

**LINDEN LEGAL AID CENTRE INC.**

**DECEMBER 31, 2018**

**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, 2018, and 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, the financial statements on pages 1 to 9 present fairly, in all material respects, the financial position of the Company as at December 31, 2018, 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 Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 scepticism 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**  
**Chartered Accountants**  
**Professional Services Firm**  
157 'C' Waterloo Street,  
Georgetown

January 2, 2020



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

As at December 31, 2018

	Notes	2018 G\$	2017 G\$
<b>Current assets</b>			
Cash and cash equivalents	3	4,875,125	3,932,421
Prepayment		225,000	11,400
<b>Total current assets</b>		<b>5,100,125</b>	<b>3,943,821</b>
<b>Current liabilities</b>			
Accounts payable		480,586	765,915
<b>Total current liabilities</b>		<b>480,586</b>	<b>765,915</b>
<b>Net current assets</b>		<b>4,619,539</b>	<b>3,177,906</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	972,149	1,334,072
<b>Non-current liabilities</b>			
Deferred income	4	256,742	323,626
Unearned legal fees	5	137,700	931,246
<b>Net assets</b>		<b>5,197,246</b>	<b>3,257,106</b>
<b>Represented by:</b>			
Accumulated surplus		5,197,246	3,257,106
<b>Total equity</b>		<b>5,197,246</b>	<b>3,257,106</b>

*Charles Ljung A-felt*  
Director

*J. B. Jones*  
Director

*The notes on pages 5 to 9 form an integral part of these financial statements.*

**Linden Legal Aid Centre Inc.**  
**Statement of Comprehensive Income**  
For the year ended December 31, 2018

	Notes	2018 G\$	2017 G\$
<b>Revenue</b>			
Bank interest		19,508	9,551
Donations		12,219	8,083
Grants	6	12,565,665	13,958,315
Legal fees		1,759,686	1,197,661
<b>Total income</b>		<u>14,357,078</u>	<u>15,173,610</u>
<b>Expenses</b>			
Administrative and operating expenses	6	12,381,039	13,448,573
Financial charges		35,900	27,500
<b>Total expenses</b>		<u>12,416,939</u>	<u>13,476,073</u>
<b>Surplus for the year</b>		<u>1,940,140</u>	<u>1,697,537</u>

*The notes on pages 5 to 9 form an integral part of these financial statements.*



**Linden Legal Aid Centre Inc.**

**Statement of Changes in Equity**

For the year ended December 31, 2018

	<b>Accumulated surplus/(deficit) G\$</b>
<b>At January 01, 2017</b>	1,559,569
Deficit for the year	1,697,537
<b>At December 31, 2017</b>	<u>3,257,106</u>
Surplus for the year	1,940,140
<b>At December 31, 2018</b>	<u><u>5,197,246</u></u>

*The notes on pages 5 to 9 form an integral part of these financial statements.*

**Linden Legal Aid Centre Inc.****Statement of Cash Flows**

For the year ended December 31, 2018

	2018	2017
	G\$	G\$
<b>Cash flows from operating activities</b>		
<b>Surplus/(deficit) for the year</b>	<b>1,940,140</b>	<b>1,697,537</b>
<i>Adjustments for:</i>		
(Decrease)/increase in deferred revenue	(66,884)	1,922
Depreciation	202,372	170,944
Loss on disposal	260,951	-
<b>Operating surplus/(deficit) before working capital changes</b>	<b>2,336,579</b>	<b>1,870,403</b>
Increase in prepayments	(213,600)	(1,400)
(Decrease)/increase in accounts payable	(285,329)	500,285
(Decrease)/increase in legal fees provision	(793,546)	544,519
<b>Net cash flows from operating activities</b>	<b>1,044,104</b>	<b>2,913,807</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(101,400)	(870,990)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>942,704</b>	<b>2,042,817</b>
Cash and cash equivalents at January 1,	3,932,421	1,889,604
<b>Cash and cash equivalents at December 31,</b>	<b>4,875,125</b>	<b>3,932,421</b>
<b>Analysis of cash and cash equivalents as shown in the Statement of Financial Position</b>		
Cash as shown in the Statement of Financial Position	4,875,125	3,932,421
<b>Cash and cash equivalents</b>	<b>4,875,125</b>	<b>3,932,421</b>

