VentureCapital
Equity Fund Limited

2015
ANNUAL REPORT

VentureCapital
Equity Fund Limited

VISION

The creation of the VCEFL has been driven by the vision of:

- Transformation of Tobago's Economic Landscape;
- Diversification of the Economy;
- Reduction of Reliance on THA for Job Creation;
- Re-Igniting Entrepreneurship in Tobago.

MISSION

The mission of the VCEFL is to:

- Transform Tobago's economy through private sector participation in new and existing economic activities;
- Broaden the range of investment capital available to Tobago entrepreneurs and businesses by providing venture capital and private equity options;
- Build a healthy diversified portfolio of profitable Tobago companies to provide a target return; on investment (ROI) and generate reliable streams of income for investors;
- Create economic benefits for Tobago through stimulation of private enterprise for trade and employment with a reduction of reliance on THA for job creation and financing.

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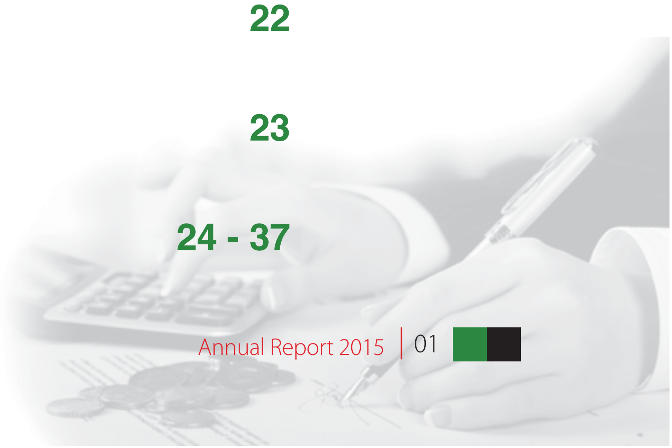
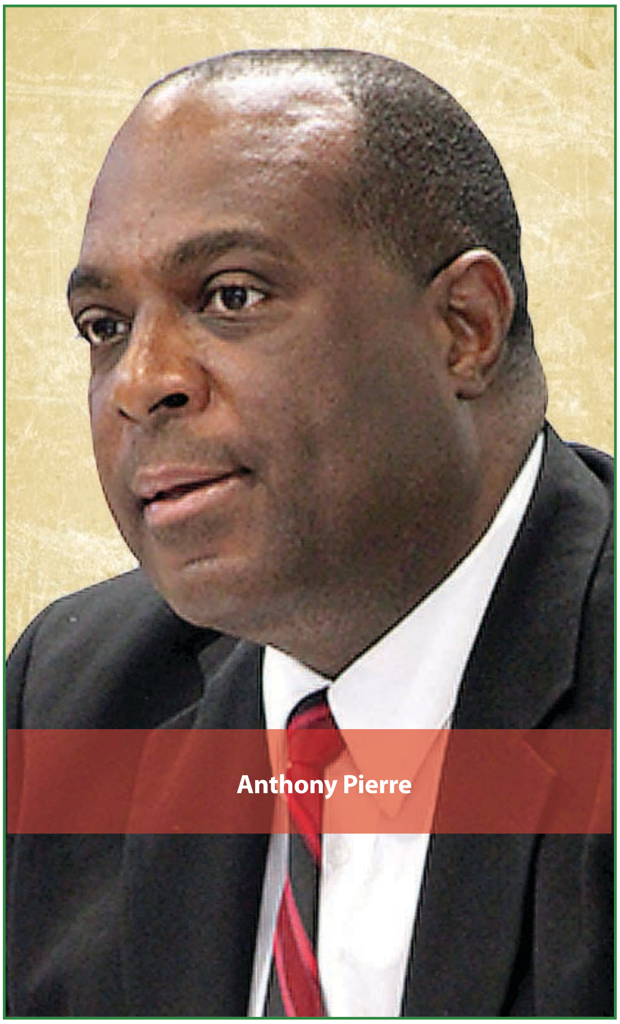


Chairman's Remarks
VCEFL Annual General Meeting

The Tobago House of Assembly Venture Capital Equity Fund Limited (VCEFL) was established by the Tobago House of Assembly (THA) in November 2010 under the Venture Capital Act (1994).



Anthony Pierre

It is one of the instruments that the THA has created to further develop and diversify the Tobago economy.

The VCEFL was charged to focus primarily on investments that support the eco-diversification mandate and which will be guided by the overall "clean, green, safe and serene" principle.

The sectors identified for investment include agriculture, agro-processing, alternative energy and light manufacturing; with a specific focus on businesses intending to establish operations in the Cove Eco-Industrial and Business Park.

The Board of Directors has worked relentlessly over the last two to three years, not without challenges, in launching the Fund and investing in our first three Qualified Investment Companies (QIC's), namely: Andy's Company Limited, Quiet River Corporation Limited and Pork International Group Limited.

> "In 2015 we also implemented a policy of diversifying the company's funding sources so as to enhance our financial profile."

The VCEFL portfolio investment stands at $4 million. Of the three QIC's, two are tenants at the Cove Eco-Industrial Business Park and collectively twenty-two (22) permanent direct jobs would have been created by the time these are fully operational. The Board has approved another two projects with capitalization of approximately $3.5 million. One of these projects recently received Executive Council approval and disbursement should be completed within the next few days. The other awaits Executive Council approval at the time of writing.

There are another three projects in the pipeline and it is anticipated that these projects will be capitalized within the calendar year 2016.

Additionally, the VCEFL has completed a feasibility study for a Tobago Feed Mill. The study shows that a Tobago Feed Mill is both technically feasible and commercially viable. Private sector involvement to participate in the establishment of the Tobago Feed Mill Company Limited will be invited by the third quarter of 2016.

Going forward, the Board recently completed a Strategic Alignment exercise; from which five (5) major strategic initiatives have emerged. A major strategic initiative is fund raising which the Board intends to embark on effective fourth quarter 2016.

