

LINDEN LEGAL AID CENTRE INC.

DECEMBER 31, 2020

AUDITED FINANCIAL STATEMENTS

Report of Ram & McRae to the Members

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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, 2020, 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, 2020, 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.

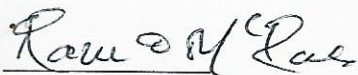
Auditor's Responsibilities for the Audit of the Financial Statements

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


August 19, 2021


Linden Legal Aid Centre Inc.

Statement of Financial Position

As at December 31, 2020

| | Notes | 2020 G\$ | 2019 G\$ |
|----------------------------------|-----------|-------------------|------------------|
| Current assets | | | |
| Cash & cash equivalents | 3 | 10,348,100 | 6,025,188 |
| Accounts receivable | | 378,000 | 100,000 |
| Total current assets | | 10,726,100 | 6,125,188 |
| Current liabilities | | | |
| Accounts payable | | 57,795 | 177,988 |
| Total current liabilities | | 57,795 | 177,988 |
| Net current assets | | 10,668,305 | 5,947,200 |
| Non-current asset | | | |
| Property plant & equipment | 2 (f) & 4 | 1,268,676 | 1,228,442 |
| Non-current liabilities | | | |
| Deferred income | 4 (ii) | 195,148 | 225,945 |
| Legal Fees Liability Provision | 5 | 137,700 | 137,700 |
| Net assets | | 11,604,133 | 6,811,997 |
| Represented by: | | | |
| Retained earnings | | 11,604,133 | 6,811,997 |
| Total equity | | 11,604,133 | 6,811,997 |


Director


Company Secretary

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, 2020

| | Notes | 2020 G\$ | 2019 G\$ |
|---------------------------------------|-------|-------------------|-------------------|
| Revenue | | | |
| Other Income | | | |
| Grants | | 60,319 | 55,996 |
| Legal fees | 6 | 17,592,972 | 17,255,000 |
| Total income | | <u>659,500</u> | <u>1,473,200</u> |
| | | 18,312,791 | 18,784,196 |
| Expenses | | | |
| Administrative and operating expenses | | | |
| Financial charges | 0 | 13,520,655 | 17,169,444 |
| Total expenses | | <u>-</u> | <u>-</u> |
| | | 13,520,655 | 17,169,444 |
| Surplus for the year | | <u>4,792,136</u> | <u>1,614,752</u> |

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

JM.

Linden Legal Aid Centre Inc.
Statement of Cash Flows
For the year ended December 31, 2020

| | 2020 | 2019 |
|---|-------------------|------------------|
| | G\$ | G\$ |
| Cash flow from operating activities | | |
| Surplus/(deficit) for the year | 4,792,136 | 1,614,752 |
| <i>Adjustments for :</i> | | |
| (Decrease)/increase deferred revenue | (30,797) | (30,797) |
| Depreciation | 249,255 | 245,463 |
| Loss on disposal | - | - |
| Operating surplus/(deficit) before working capital changes | 5,010,594 | 1,829,418 |
| Increase in accounts receivable | (278,000) | 125,000 |
| (Decrease)/increase in accounts payable | (120,193) | (302,598) |
| (Decrease)/increase in legal fees provision | - | - |
| Net cash from operating activities | 4,612,401 | 1,651,820 |
| Cash flow from investing activity | | |
| Acquisition of property, plant & equipment | (289,489) | (501,756) |
| Net increase in cash and cash equivalents | 4,322,912 | 1,150,064 |
| Cash and cash equivalents at the beginning of the year | 6,025,189 | 4,875,125 |
| Cash and cash equivalents at the end of the year | 10,348,101 | 6,025,189 |
| An analysis of cash and cash equivalents as at December 31 | | |
| Cash as shown in the Statement of Financial Position | 10,348,101 | 6,025,189 |
| Cash and cash equivalents | 10,348,101 | 6,025,189 |

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

Jm.

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2020

1 Incorporation and 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 97-98 Republic Avenue, McKenzie, Linden.

These financial statements were approved by the Board of Directors on August 19, 2021.