*The notes on pages 5 to 9 form an integral part of these financial statements.*



# **Linden Legal Aid Centre Inc.**

## **Notes to the Financial Statements**

For the year ended December 31, 2018

### **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 January 2, 2020.

### **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 cost basis.

The preparation of financial statements in conformity with 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, 2018

### 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

	2018	2017
	G\$	G\$
Bank balances	<u>4,875,125</u>	<u>3,932,421</u>



**Linden Legal Aid Centre Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2018

4. (i) Property, plant and equipment	Office furniture G\$	Office equipment G\$	Total G\$
<b>Cost</b>			
At January 1, 2017	359,718	464,319	824,037
Additions	213,114	657,876	870,990
<b>At December 31, 2017</b>	<b>572,832</b>	<b>1,122,195</b>	<b>1,695,027</b>
Additions	-	101,400	101,400
Disposals	(20,000)	(303,334)	(323,334)
<b>At December 31, 2018</b>	<b>552,832</b>	<b>920,261</b>	<b>1,473,093</b>
<b>Depreciation</b>			
At January 1, 2017	53,145	136,866	190,011
Charges for the year	48,157	122,787	170,944
<b>At December 31, 2017</b>	<b>101,302</b>	<b>259,653</b>	<b>360,955</b>
Charges for the year	56,397	145,975	202,372
Written back on disposal	(6,282)	(56,101)	(62,383)
<b>At December 31, 2018</b>	<b>151,417</b>	<b>349,527</b>	<b>500,944</b>
<b>Net book value</b>			
<b>At December 31, 2018</b>	<b>401,415</b>	<b>570,734</b>	<b>972,149</b>
At January 1, 2017	471,530	862,542	1,334,072
<b>4. (ii) Deferred income (non-current)</b>		<b>2018</b>	<b>2017</b>
		<b>G\$</b>	<b>G\$</b>
Donated depreciable assets:		<b>256,742</b>	<b>323,626</b>
This represents the unamortised income in respect of assets donated to the Company.			
<b>5 Unearned legal fees</b>			
At January 1,		931,246	386,747
Released to income		(931,246)	-
Deferral for the period		137,700	544,499
<b>At December 31,</b>		<b>137,700</b>	<b>931,246</b>

## Linden Legal Aid Centre Inc.

### Notes to the Financial Statements

For the year ended December 31, 2018

6. Grants	2018 G\$	2017 G\$
This balance comprises monies utilised from the following agency:		
(i) Ministry of Social Protection	12,511,000	13,918,735
U.S Agency for International Development	-	39,580
Grant income	54,665	-
<b>Total</b>	<b>12,565,665</b>	<b>13,958,315</b>

- (i) 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	19,040	369,060
Depreciation	204,456	166,636
Transportation	485,000	1,051,993
Employment costs	10,249,869	10,157,284
Meals and accommodation	196,090	114,280
Telephone and internet charges	288,898	278,288
Electricity charges	29,575	53,538
Office expenses	-	331,738
Withholding taxes	3,902	1,909
Postage and stamps	3,160	1,080
Other expenses	358,294	423,007
Repairs and maintenance: building	-	499,760
Office maintenance	54,980	-
Office supplies	133,907	-
Staff training	15,000	-
Loss on disposal	258,868	-
Legal service fees	80,000	-
<b>Total</b>	<b>12,381,039</b>	<b>13,448,573</b>

### 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.



**Linden Legal Aid Centre Inc.**

**Notes to the Financial Statements**

For the year ended December 31, 2018

**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.