VCEFL intends to continue to promote venture capital equity investments as alternative financing solutions available to Tobago business operators, increase public awareness of venture capital funds and benefits of VCEFL and deepen the collaboration among financial and service intermediaries in Tobago.

> “I would like to mention the change in management in the second half of 2015. This had an undeniably positive impact on the amount of funds under management, and coupled with its strong brand, client loyalty, and the good performance”

Signing of the Shareholders Agreement for Andy's Company Ltd (ACL) & Quiet River Corporation Ltd. (QRC) (l-r) Peter Marshall of QRC, Anthony Pierre Chairman of VCEFL, Reginald Andrews and Elvis Charles of ACL and Claire Davidson-Williams Administrator for THA – Finance & Enterprise Development Division

Board of Directors

THA-Venture Capital Equity Fund Co. Ltd was established as a Venture Capital Company on 17th November 2010 to transform the Tobago economy through diversification, spur job growth and creation and ignite Tobago's entrepreneur's spirit. The Company is run by a Board of Directors. The Board is appointed by the Shareholder(s) to direct the management and affairs of the Company. The Board controls the overall direction of the Company. The Board creates sub-committees to help achieve the Company's strategic goals. The Investment Committee is a sub-committee of the Board and acts in an advisory capacity. Members of the Investment Committee are appointed by the Board and ultimate responsibility for investment matters lies with the Board. The Investment Committee works in tandem with the General Manager to deliver the full range of investment responsibilities, strategic vision and to provide accountability to the Venture Capital Equity Fund Ltd. (VCEFL) Board of Directors and Shareholder(s).

Mr. Anthony Pierre

Chairman of the Board

Mr. Pierre has over 29 years of experience in the field of accounting, auditing, taxation, financial and business consultancy and has worked for a varied portfolio of local, regional and international clients drawn from the private sector, the public sector and NGO's. He was elected Vice President of the Institute of Chartered Accountants of the Caribbean (ICAC) in June 2015 and served as President of the Institute of Chartered Accountants of Trinidad & Tobago (2009-2012). He is a fellow of the Association of Certified Chartered Accountants (FCCA) of the United Kingdom, a member in practice of the Institute of Chartered Accountants of Trinidad and Tobago (CA), an associate of the Institute of Financial Consultants of the USA (CFC) and a Certified Risk Analyst (CICRA), having completed certified training in ISO 310000 - Enterprise Risk Management and related ISO 27005. Mr. Pierre has been a Board member since 2011.

Ms. Vernie Shield

Deputy Chairman

General Manager of Mortgage Services, Trinidad & Tobago Mortgage Finance Company Ltd. (TTMF).

Ms. Shield has over 30 years of experience in the banking sector and is the former Manager of First Citizens Bank, Tobago Branches. She is the holder of an Executive MBA from the Arthur Lok Jack Graduate School of Business and has been trained by several international bodies to develop policy guidelines that regulate financial institutions. Ms. Shield has served on the Board since 2013.

Mr. Alvin Pascall

Board Member

Senior State Counsel - Tobago House of Assembly

Mr. Alvin Pascall is a seasoned General Practitioner with in-depth knowledge and experience in Public Law, Civil Litigation, Probate Practice, the Laws of Trust, Family Practice, Company Practice as well as Conveyancing and Land Matters. For the past seventeen years he has appeared before every judge of the Civil Court of Trinidad and Tobago as both a private and public law practitioner and as an instructing attorney and/or advocate. Mr. Pascal has served on the Board since 2011.

Mrs Petal-Ann Roberts
Board Member

Senior Financial Analyst, Division of Finance & Enterprise Development - THA

Mrs. Petal-Ann Roberts is a professional accountant with a strong financial background beginning her career as Assistant Financial Controller at Hilton Tobago Golf and Spa Resort. Mrs. Roberts joined the Division of Finance and Enterprise Development, Tobago House of Assembly in 2009, and rose to the position of Senior Financial Analyst in 2011; a position she currently holds. She is a member of the Association of Chartered Certified Accountants (ACCA) and was appointed as a Director of the Board of the Tobago House of Assembly Venture Capital Equity Fund Company Limited in 2014.

Mr. David Collymore
General Manager

Mr Collymore is a Certified Public Accountant (CPA) with extensive experience in venture capital, taxation, acquisition and mergers and managing initial public offerings (IPOs). He worked as Assistant Treasurer of Investment Banking at JP Morgan for fifteen years and re-migrated to Tobago in 2014 to have a meaningful impact in his homeland. Mr Collymore joined the company in January 2015.

Fish Vendor Serving Customer

EXECUTIVE SUMMARIES

Project Briefs

Andy's Company Ltd.
Project Brief

OWNERSHIP:
Andy's Company Limited (ACL) was founded over 25 years ago by Mr Dalton Andrews of Belle Garden, Tobago. The company is best known for the distinct tastes of its Cherry Nectar which utilizes the yellow sour cherry of Tobago. Currently, Andy's Company Limited is owned and operated by Mr Reginald Andrews, who is the grandson of the founder of the company, and Mr Elvis Charles, as equal partners.

THE PRODUCT:
While the company's satellite product is the distinguished Cherry Nectar, other juices and flavours have been added to the product line. These include orange, sorrel, fruit punch, grape, apple, grapefruit, mauby and pink cherry. A line of fresh juices is also contemplated for the health conscious consumers. There are also plans to incorporate blended flavours and dried fruits snacks into the product offerings. ACL products are distributed to several large supermarkets throughout the country.

The challenge for ACL is reliable access to a bottling plant. Consequently, the company relocated to Trinidad 10 years ago to meet the demand for its product. At this time, ACL bottling services are contracted to Brava International who is also the distributor for Tampico - a competitor.

Obviously, this arrangement is not optimal for ACL as it delivers production deficiencies, unpredictable price increases and frequent production delays which results in stock-outs.