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 Standard for Small and Medium-sized Entities requires management to make adjustments, estimates and assumptions. Actual results could differ from those estimates.

b) Income & expenditure

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

c) Revenue recognition

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

Linden Legal Aid Centre Inc.

Notes to the Financial Statements

For the year ended December 31, 2020

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 prevailing exchange rate at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated at the prevailing exchange rate at the end of the year and exchange gain/losses were recognised in the statement of comprehensive income.

f) Property, plant & 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 equivalent

| | 2020 | 2019 |
|---------------|-------------------|------------------|
| | G\$ | G\$ |
| Bank balances | <u>10,348,100</u> | <u>6,025,188</u> |

Linden Legal Aid Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

| 4 Property, plant & equipment | Office furniture G\$ | Office equipment G\$ | Total G\$ |
|--|-------------------------------------|-------------------------------------|----------------------|
| i Cost | | | |
| At January 1, 2019 | 552,832 | 920,261 | 1,473,093 |
| Additions | - | 501,756 | 501,756 |
| At December 31, 2019 | 552,832 | 1,422,017 | 1,974,849 |
| Additions | - | 289,489 | 289,489 |
| At December 31, 2020 | 552,832 | 1,711,506 | 2,264,338 |
| Depreciation | | | |
| At January 1, 2019 | 151,417 | 349,527 | 500,944 |
| Charges for the year | 55,283 | 190,180 | 245,463 |
| At December 31, 2019 | 206,700 | 539,707 | 746,407 |
| Charges for the year | 55,284 | 193,971 | 249,255 |
| At December 31, 2020 | 261,984 | 733,678 | 995,662 |
| Net book value | | | |
| At December 31, 2020 | 290,848 | 977,828 | 1,268,676 |
| At January 1, 2019 | 346,132 | 882,310 | 1,228,442 |
| ii Deferred income (non-current) | | 2020 G\$ | 2019 G\$ |
| • Donated depreciated assets: | | 195,148 | 225,945 |

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

5 Legal Fees Liability Provision

| | | |
|-------------------------|----------------|----------------|
| At January 1, | 137,700 | 931,246 |
| Released to income | - | (931,246) |
| Deferral for the period | - | 137,700 |
| At December 31, | 137,700 | 137,700 |

Linden Legal Aid Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

6 Grants

| | 2020 | 2019 |
|---|--------------------------|--------------------------|
| | G\$ | G\$ |
| (i) Represent monies received from Government subventures | 17,592,972 | 17,255,000 |
| Total | <u><u>17,592,972</u></u> | <u><u>17,255,000</u></u> |
| <p>(ii) 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 grant 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.</p> | | |

7 Legal & professional services

Administrative and operating expenses

| | | |
|--|--------------------------|--------------------------|
| Rent | 5,029,700 | 6,825,480 |
| Local travel | 1,075,000 | 1,150,000 |
| Refund | 401,704 | 1,652,032 |
| Rep & maintenance - building | 67,000 | 110,329 |
| Rep & maintenance - office fur & equip | - | 116,070 |
| Rep & maintenance - bicycle | 2,500 | 62,000 |
| Security | 23,320 | - |
| Office expenses | - | 12,000 |
| Stamp & postage | 319,245 | 311,809 |
| Cleaning & sanitation | 2,260 | 6,710 |
| Telephone & internet | 52,643 | 35,415 |
| Meals & accommodation | 179,440 | 159,161 |
| Advertising & promotion | 88,320 | 92,964 |
| Casual labour | - | 34,420 |
| Other expenses | - | 40,000 |
| Interest & penalties | - | (102,864) |
| Donation | 1,623 | 696 |
| Depreciation | 10,380 | 20,200 |
| Bank charges | 249,255 | 245,463 |
| Withholding tax | 28,507 | 29,925 |
| Employment cost | 5,905 | 5,040 |
| Total | <u><u>5,983,853</u></u> | <u><u>6,362,594</u></u> |
| | <u><u>13,520,655</u></u> | <u><u>17,169,444</u></u> |

J.M.

Linden Legal Aid Centre Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

1 Taxation

Electricity charges

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

2 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.

3 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.