

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

We have audited the accompanying financial statements of **Georgetown Legal Aid Clinic Inc.**, which comprise the balance sheet as at December 31, 2006, and the related statements of income, accumulated fund 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 present fairly, in all material respects, the financial position of Georgetown Legal Aid Clinic Inc. as of December 31, 2006, 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

July 4, 2007

Georgetown Legal Aid Clinic Inc.

Balance Sheet

As at December 31, 2006

	Notes	2006 G\$	2005 G\$
Current assets			
Accounts receivable		96,162	1,160,000
Cash and cash equivalents		8,804,877	7,287,158
Total current assets		<u>8,901,039</u>	<u>8,447,158</u>
Current liabilities			
Deferred income	4	268,922	4,369,622
Accounts payable		1,136,132	886,101
Total current liabilities		<u>1,405,054</u>	<u>5,255,723</u>
Net current assets		<u>7,495,985</u>	<u>3,191,435</u>
Property, plant and equipment	5	<u>1,770,489</u>	<u>67,500</u>
		<u>1,770,489</u>	<u>67,500</u>
Non-current liabilities			
Deferred income		1,348,370	-
Net assets		<u>7,918,104</u>	<u>3,258,935</u>
Represented by:			
Accumulated fund		<u>7,918,104</u>	<u>3,258,935</u>

The notes on pages 4 to 7 form an integral part of these financial statements.

M. J. W.
Director/Secretary

J. J. W.
Treasurer

Georgetown Legal Aid Clinic Inc.
Statement of Income and Accumulated Fund
For the year ended December 31, 2006

	Notes	2006 G\$	Fifteen months to December 31, 2005 G\$
Income			
Consultancy fees		564,500	521,500
Legal fees		2,990,705	1,792,360
Grants	6	14,165,384	14,334,688
Donations		315,000	-
Other Income		148,815	7,002
Total income		18,184,404	16,655,550
Expenses			
Operating and administrative expenses	7	13,525,235	13,201,810
Surplus for the period		4,659,169	3,453,740
Accumulated fund/(deficit) at January 1,		3,258,935	(194,805)
Accumulated fund at December 31,		7,918,104	3,258,935

The notes on pages 4 to 7 form an integral part of these financial statements.

Georgetown Legal Aid Clinic Inc.

Statement of Cash Flows

For the year ended December 31, 2006

	Notes	2006 G\$	Fifteen months to December 31, 2005 G\$
Cash flows from operating activities			
Surplus for the period		4,659,169	3,453,740
<i>Adjustments for:</i>			
Depreciation		35,870	22,500
Operating surplus before working capital changes		4,695,039	3,476,240
Increase / (decrease) in accounts receivable		1,063,838	(1,160,000)
(Decrease) / increase in deferred income		(4,100,700)	610,712
Increase / (decrease) in accounts payable		250,031	(53,932)
Net cash flows from operating activities		1,908,208	2,873,020
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,738,859)	-
Deferred income		1,348,370	-
Net increase in cash and cash equivalents		1,517,719	2,873,020
Cash and cash equivalents at January 1,		7,287,158	4,414,138
Cash and cash equivalents at December 31,		8,804,877	7,287,158
Analysis of cash and cash equivalents as shown in the balance sheet			
Cash in hand and at bank		8,804,877	7,287,158
Total		8,804,877	7,287,158

The notes on pages 4 to 7 form an integral part of these financial statements.

Georgetown Legal Aid Clinic Inc.

Notes to the Financial Statements

For the year ended December 31, 2006

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.

Its principal activities are 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 address of the company's registered office is First Floor, Eastern Section, Maraj Building, Charlotte & King Streets, Georgetown, Guyana.

These financial statements were approved by the Board of Directors on June 28, 2007.

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.

At the date of authorisation of these financial statements, IFRS 7 - Financial Instruments: Disclosures and IFRS 8: Operating Segments were 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) 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. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates prevailing at the end of the year.

Georgetown Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2006

2. Statement of accounting policies continued

(d) Property, plant and equipment

Property, plant 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. A full year's depreciation is charged in the year of acquisition and none in the year of disposal. The rates used are as follows:

Office furniture	20%
Office equipment	20%

(e) Comparatives

In 2005, the company changed its reporting period to end on December 31, to be coterminous with a calendar year. The results for the current period relate to the twelve months period from January 1, 2006 to December 31, 2006 whereas comparatives relate to the fifteen months from October 1, 2004 to December 31, 2005.

3. Going concern

The company is heavily dependent on grants and other forms of funding, continued receipt of which is not guaranteed. Consequently, the ability of the company to continue as a going concern is dependent upon continued support.

These financial statements have been prepared on the going concern basis which assumes that all assets and liabilities at the balance sheet date will be realised and discharged respectively in the normal course of business, as against being prepared on a break up basis, (i.e. reflecting all assets and liabilities at the balance sheet date at their forced sale values) as would be required if the going concern assertion is inappropriate.

4. Deferred income

This represents assets donated by USAID during the year which have been capitalised and the corresponding income deferred in line with the useful lives of the assets. An amount equivalent to the depreciation charge is transferred to the income statement each year and recognised as income in that period. Amounts received for the purpose of the project is recognised on an actual expenses basis and the balance in the bank balance is deferred to future periods and written back to the income statement when the expenditure is incurred.

Georgetown Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2006

5. Property, Plant & Equipment

Cost	Office furniture G\$	Office equipment G\$	Total G\$
At January 1, 2006	691,099	1,327,161	2,018,260
Additions	1,561,629	177,230	1,738,859
At December 31, 2006	2,252,728	1,504,391	3,757,119
Depreciation			
At January 1, 2006	689,599	1,261,161	1,950,760
Charges for the year	6,313	29,557	35,870
At December 31, 2006	695,912	1,290,718	1,986,630
Net book value			
At December 31, 2006	1,556,816	213,673	1,770,489
At January 1, 2006	1,500	66,000	67,500

6. Grant

	2006	2005
	G\$	G\$

This balance comprises monies received from the following parties:

(i) United States Agency for International Development (USAID)	13,965,384	14,334,688
(ii) Government of Guyana	200,000	-
	14,165,384	14,334,688

- (i) This represents a grant received from the United States Agency for International Development (USAID) for the purpose of carrying out the company's principal activities.
- (ii) This represents a subvention received from the Government of Guyana the purpose of carrying out the company's principal activities.

Georgetown Legal Aid Clinic Inc.

Notes to the financial statements

For the year ended December 31, 2006

		Fifteen months to December 31,
	2006	2005
	G\$	G\$
7. Operating and administrative expenses		
Employment costs (see note 8)	11,637,909	9,616,788
Advertising	44,700	84,040
Affidavit fees	92,316	105,763
Cleaning	12,347	11,782
Communication costs	233,960	610,060
Depreciation	35,870	22,500
Electricity	262,261	244,357
Financial charges	3,500	9,349
Insurance	22,676	31,620
Legal & professional fees	336,120	164,740
Miscellaneous expenses	55,640	1,742,148
Office expenses	625,785	322,585
Photocopying and postage	55,286	40,623
Repairs and maintenance - building	47,225	58,799
Repairs and maintenance - equipment	3,000	67,356
Security	53,000	68,500
Transportation	3,640	800
Total	13,525,235	13,201,810
8. Staff costs		
Salaries	10,456,274	9,456,788
Allowances	1,181,635	160,000
	11,637,909	9,616,788

During the period the company employed 8 persons (2005 - 7).

The Company's key management personnel comprises the Managing Attorney. The remuneration paid during the year was \$5,042,778 (2005 - \$1,437,923).

9. 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.