In these circumstances, ACL's strategic decision is to seek a co-investor to acquire a bottling plant.

Summary Budget for Acquiring and Operating Bottling Plant

	Proposed Expenditure	Amount (TT $) Required
i.	Plant Equipment	585,000
ii.	Installation	65,000
iii.	Testing & Commissioning	50,000
iv.	Raw Material Purchases	200,000
v.	Working Capital	550,000
vi.	Other Expenses i.e. lease deposit reserve	50,000
Total Funding Required		**1,500,000**

The present equity position of ACL does not appear very robust and strong. However the company does have a Proprietary formula for the Cherry Nectar product estimated at TT$1.8M. In addition, the company's management, vision and experience can be harnessed to produce an enterprise that will make Tobago proud.

ACL is a going concern presently manufacturing and selling 1500 cases of beverage monthly in the Trinidad and Tobago market. This company fits the profile for THA-Venture Capital engagement and assistance.

By the most conservative assessment, the average ROI for the first 3 years is in excess of 50%. ACL market share can be enhanced significantly with professional marketing and promotion, thereby increasing profitability. The Tobago brand will provide new opportunities and an established platform for other private sector enterprise operations in Tobago.

FINANCIAL INFORMATION/RATIOS

Based upon the financial projections of Andy's Company for a three-year period of full operation the Net Profit Margin is as follows:

	YR 1	YR 2	YR 3
Income/Sales	3,018,000	3,610,400	4,207,750
Cost of Sales	1,686,700	1,754,168	1,912,043
Gross Margin	1,331,300	1,856,232	2,295,707
Gross Margin %	44%	51%	55%
Total Expenses	934,175	980,885	303,508
Operating Profit	397,125	875,347	1,254,032
Taxes	98,271	218,837	303,508
Net Income After Tax	297,844	656,510	940,524
Net Profit Margin	9.9%	18.2%	24.4%
Return on Investment	24.8%	54.7%	78.4%

The Pay-Back period for this investment is estimated at approximately 3 to 4 years.

Sales Volume and Break Even Analysis:

The Sales Forecast for Andy's Company Ltd is 90,000 cases per year as follows:

Projected Market:	**Annual Sale Volume/Cases**	
Tobago	1500 per month	18,000
Trinidad	3500 per month	42,000
Regional Export Mkt	2500 per month	30,000
		90,000

Break-Even sales volume has been calculated at 33,240 cases of juice per year. ACL see this as a very comfortable and attainable target particularly when the mandatory and distribution strategies are in place.

THE MARKET PLAN:

A highly effective and efficient Marketing plan is critical for ACL further penetration into the beverage market. In this regard, ACL is in discussion with Blue Mountain Waters (BMW) to facilitate the distribution of its product line in its already well-established marketing arrangements.

In addition to the regular distribution channels already established at supermarkets nationwide, ACL propose to seek a contractual arrangement with Tobago's School Nutrition Programme for the supply of its product as part of the meal service.

Currently ACL estimates that it holds approximately 40-45% of the market share in Tobago and 20% in Trinidad. With control over the production process and targeted marketing, these figures are expected to improve measurably.

ACL is committed to an aggressive marketing strategy including professional market experts and an equally appropriate marketing budget to move its product line. Focus will be on rebuilding the "Cherry Nectar" line and utilizing the strength of this placement to support and provide other offerings in the product line. The "Tobago Brand" will feature extensively in the Marketing Plan which will be developed for Andy's Product line.

FACTORY OPERATION/MAINTENANCE

Andy's Company Ltd (ACL) will produce its juices through the batching process to permit the variety of flavours which are required. The average batch production will be 300 cases per batch. Two batches will be produced daily i.e. 600 cases. At the start up operation the raw material will be procured form Trinidad. The CEO Reginald Andrews will oversee and direct the production operation with the assistance five (5) staff members.

Inventory Management will fall to Mr Elvis Charles. This will include raw material and finish product. VCEFL is committed and available to provide advisory and management support as necessary.

MANAGEMENT/LABOUR FORCE

Mr Reginald Andrews, current owner of ACL, will function initially as CEO with responsibility for plant operations and employee hiring. It is expected that initially 11 persons will be hired and trained for the operation and maintenance of the new facility. VCEFL will have a right and a responsibility to ensure satisfactory hiring process through its Chairmanship of the BOD of ACL.

EXIT STRATEGY

The proposal is for VCEFL to exit the Andy's Company Ltd at the end of 5 years. Towards this end, ACL will operate a retention policy of 50% of its annual earnings towards the repayment of VCEFL investment and the required 15% ROI.

As founding partner of Andy's Company Ltd, ACL will have the benefit of a Pre-emptive Right Agreement which will entitle ACL Rights of First Refusal (ROFR) to acquire all of the 50% equity owned by VCEFL. Where this option is not fully taken by ACL, the company may acquire a portion of those shares with the balance of shares disposed of through an IPO or as a private placement with other beverage manufacturing stakeholders within Tobago.

ANALYSIS & CONCLUSION

The experience of the CEO – Mr Reginald Andrews and partner Mr Elvis Charles - in the beverage industry brings insight and hands-on expertise to the table. This fusion of vision, enthusiasm and commitment will serve ACL interests immeasurably.

The overall impact of this factory on the Tobago landscape will be significant. The potential to boost agriculture production for sorrel, passion fruit, citrus and other fruits cannot be overstated as a benefit for the investment. In addition, the factory will provide the opportunity to utilize some of the seasonal fruits currently wasted in Tobago.

Pork International Group Ltd. Project Brief

Mission Statement
To be the largest producer of gourmet pork and pork products in Trinidad & Tobago, and by extension, the CARICOM Region.

