

GUYANA LEGAL AID CLINIC INC.

DECEMBER 31, 2012

AUDITED FINANCIAL STATEMENTS



RAM & McRAE
PROFESSIONAL SERVICES FIRM
CHARTERED ACCOUNTANTS

157 'C' Waterloo Street
North Cummingsburg
Georgetown

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
GUYANA LEGAL AID CLINIC INC.**

We have audited the accompanying financial statements of **Guyana Legal Aid Clinic Inc.**, which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income and accumulated fund and 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 the International Financial Reporting Standard for Small and Medium-sized Entities 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 about 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 8 present fairly, in all material respects, the financial position of **Guyana Legal Aid Clinic Inc.** as at December 31, 2012, and its financial performance and 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 1991.




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

June 13, 2013

Guyana Legal Aid Clinic Inc.
Statement of Financial Position
As at December 31, 2012

	Notes	2012 G\$	2011 G\$
ASSETS			
Non-current assets			
Office furniture and equipment	3	835,450	2,637,929
Current assets			
Accounts receivable		250,195	218,978
Cash and cash equivalents	4	21,703,315	26,853,226
Total current assets		<u>21,953,510</u>	<u>27,072,204</u>
Total assets		<u>22,788,960</u>	<u>29,710,133</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		21,667,927	27,052,238
Non-current liability			
Deferred income	5	661,183	547,588
Current liabilities			
Deferred income	6	-	1,775,569
Accounts payable	7	459,850	334,738
Total current liabilities		<u>459,850</u>	<u>2,110,307</u>
Total Equity & Liabilities		<u>22,788,960</u>	<u>29,710,133</u>



Director



Company Secretary

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.**Statement of Comprehensive Income & Accumulated Fund**

For the year ended December 31, 2012

	Notes	2012 G\$	2011 G\$
Income			
Grants	8	36,007,773	39,057,546
Consultancy fees		1,089,500	973,500
Legal fees	9	7,112,300	5,002,100
Donations		164,000	100,000
Other income		394,862	951,146
Total income		44,768,435	46,084,292
Expenses			
Employment costs	10	39,721,704	39,064,816
Operating expenses	11	5,356,162	5,639,571
Administrative expenses	12	5,074,880	3,963,267
Total expenses		50,152,746	48,667,654
Deficit for the year		(5,384,311)	(2,583,362)
Accumulated fund at January 1,		27,052,238	29,635,600
Accumulated fund at December 31,		21,667,927	27,052,238

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.

Statement of Cash Flows

For the year ended December 31, 2012

	2012 G\$	2011 G\$
Cash flows from operating activities		
Deficit for the year	(5,384,311)	(2,583,362)
<i>Adjustments for:</i>		
Grants recognised in income	(37,669,747)	(39,057,546)
Grants received	36,007,773	39,860,362
Depreciation	972,682	1,052,812
Loss on assets written off	1,084,854	15,233
Operating deficit before working capital changes	(4,988,749)	(712,501)
Increase in accounts receivable	(31,217)	(26,985)
Increase in accounts payable	125,112	6,032
Cash used in operating activities	(4,894,854)	(733,454)
Cash flows from investing activity		
Purchase of office furniture and equipment	(255,057)	(443,144)
Net decrease in cash and cash equivalents	(5,149,911)	(1,176,598)
Cash and cash equivalents at January 1,	26,853,226	28,029,824
Cash and cash equivalents at December 31,	<u>21,703,315</u>	<u>26,853,226</u>
Analysis of cash and cash equivalents as shown on the statement of financial position		
Cash in hand	87,926	123,455
Cash at bank	21,615,389	26,729,771
Total	<u>21,703,315</u>	<u>26,853,226</u>

The notes on pages 4 to 8 form an integral part of these financial statements.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2012

1. Incorporation and principal activity

The company was incorporated in the Co-operative Republic of Guyana on February 16, 1993 under the Companies Act Cap 89:01 as a company limited by guarantee and was continued under the Companies Act 1991 on January 5, 1996. Operations commenced during March 1994.

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, and to refer persons requiring non-legal help to appropriate agencies.

The company's registered office is located at First Floor, Eastern Section, Maraj Building, Charlotte & King Streets, Georgetown, Guyana.

These financial statements were approved by the Board of Directors on June 13, 2013.

2. Statement of accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with and comply with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements have been prepared under the historical cost convention.

(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.

