010

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.

13. 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.

14. Subsequent event

The company suffered the loss of all fixed assets except for a laptop used by one Director and all hard copies of its accounting records in a fire on April 12, 2011 at its registered office.