Vision
To grow with our customers and enhance our product through efficient pork processing and a commitment to services, thereby satisfying individual customer needs and expectation

Company/Management Profile
Pork International Group Ltd (PIG) is a pig farm located at Belmont Farm Road, Mason Hall, Tobago. The owner/operator, Ms. Rennette Clinton, left her lucrative position in the Trinidad and Tobago Public Transportation Service Corporation (PTSC) to begin a pig farm at her home in Mt. Thomas about twenty (20) years ago as a small business producing quality meats for the district and environs. Ms. Clinton has since expanded her facilities and registered her company, Pork International Group Ltd (PIG).

Ms. Clinton's dedication and perseverance to the breeding of quality meats has resulted in her winning many competitions in Tobago, resulting in her being featured on many agricultural programmes (television and radio). This new venture with VCEFL will assist PIG in achieving its mission to feed Tobago, Trinidad and the wider Caribbean.

Business Location
Pork International Group Ltd is located at Belmont Farm Road, Mason Hall, Tobago. The Farm is located on 10 acres of State land leased to Mrs. Rennette Clinton for a period of 20 years with right of assignment subject to prior approval. Please refer to EC Minute No. 441 of August 17, 2009 and letter January 11, 2006 from Hon. Hilton Sandy Secretary of Agriculture, Marine Affairs and the Environment

Details of Request
PIG initially approached the VCEFL for financing for $537,000 for the construction of pens and replenishing the breeding stock. However, they have revised their proposal and requested an increased investment of $1,920,000.The additional funds would be used to construct an animal processing/kill room and the purchase of one (1) chiller, one (1) freezer, one (1) cold storage truck for delivery and one (1) medium-sized truck for transportation. Cost of these items is as follows and covers freight, insurance, taxes, transportation and installation:

ACTIVITIES	COSTS
Construction: Processing Room & Pen Construction	**$412,510**
Chillier Room	**$120,000**
Freezer Room	**$261,500**
Cold storage truck	**$391,269**
Medium size truck	**$134,440**
Working Capital	**$600,281**
Loans – $152,000	
Wire Fence – $75,000	
Security CCTV cameras – $50,000	
Working Capital – operating expenses $323,281	
Total	**$2,072,000**

Product Offering

Pork International Group Ltd, when fully functional will offer the following pork products to the communities and people of Trinidad and Tobago and the CARICOM region:

- Pork Chops
- Pig Feet
- Pig Knuckles
- Ribs including baby back ribs
- Pig Head
- Prime Cuts
- Sausage
- Bacon
- Ham

Market Analysis

Pork International Group Ltd market prospects are great. From the statistical data above Tobago pork market is under-served and therefore Pork International Group Ltd is in a strong position to significantly increase its market share.

Based on market observations, Tobagonians are "eating out" considerably more, there are more cruise ships docking in Scarborough; and the tourism industry is stronger than ever. These and other intangibles, like name recognition, branding and logo will put Pork International Group Ltd in a position to take off financially. Pork International Group Ltd is committed to producing high quality, low fat, pork and pork products, which appeal to health conscious sophisticated consumers. Pork International Group Ltd plans for slaughtering and processing pigs, which will be high quality bred, provides us full control of the quality and differentiations in our pork products.

Risk Analysis

The following are the risks identified with this project and the associated mitigating strategies:

Risk	Description	Mitigating Strategies
Competition/ Marketing	The meat industry in Tobago is becoming saturated with imported meat which sells at a lower price than locally grown meat. Many farmers are also entering the industry. Competitors include McKenzie farm, Jacobs Seafood.	Pork International Group will employ a marketing specialist to develop and market its products throughout Trinidad and Tobago with emphasis on high quality lean products, including ham, sausage and bacon.
Funding	Adequacy of funding to cover all operating expenses and other contingencies until the business begins to generate the level of cash flows to fund its operations.	The request from VCEFL includes the operating expenses for the first few months of operation
Major Input	The escalation in the cost and/or availability of livestock feed would have a direct effect on the operations	Currently, Pork International Group supplements the pig food with fruits, vegetables and grass. 60% feed and 40% fruit, grass and vegetables which does not diminish the quality of the meat and which will continue.
Management Labour	Pig farms require a mixture of skilled and unskilled workers to keep the farm consistently running at maximum production levels.	The farm will be managed by the owners with 2 full-time drivers, 2 to 4 full-time unskilled labourers, a technical adviser; vet and marketing specialist would be retained on a contingency basis.
Safety/Security	Security of the animals and other assets belonging to the Company is a priority, praedial larceny is on the rise especially during peak season.	Advance CCTV that can detect perimeter intrusion and alert staff. Animal count detections that immediately will alert staff if any animal is removed from its pen.

Risk	Description	Mitigating Strategies
Health/Environmental	Ensure that waste management is in keeping with EMA regulations.	All EMA certification for this project has been received. All the slaughterhouse waste and death will be disposed of via the Studley Park dump. The faecal matter would use a septic system treated with chemical V-CON-S which kills all bacteria, etc. In the future, the Company will purchase a Biogas digester that turn waste into fuel to power the kill room.
Exit	Pork International is expected to generate enough value to exit the investment in good standing by repaying VCEFL a return of capital plus VCEFL desire return on their investment	Would also include the options agreed to and the valuation method employed to assess the fair value of the company after five years

Assumptions:

- Targeting about 31%, or 8,647 households within Tobago.
- Meat would be sold at an average cost of $25.85 per pound with the annual total purchase of 187.65 pounds per household/year (avg. 15 lbs. per month).
- Sales is projected to decrease 2.3% in January due to the end of the Christmas Season with highest sales being recorded between April and May due to the Easter Celebration in Tobago, Goat Race, Jazz Festival and November-December leading to Christmas Season.
- Production is projected to increase by 43% per annum over the next five years.
- There would not be any purchases of livestock after year 3 as the farm would be producing an adequate supply of piglets.

