

LINDEN LEGAL AID CENTRE INC.

DECEMBER 31, 2016

AUDITED FINANCIAL STATEMENTS

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

Opinion

We have audited the financial statements of **Linden Legal Aid Centre Inc.** (the Company), which comprise the statement of financial position as at December 31, 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements on pages 1 to 8 present fairly, in all material respects, the financial position of **Linden Legal Aid Centre Inc.** as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act Cap. 89:01.

Basis for Qualified Opinion

The Company did not maintain accounting records sufficient to enable us to determine the accuracy, validity and completeness of unearned legal fees stated at \$386,727 in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act Cap. 89:01, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ram & McRae

Ram & McRae

Chartered Accountants

Professional Services Firm

157 'C' Waterloo Street,
Georgetown

December 18, 2018

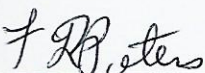


Ram & McRae
Chartered Accountants

Linden Legal Aid Centre Inc.**Statement of Financial Position**

As at December 31, 2016

	Notes	2016 G\$	2015 G\$
Current assets			
Cash and cash equivalents	3	1,889,604	3,213,924
Prepayment		10,000	10,000
Total current assets		1,899,604	3,223,924
Current liabilities			
Accounts payable		265,630	249,690
Total current liabilities		265,630	249,690
Net current assets		1,633,974	2,974,234
Non-current assets			
Property, plant and equipment	4	634,026	520,730
Non-current liabilities			
Deferred income	4	321,704	322,712
Unearned legal fees	5	386,727	-
Net assets		1,559,569	3,172,252
Represented by:			
Accumulated surplus		1,559,569	3,172,252
Total equity		1,559,569	3,172,252



Director

for 
Company Secretary

The notes on pages 5 to 8 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.
Statement of Comprehensive Income
For the year ended December 31, 2016

	Notes	2016 G\$	2015 G\$
Revenue			
Bank interest		7,701	3,270
Consultancy fees		-	42,500
Donations		1,500	6,500
Grants	6	6,391,668	6,374,088
Legal fees		749,173	165,500
Total income		<u>7,150,042</u>	<u>6,591,858</u>
Expenses			
Administrative and operating expenses	7	8,714,625	4,329,400
Financial charges		48,100	20,654
Total expenses		<u>8,762,725</u>	<u>4,350,054</u>
(Deficit)/surplus for the year		<u><u>(1,612,683)</u></u>	<u><u>2,241,804</u></u>

The notes on pages 5 to 8 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.
Statement of Changes in Equity
For the year ended December 31, 2016

	Accumulated surplus/(deficit) G\$
At January 01, 2015	930,448
Surplus for the year	2,241,804
At December 31, 2015	<u>3,172,252</u>
Deficit for the year	(1,612,683)
At December 31, 2016	<u><u>1,559,569</u></u>

The notes on pages 5 to 8 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.

Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
	G\$	G\$
Cash flows from operating activities		
(Deficit)/Surplus for the year	(1,612,683)	2,241,804
<i>Adjustments for:</i>		
(Decrease)/increase in deferred revenue	(1,008)	322,712
Depreciation	87,183	52,078
Operating surplus/(deficit) before working capital changes	(1,526,508)	2,616,594
Decrease/(increase) in prepayments	-	(10,000)
Increase in accounts payable	15,940	3,690
Increase in legal fees provision	386,727	-
Net cash flows from operating activities	(1,123,841)	2,610,284
Cash flows from investing activities		
Acquisition of property, plant and equipment	(200,479)	(478,558)
Net (decrease)/increase in cash and cash equivalents	(1,324,320)	2,131,726
Cash and cash equivalents at January 1,	3,213,924	1,082,198
Cash and cash equivalents at December 31,	<u>1,889,604</u>	<u>3,213,924</u>
Analysis of cash and cash equivalents as shown in the Statement of Financial Position		
Cash as shown in the Statement of Financial Position	1,889,604	3,213,924
Cash and cash equivalents	<u>1,889,604</u>	<u>3,213,924</u>

The notes on pages 5 to 8 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

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 96 Burnham Drive, Wismar, Linden.

These financial statements were approved by the Board of Directors on December 18, 2018.

2. Statement of accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act Cap. 89:01 under the historical

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

(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.

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

2. Statement of accounting policies continued

(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 statement of financial position 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	10%
Office equipment - electrical	50%
Office equipment - other	15%

3. Cash and cash equivalents

	2016	2015
	G\$	G\$
Bank balances	<u>1,889,604</u>	<u>3,213,924</u>

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

4. (i) Property, plant and equipment	Office furniture G\$	Office equipment G\$	Total G\$
Cost			
At January 1, 2015	-	145,000	145,000
Additions	346,950	131,608	478,558
At December 31, 2015	346,950	276,608	623,558
Additions	12,768	187,711	200,479
At December 31, 2016	359,718	464,319	824,037
Depreciation			
At January 1, 2015	-	50,750	50,750
Charges for the year	17,918	34,160	52,078
At December 31, 2015	17,918	84,910	102,828
Charges for the year	35,227	51,956	87,183
At December 31, 2016	53,145	136,866	190,011
Net book value			
At December 31, 2016	306,573	327,453	634,026
At January 1, 2016	329,032	191,698	520,730
4. (ii) Deferred income (non-current)		2016	2015
		G\$	G\$
Donated depreciable assets:		321,704	322,712
This represents the unamortised income in respect of assets donated to the Company.			
5 Unearned legal fees			
At January 1,	-	-	-
Released to income	-	-	-
Deferral for the period	386,727	-	-
At December 31,	386,727	-	-

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

6. Grants	2016	2015
	G\$	G\$
This balance comprises monies utilised from the following agency:		
Ministry of Social Protection	6,351,000	6,351,000
U.S Agency for International Development	40,668	23,088
Total	<u>6,391,668</u>	<u>6,374,088</u>

This amount represents a cash grant received from the Ministry of Social Protection and the U.S Agency for International Development to cover expenses. The purpose of the grants is to enable the Company to refurbish its office, purchase office equipment and furniture and pay fees to the attorneys and staff during the year.

7. Administrative and operating expenses

Accounting, audit and tax fees	-	2,058,385
Transportation	702,300	434,020
Advertising fees	-	45,000
Depreciation	87,183	52,078
Employment costs	7,122,679	1,432,155
Meals and accommodation	81,301	64,929
Internet fees	-	82,970
Telephone charges and Internet	196,843	-
Electricity charges	110,579	-
Office expenses	202,139	-
Withholding taxes	1,540	-
Other expenses	205,981	105,423
Repairs and maintenance: building	4,080	54,440
Total	<u>8,714,625</u>	<u>4,329,400</u>

8. 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.

9. 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.

10. 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.