(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 donation 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 their income and expenditure account each year.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2012

2. Statement of accounting policies continued

(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 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) Office furniture and equipment

Office furniture and equipment are stated at historical cost less depreciation and any impairment losses. 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%

3. Office furniture and equipment	Office furniture G\$	Office equipment G\$	Total G\$
Cost			
At January 1, 2012	3,325,640	5,923,265	9,248,905
Additions	40,716	214,341	255,057
Disposals	(2,335,746)	(394,959)	(2,730,705)
At December 31, 2012	1,030,610	5,742,647	6,773,257
Depreciation			
At January 1, 2012	1,458,141	5,152,835	6,610,976
Charges for the year	155,426	817,256	972,682
Write back on disposals/adjustments	(659,478)	(986,373)	(1,645,851)
At December 31, 2012	954,089	4,983,718	5,937,807
Net book value			
At December 31, 2012	76,521	758,929	835,450
At January 1, 2012	1,867,499	770,430	2,637,929

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2012

	2012	2011
	G\$	G\$
4. Cash and cash equivalents		
Cash on hand and deposits held with financial institutions:		
Cash on hand	87,926	123,455
Deposits	21,615,389	26,729,771
Total	<u>21,703,315</u>	<u>26,853,226</u>
Included in deposits are grants received but not utilised as detailed in note 6.		
5. Deferred income (non-current)		
Donated depreciable assets	<u>661,183</u>	<u>547,588</u>
This is amortised and charged to the statement of comprehensive income at the rate the asset is depreciated.		
6. Deferred income (current)		
This represents grants received but not utilised at the end of the period:		
UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	-	1,775,569
Total funds not utilised	<u>-</u>	<u>1,775,569</u>
Please refer to note 8 for additional information on these grants.		
7. Accounts payable		
Publication fees	4,365	4,365
Accruals	371,835	246,723
Client funds	83,650	83,650
Total	<u>459,850</u>	<u>334,738</u>
8. Grants		
This balance comprises grants recognised in income as follows:		
(i) USAID/GDCCR Project	141,462	586,918
(ii) Ministry of Human Services and Social Security	32,082,943	32,338,000
(iii) UNICEF funded Children's Legal Aid Project (by agreement with the Ministry of Culture, Youth and Sports)	3,783,368	6,132,628
	<u>36,007,773</u>	<u>39,057,546</u>

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2012

8. Grants continued

- (i) This represents amount recognised from a capital grant received from the Guyana Democratic Consolidation and Conflict Resolution Project (GDCCR) of the United States Agency for International Development (USAID).
- (ii) This represents amount recognised from the annual subvention received from the Government of Guyana through the Ministry of Human Services and Social Security to fund day-to-day activities of the company. This funding is provided pursuant to a Memorandum of Understanding between the Company and the Ministry dated March 14, 2009. Total cash received during the period was \$32,338,000 and was fully utilised as at December 31, 2012.

The lease rental for the premises occupied by the company is funded by the Ministry of Human Services and Social Security.

- (iii) This represents amounts recognised from funds provided by UNICEF for the purpose of providing legal aid services to children. Provision of the services began in September 2007 by agreement with the Ministry of Culture, Youth and Sport (which had received funds from UNICEF for the establishment of a children's legal aid service) and the original 12 months of the project has been extended by consensus. Total cash received during the period was \$3,783,368 and was fully utilised as at December 31, 2012

9. Legal fees

The company charges a nominal fee to clients.

	2012	2011
	GS	GS
10. Employment costs		
Salaries	31,824,930	31,307,491
Allowances	6,416,430	6,562,269
Employer's NIS Contribution	1,480,344	1,157,496
Training & Accommodation	-	37,560
Total	<u>39,721,704</u>	<u>39,064,816</u>

During the period, the company employed 19 persons (2011 - 14). From October 2012 to December 2012, the company had the no-cost services of an intern under the Canadian Bar Association's International Youth Internship Programme.

Guyana Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2012

	2012	2011
	G\$	G\$
11. Operating expenses		
Depreciation	972,682	1,052,812
Transportation	1,381,273	2,204,079
Rent	1,119,740	856,080
Affidavit fees	322,367	272,700
Legal services	1,340,000	1,225,000
Repairs and maintenance - office equipment	220,100	28,900
Total	<u>5,356,162</u>	<u>5,639,571</u>

12 Administrative expenses

Office expenses	1,845,950	1,920,652
Advertising	127,879	288,284
Telephone	567,109	386,594
Electricity	647,992	493,197
Insurance	169,300	146,414
Communication costs	159,360	156,760
Security	112,729	80,736
Loss on assets written off	1,084,854	15,233
Photocopying and postage	69,450	72,877
Financial charges	93,352	216,320
Audit fees	196,905	186,200
Total	<u>5,074,880</u>	<u>3,963,267</u>

13 Taxation

On July 7, 1994 the company received approval from the Ministry of Finance to be deemed as a charitable organisation. The company is therefore exempt from Corporation and Property Taxes.

14 Related party transactions

Donations from related party	<u>155,000</u>	<u>100,000</u>
Key management personnel compensation	<u>6,536,280</u>	<u>11,460,000</u>

No remuneration was paid to the Directors during the year under review.