Recommendation

It is being recommended that the VCEFL invest in this venture for the following reasons:

- Good market demand.
- The principal has the required skills and experience in the pig farming industry.
- The owners have already invested about $500,000 cash (not including bank loans) of their own funds in the venture, indicative of their commitment to the success.
- Projections indicate an ROI of 26% which would meet the VCEFL threshold of 25 to 30% ROI.
- In order to control the use of the funds being invested, monies would be released in phases, and as far as practical, directly to the supplier of products and services. To facilitate this process, the company will be required to supply the names, addresses and contact numbers of all such service providers. Additionally, funds will be released by VCEF only upon the provision of an invoice by the supplier and payments would be by cheque or bank transfer. All requests for funds must be made in writing by PIG.
- After the initial release of funds, a VCEFL officer will visit and report on the utilization on those funds before the disbursement of additional funds. Such a report must also contain pictures clearly identify the works completed and/or the installation of machinery and equipment.
- The venture meets all aspects of the THA's Vision for Agriculture as it would not only revive the agriculture and the food industry in Tobago but cement the importance of livestock in terms of food security; value added potential, marketing and export potential.

Presentation of the investment cheque at the Shareholders Agreement Signing for Pork International Group Ltd (PIG) (l-r) Hon. Joel Jack, Secretary THA – Finance & Enterprise Development Division, Kevin, Rashad and Rennette Clinton of PIG, Anthony Pierre Chairman of VCEFL.

Quiet River Corporation Ltd. Project Brief

EXECUTIVE SUMMARY

Quiet River Corporation (QRC) is a family-owned wood-working business incorporated in T&T on 22nd October 2012. The Company is owned by Mr Peter Marshall (60%) and his children (40%). Mr Marshall, who is a returning resident of Trinidad and Tobago after 21yrs in the U.S.A, has been involved in Marketing and Sales for over 31 years, with the last 14 years of that period devoted to retail furniture sales.

As Chief Executive Officer (CEO), Mr Marshall shows a keen passion for the company and the industry as a whole. Enthusiasm for this venture and eagerness to succeed directed him to travel in search of raw material in the deep parts of Trinidad & Tobago and Guyana. He is currently exploring the Tobago potential for raw material.

The Product:

Quiet River Company will manufacture high-end wooden mouldings products, from ceiling to flooring items. They will be available in colonial, classical contemporary and modern styles. In fact, QRC's mission is to establish a one-stop shop for a complete line of wood products, including mouldings, doors, window cases, staircases, mantles, room dividers, shelving, wainscoting, rosettes, pillars, pilasters, crowns, cornices and custom pieces for restoration. QRC will manufacture products from cedar, mahogany, teak, purple heart and indigenous hard woods.

The company intends to distinguish its products by high quality furnishings and provide 246 individual styles of moulding for sale.

RAW MATERIAL SUPPLIERS

The company will source its raw material from Trinidad and Guyana. In this regard, the first stage has been established with E-Zee Hardware and Lumber of Eastern Main Road, Arima; Chain Ramilia Ltd in Chaguanas; and Hadco Farm and Sawmill at Soesdyke/Linden Highway, Guyana.

QRC will maintain an inventory of primary raw materials in planks of 8, 10 and 12 ft lengths to sustain its operation at peak periods.

Current Operation:

The manufacturing equipment, valued at $253,000, was moved in July 2014 from premises in Port of Spain to COVE Industrial Estate – Tobago, where Mr Marshall has signed a multi- year lease agreement. Mr Marshall has also transported to Tobago significant quantity of raw material acquired in Trinidad to initiate the manufacturing process. He will be producing samples of mouldings to meet the Christmas period sales demand.
At this point, QRC is engaged in the design and lay-out of the factory space at COVE for start-up. Recruitment of factory staff and wood-working technicians are being pursued by Mr Marshall.

The Marketing Strategy/Distribution Strategy:

The Company will seek to establish its presence in the local market, i.e T &T, and then extend to the CARICOM market, and ultimately, North, Central and South America. QRC will market its product to retailers, architects, contractors and builders. It will specifically target persons involved in high-end home construction, office renovations, retail stores, show-rooms and restoration projects. Local and international trade-shows will be utilized as marketing medium along with its website and mail orders.

Quiet River Corporation firmly believes that its lower overhead cost in Tobago will enable the company to deliver lower prices to consumers. In addition, the range of its mouldings and the quality of its finish products can provide and advantage to the company.

COMPETITION

The major competition will come from Unique Wood-Working Ltd of San Juan, Trinidad. There are also some Tobago competitors who indirectly will impact QRC operation. Mr Marshall is confident that his specialized operation and vendor selection will find a niche market in T&T.

Financing Request/ Requirement:

Mr Marshall had made an initial request for $750,000 from the THA-Venture Capital Fund to cover cost to purchase additional equipment's, raw material and other administrative and working capital expenses. He is currently the owner of new manufacturing equipment worth $253,000 and invested in travel and research to source raw material in Guyana. In addition, he has secured a person loan in the value of $190,000 and over draft facility worth $60,000. In total, Mr Marshall has already invested approximately $500,000 into the business.

VCEFL proposes to match this amount for a 50% interest in this shareholding. This amount will be adequate to start-up and maintain the operation until the company begins income generation.

Management/Labour Force:

In addition to being owner and Director, Mr Marshall will also serve as CEO. He will initially hire up to 7 employees in management and technical capacities. As a major shareholder VCEFL will play an active role in the company by its presence on the Board of Directors.

Establishment of Accounting Systems, Inventory Management Systems, Procurement Systems, Human Resource Management other Statutory Compliance and Governance Arrangement must be installed at QRC.

FINANCIAL INFORMATION/RATIOS

Based upon operation of QRC for the first 3 years the Net Profit Margin is as follows:

QRC – Income Statement

	YR 1	YR2	YR3
Revenue/Sales	1,272,571	1,678,654	1,690,036
Cost of Sales	(364,390)	(563,423)	(568,693)
Gross Profit	908,181	1,115,232	1,121,344
Gross Margin %	71.4%	64.4%	66.4%
Total Expenses	(688,586)	(687,436)	(708,995)
Operating Profit	219,595	427,796	412,349
Net Income After Taxes/Depreciation	163,027	375,504	365,107
Net Profit Margin	12.8%	22.4%	21.6%
Return on Investment	32.6%	75.1%	73.0%

The Pay-Back period for this investment is estimated at approximately 2 to 3 yrs.

