



Ram & McRae

Chartered Accountants
Professional Services Firm

■ 157 'C' Waterloo Street
P.O. Box 10148
Georgetown, GUYANA

■ Tel: 226-1072/226-1301/226-0322
Fax: 592-225-4221
E-Mail: rame@networksgy.com
info@ramandmcrae.com

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 balance sheet as at December 31, 2008, and the related statements of 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 10 present fairly, in all material respects, the financial position of Linden Legal Aid Centre Inc. as of December 31, 2008, 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

September 2, 2009

Linden Legal Aid Centre Inc.

Balance Sheet

As at December 31, 2008

	Notes	2008 G\$	2007 G\$
Current assets			
Cash and cash equivalents	3	1,883,952	5,000
Total current assets		1,883,952	5,000
Current liabilities			
Accounts payable		33,310	-
Deferred income	4	1,477,746	-
Total current liabilities		1,511,056	-
Net current assets		372,896	5,000
Non-current assets			
Office equipment and furniture	5	6,337,107	10,000
Non-current liabilities			
Deferred income	6	(6,329,107)	-
Net assets		380,896	15,000
Represented by:			
Accumulated surplus		380,896	15,000
Total equity		380,896	15,000

The notes on pages 4 to 10 form an integral part of these financial statements.

Director

Treasurer

Linden Legal Aid Centre Inc.

Statement of Income

For the year ended December 31, 2008

	Notes	2008 G\$	2007 G\$
Income			
Grants	7	7,535,254	-
Consultancy fees		63,500	7,000
Legal fees		325,880	50,000
Cash donations		75,000	-
Donated assets		488,803	-
Total income		8,488,437	57,000
Expenses			
Employment costs	8	1,613,681	-
Operating and administrative expenses	9	6,508,860	42,000
Total expenses		8,122,541	42,000
Surplus for the period		365,896	15,000

The notes on pages 4 to 10 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.
Statement of Changes in Equity
For the year ended December 31, 2008

	Accumulated Fund G\$
At September 24, 2007	-
Surplus for the year	15,000
At December 31, 2007	<u>15,000</u>
Surplus for the year	365,896
At December 31, 2008	<u><u>380,896</u></u>

The notes on pages 4 to 10 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.

Statement of Cash Flows

For the year ended December 31, 2008

	2008 G\$	2007 G\$
Cash flows from operating activities		
Surplus for the period	365,896	15,000
<i>Adjustments for:</i>		
Donated assets	(488,803)	-
Depreciation	490,803	-
Operating surplus before working capital changes	367,896	15,000
Increase in accounts payable	33,310	-
Increase in deferred income	1,477,746	-
Net cash flows from operating activities	1,878,952	15,000
Cash flows from investing activities		
Purchase of office furniture and equipment	-	(10,000)
Net increase in cash and cash equivalents	1,878,952	5,000
Cash and cash equivalents at January 1,	5,000	-
Cash and cash equivalents at December 31,	1,883,952	5,000
Analysis of cash and cash equivalents as shown in the balance sheet		
Cash in hand and at bank	1,883,952	5,000
Total	1,883,952	5,000

The notes on pages 4 to 10 form an integral part of these financial statements.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2008

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, who because of lack of means would otherwise have their need for such advice and representation unmet of the Linden Community.

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 August 19, 2009.

2. Statement of accounting policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards and no account has been taken of the effects of inflation.

The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and to exercise judgment in the process of applying the company's accounting policies.

At the date of authorisation of these financial statements, IFRS 8: Operating Segments was in issue but not yet effective. Additionally, there are several Interpretations and amendments to existing Standards which are not yet effective. The directors 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, are recognised in income 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, 2008

4. Deferred income (current)	2008	2007
	G\$	G\$

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

UNICEF (<i>United Nations Children's Fund</i>)	<u>1,477,746</u>	<u>-</u>
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Please refer to note 7(ii) for additional information on the UNICEF funded Legal Aid Project.

5. Office equipment and furniture

G\$

Cost

At January 1,	10,000
Additions	<u>6,817,910</u>
At December 31,	<u>6,827,910</u>

Depreciation

At January 1,	-
Charges for the year	<u>490,803</u>
At December 31,	<u>490,803</u>

Net book value

At December 31,	<u>6,337,107</u>
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At January 1,	<u>10,000</u>
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6. Deferred income (non-current)	2008	2007
	G\$	G\$

Donated depreciable assets:	<u>6,329,107</u>	<u>-</u>
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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, 2008

7. Grants	2008	2007
	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)	2,522,254	-
Total	<u>7,535,254</u>	<u>-</u>

(i) 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 for a total cash amount of \$6,764,440 and equipment costing \$806,000.

8. Employment costs

Salaries	1,553,681	-
Allowances	60,000	-
Total	<u>1,613,681</u>	<u>-</u>

During the period, the company employed 3 persons.

No remuneration was paid to the Directors during the period.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2008

	2008	2007
	G\$	G\$
9. Operating and administrative expenses		
Attorney fees	1,368,902	-
Repair & maintenance - building	1,552,151	-
Depreciation	490,803	-
Other operating and administrative expenses	3,097,004	
Registration fees	-	33,550
PO Box rental	-	5,000
Casual labour	-	3,450
Total	<u>6,508,860</u>	<u>42,000</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, being of a charitable nature, 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.

Linden Legal Aid Centre Inc.

Notes to the financial statements

For the year ended December 31, 2008

11. Financial Risk Management continued

(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

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.