EXIT STRATEGY

VCEFL proposes to exit this company at the end of 5 years. In order to facilitate this strategy QRC will be required to operate a retention policy of 50% of its annual earnings towards the repayment of VCEFL investment and the required ROI of 15%.

ANALYSIS & CONCLUSION

The range and specifications of QRC's wooden moulding would place the company in an advantageous position when compared to its competitors. A sound marketing strategy for its quality products will enable QRC to capture a substantial portion of the local market. The profit margin for the first 3 years averages above 19% which suggests that the viability and sustainability of the company is assured ROI for the same period averages over 60%.

Tobago is experiencing a construction boom which could continue for an extended period. The market potential for wooden doors, wooden floors and accessories seems very encouraging.

QRC may be the catalyst around which the local wooden home furnishings and fixtures industry can evolve. In any event, the dexterity and flexibility of the operation lends itself to adjustments as the company develops.

Tobago Cocoa

FINANCIAL STATEMENTS

September 30th, 2015

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

STATEMENT OF MANAGEMENT RESPONSIBILITIES

It is the responsibility of management to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the company as at the end of the financial year, and of the operating results of the company for the year. It is also management's responsibility to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the company. Management is also responsible for safeguarding the assets of the company.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. Management further accepts responsibility for the maintenance or accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Director

Date: 17/12/15

Director

Date: 17/12/2015

Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Tobago House of Assembly
Re: Tobago House of Assembly
Venture Capital Equity Fund Company Limited

We have audited the accompanying financial statements of Tobago House of Assembly Venture Capital Equity Fund Company Limited, which comprise the statement of financial position as at 30 September, 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tobago House of Assembly Venture Capital Equity Fund Company Limited as of 30 September 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain
17 December 2015

Direct Tel (868) 624-4569 I Direct Fax (868) 624-4388 I Email pkf-trinidad@trinidad.net
PKF I 90 Edward Street | Port of Spain | PO Bag 250 Belmont | Trinidad I WI

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	For the year ended 30 September 2015 $	2014 $
Current Assets:			
Cash and Cash Equivalents	5	15,274,125	17,771,535
Non-Current Assets			
Accounts Receivable	6	-	3,154,000
Investments	7	2 ,075,000	-
Fixed Assets	8	57,324	21,961
Total Non-Current Assets		2,132,324	3,175,961
Total Assets		**17,406,449**	**20,947,496**

LIABILITIES AND EQUITY

	Notes	2015 $	2014 $
Liabilities:			
Accounts Payable and Accruals	9	49,250	76,141
Equity:			
Stated Capital	10	-	-
Contributed Capital	11	21,846,000	25,000,000
Accumulated Deficit		(4,488,801)	(4,128,645)
Total Equity		17,357,199	20,871,355
Total Liabilities and Equity		**17,406,449**	**20,947,496**

These financial statements were approved by the Board of Directors and authorised for issue on 17 December 2015 and signed on their behalf by :

Director

Director

(The accompanying notes form an integral part of these financial statements)

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 September	
	2015	**2014**
	$	**$**
Income:		
Subventions	1,125,151	-
Interest Income	260	-
Total Income	1,125,411	-
Expenditure:		
General and Administrative Expenses **(Note 15)**	1,467,063	1,903,774
Depreciation	16,732	25,206
Interest and Bank Charges	1,772	1, 51 2
Total Expenditure	1,485,567	1,930,492
Net Loss for the Year	**(360,156)**	**(1,930,492)**

(The accompanying notes form an integral part of these financial statements)

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

STATEMENT OF CHANGES IN EQUITY
30 SEPTEMBER, 2015

	Capital Contributions $	Accumulated Deficit $	Total Equity $
Balance as at 1 October 2013	25,000,000	(2,198,153)	22,801,847
Net Loss for the Year	-	(1,930,492)	(1,930,492)
Balance as at 30 September 2014	**25,000,000**	**(4,128,645)**	**20,871,355**
Balance as at 1 October 2014	25,000,000	(4,128,645)	20,871,355
Elimination of Receivable	(3,154,000)	-	(3,154,000)
Net Loss for the Year	-	(360,156)	(360,156)
Balance as at 30 September 2015	**21,846,000**	**(4,488,801)**	**17,357,197**

(The accompanying notes form an integral part of these financial statements)

Tobago House of Assembly
Venture Captital Equity Fund Company Limited

STATEMENT OF CASH FLOWS

	For the year ended 30 September 2015 $	2014 $
Operating Activities:		
Net Loss for the Year	(360,156)	(1,930,492)
Adjustment for:		
Depreciation	16,732	25,206
	(343,424)	(1,905,286)
Adjustment for non-cash items :		
Net Change in Accounts Receivables	3,154,000	(123)
Net Change in Accounts Payable and Accruals	(26,891)	28,100
Cash used in Operati ng Activities	2,783,685	(1,877,309)
Financing Activities:		
Net change in Stated Capital	(3,154,000)	-
Cash used in Financing Activities	(3,154,000)	-
Investing Activities:		
Net Change in Investments	(2,075,000)	
Purchase of Fixed Assets	(52,095)	-
Cash used in Investing Activities	(2,127,095)	-
Net Change in Cash Balances	(2,497,410)	(1,877,309)
Cash Resources, Beginning of Year	17,771,535	19,648,844
Cash Resources, End of Year	15,274,125	17,771,535
Represented by:		
Cash and cash equivalents	15,274,125	17,771,535

(The accompanying notes form an integral part of these financial statements)

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

1. Incorporation and Principal Business Activity:

Tobago House of Assembly Venture Capital Equity Fund Company Limited (VCEFL) was incorporated on the 9 February 2010 under the Companies Act 1995 and registered on 17 November 2011. Its activities are carried out with the financial commitment and support of the Tobago House of Assembly (THA). Its activities are governed by The Venture Capital Act 22 of 1994, Chapter 81:08 and its subsequent amendments.

It was set up to achieve the following objectives:

I. To transform the Tobago's economy through private sector participation in new and existing economic activities.

2. To widen the range of investment capital available to Tobago entrepreneurs and businesses by providing venture capital and private equity options.

3. To build a healthy diversified portfolio of profitable Tobago companies, which provides a target return on investment (ROI) and generates reliable streams of income for investors.

4. To create economic benefits for Tobago through stimulation of private enterprise for trade and employment with a reduction of reliance on the THA for job creation and financing.

2. Summary of Significant Accounting Policies:

a) Basis of Financial Statements Preparation -

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars and expressed in whole dollars. These financial statements have been prepared on the historical cost basis.

b) Use of Estimates -

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

2. Summary of Significant Accounting Policies (Cont'd):

c) New Accounting Standards and Interpretations -

i) The company has not applied the standards, interpretations or amendments to existing standards that are effective for accounting periods beginning on or after 1 July 2015 that would be expected to have a material impact on the company.

ii) The company has not applied the following standards, interpretations and amendments that became effective during the current year, as they do not apply to its activities:

IFRS 2 Share-based payment - Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).

IFRS 3 Business Combinations - Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).

IFRS 8 Operating Segments - Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).

IFRS 13 Fair Value Measurement - Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).

IAS 16 Property, Plant and Equipment - Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).

IAS 24 Related Party Disclosures - Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).

IAS 38 Intangible Assets - Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).

IAS 40 Investment Property - Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).

iii) The company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - 2014 Annual Improvements to IFRS (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

2. Summary of Significant Accounting Policies (Cont'd):

c) New Accounting Standards and Interpretations (cont'd) -

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 201 6).

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after1 January 2016).

IAS 19 Employee Benefits: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).

IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).

IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IAS 34 Interim Financial Reporting - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).

IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of deprecia tion and amortisation (effective for accounting periods beginning on or after 1 January 2016).

IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

2. Summary of Significant Accounting Policies (Cont'd):

c) New Accounting Standards and Interpretations (cont'd) -

The adoption of IFRS 9 Financial Instruments may result in significant changes in the company's classification and presentation of financial instruments.

d) Fixed Assets -

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis. No depreciation is charged in the month of acquisition. The following rates considered appropriate to write-off the assets over their estimated useful lives are applied:

Building	-	2%
Furniture and Fixtures	-	10%
Office Equipment	-	12.5%
Computers and Software	-	33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

e) Financial Instruments -

Financial assets and financial liabilities are recognised on the company's Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Accounts Receivable

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounts Payable and Accruals

Accounts payable and accruals are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

2. Summary of Significant Accounting Policies (Cont'd):

f) Income and Expenditure -

Income and expenditure are recognised on the accruals basis.

g) Foreign Currency Transactions -

These financial statements are expressed in Trinidad and Tobago currency. Foreign currency transactions during the year are translated at the exchange rates ruling at the date of the transactions and any gains or losses arising are taken into the Statement of Comprehensive Income. Assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago currency at rates of exchange ruling at the reporting date.

h) Comparative Information -

Where necessary, comparative amounts have been adjusted to conform with the changes in presentation in the current year.

3. Financial Risk Management:

Financial Risk Factors
The company's activities are primarily related to the use of financial instruments.

Financial Instruments
The following table summarises the carrying amounts and fair values of the company's financial assets and liabilities:

	2015	
	Carrying Value $	Fair Value $
Financial Assets		
Cash and Cash Equivalents	15,274,125	15,274,125
Investments	2,075,000	2,075,000
Financial Liabilities		
Accounts Payable and Accruals	49,250	49,250

	2014	
	Carrying Value $	Fair Value $
Financial Assets		
Cash and Cash Equivalents	17,771,535	17,771,535
Accounts Receivable	3,154,000	3,154,000
Financial Liabilities		
Accounts Payable and Accruals	76,141	76,141

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

3. Financial Risk Management (Cont'd):

The company is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company to manage these risks are discussed below:

a) Interest Rate Risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in money market deposits and other funding instruments.

Interest Rate Sensitivity Analysis

The company's exposure to interest rate risk is summarised in the table below, which analyses assets and liabilities at their carrying amounts categorised according to their maturity dates.

2015

	Interest Rate %	Up to 1 Year $	1 to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash and Cash Equivalents	0 .08	-	-	-	15,274,126	15,274,126
Investments					2,075,000	2,075,000
		-	-	-	17,349,126	17,349,126
Financial Liabilities						
Accounts Payable and Accruals		-	-	-	49,250	49,250
		-	-	-	42,250	42,250

2014

	Interest Rate %	Up to 1 Year $	1 to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash and Cash Equivalents	0 .08	-	-	-	17,771,535	17,771,535
Investments					3,154,000	3,154,000
		-	-	-	20,925,535	20,925,535
Financial Liabilities						
Accounts Payable and Accruals		-	-	-	76,141	76,141
		-	-	-	76,141	76,141

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

3. Financial Risk Management (Cont'd):

b) Credit Risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The company relies heavily on its policies and guidelines on trade debtor management, which sets out the current policies governing the granting of credit to customers function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the company's credit philosophy; provide policy guidelines to team members involved in granting credit; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The company's debtor' portfolio is managed and consistently monitored by management and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the company has policies to limit the amount of exposure to any single financial institution.

The company also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

c) Liquidity Risk -

Liquidity risk is the risk that arises when the maturity of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Liquidity Gap

The company's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

			2015		
	Up to 1 Year $	1 to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and Cash Equivalents	15,274,126	-	-	-	15,274,126
Investments	-	-	-	2,075,000	2,075,000
	15,274,126	**-**	**-**	**2,075,000**	**17,349,126**
Financial Liabilities					
Accounts Payable and Accruals	49,250	-	-	-	49,250
	49,250	**-**	**-**	**-**	**49,250**

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

3. Financial Risk Management (Cont'd):

c) Liquidity Risk (Cont'd)

	2014				
	Up to 1 Year $	1 to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets					
Cash and Cash Equivalents	17,771,535	-	-	-	17,771,535
Accounts Receivable	3,154,000	-	-	-	3,154,000
	20,925,535	**-**	**-**	**-**	**20,925,535**
Financial Liabilities					
Accounts Payable and Accruals	76,141	-	-	-	76,141
	76,141	**-**	**-**	**-**	**76,141**

d) Currency Risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's measurement currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

e) Operational Risk -

Operational risk is the risk that derives from deficiencies relating to the company's information technology and control systems, as well as the risk of human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously.

f) Compliance Risk -

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to the extent of monitoring controls applied by the company.

g) Reputation Risk -

The risk of loss of reputation arising from the negative publicity relating to the company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the company. The company applies procedures to minimise this risk.

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future and actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) Whether investments are classified as held to maturity investments or loans and receivables.

ii) Whether leases are classified as operating leases or finance leases.

iii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of Assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Fixed Assets

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and the useful lives and residual values of these assets.

5. Cash and Cash Equivalents:

This balance represents cash held at First Citizens Bank Limited.

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

6. Accounts Receivable:

	30 September 2015 $	30 September 2014 $
Capital Contribution due from THA	-	**3,154,000**

This balance represents the shortfall of amounts received from the Tobago House of Assembly compared to the amount guaranteed under the programme. In 2015, in accordance with the provisions of The Venture Capital Act 22 of 1994, Chapter 81:08, Section 10 (2), only amounts actually received have been recognise as Capital.

7. Investments:

These held-to-maturity investments relate to venture capital funding provided to two (2) qualifying investee companies. Tobago House of Assembly Venture Capital Equity Fund Company Limited has an Equity interest in these eligible or permitted investments through Shareholders' Agreements.

8. Fixed Assets:

	Computer Equipment $	Office Equipment $	Total $
Cost			
Balance as at 1 October 2014	57,876	-	57,876
Additions	-	52,095	52,095
Balance as at 30 September 2015	57,876	52,095	109,971
Accumulated Depreciation			
Balance as at 1 October 2014	35,915	-	35,915
Charge for the Year	10,220	6,512	16,732
Balance as at 30 September 2015	46,135	6,512	52,647
Net Book Value			
Balance as at 30 September 2015	11,741	4 5,583	57,324
Balance as at 30 September 2014	21,961	-	21,961

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

8. Fixed Assets (Cont'd):

	Computer Equipment $	Total $
Cost		
Balance as at 1 October 2013	57,876	57,876
Additions	-	-
Balance as at 30 September 2014	57,876	57,876
Accumulated Depreciation		
Balance as at 1 October 2013	10,709	10,709
Charge for the Year	25,206	25,206
Balance as at 30 September 2014	35,915	35,915
Net Book Value		
Balance as at 30 September 2014	21,961	21,961
Balance as at 30 September 2013	47,167	47,167

9. Accounts Payable and Accruals:

	30 September 2015 $	2014 $
Accruals	51,750	51,750
Statutory Deductions	(2,500)	24 391
	49,250	**76,141**

10. Stated Capital:

	30 September 2015 $	2014 $
Authorised Unlimited shares at no par value		
Issued and fully paid shares at no par value	-	-

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

11. Contributed Capital:

The sum of **$25,000,000** was committed by the THA on which **$21,346,000** had been provided by the THA as an initial equity investment, and **$500,000** by The Eco-Industrial Development Company of Tobago Limited on behalf of the THA.

12. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties during the year were as follows:

	31 December	
	2015	**2014**
	$	**$**
Assets		
Amounts due from the THA	3,154,000	3,154,000
Liabilities and Equity		
Capital Contribution	25,000,000	25,000,000

13. Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

(a) Current Assets and Liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

(b) Investments

The fair values of investments are determined on the basis of quoted market prices avai lable at 30 September 2015.

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER, 2015

14. Capital Risk Management:

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its shareholder, whilst providing value to the clients. The company's overall strategy remains unchanged from previous years.

The capital structure of the company consists of equity attributable to its shareholders, and comprises capital contributions and accumulated deficit.

15. General and Administative Expenses:

	30 September	
	2015	**2014**
	$	**$**
Advertising and Promotions	10,300	24,044
Audit Fees	59,600	51,750
Board and Committee	498,680	473,500
Entertainment	15,941	4,630
Gratuity	77,747	36,000
Maintenance and Repairs	2,200	-
Meetings and Conferences	-	13,425
Membership Fees and Subscriptions	-	1,410
Office Expenses	33,225	40,641
Penalties and Interest	20,716	29,741
Professional Fees	135,683	282,406
Rental of Equipment	395	-
Salaries and National Insurance Contributions	589,157	878,506
Telephone	-	3,941
Training	1, 195	3,267
Travel Expenses	22,224	60,513
	1,467,063	**1,903,774**

Tobago House of Assembly
Venture Capital Equity Fund Company Limited

NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

Notice of meeting and resolutions to be proposed

Notice is hereby given that the Fourth (4th) Annual General Meeting (AGM) of Venture Capital Equity Fund Ltd. (VCEFL or 'the Company') will be held at the Training Room of the Victor E. Bruce Financial Complex on Friday 9th September 2016, commencing at 10:00 a.m. for the transaction of the following business:

1. **Report of the Board of Directors and accounts remuneration report**
   To receive the directors' annual report and approve the Company accounts for the financial year ended September 30th 2015 contained within the annual report.

2. **Resolution 1: Appointment of Directors**
   To confirm the appointment of the directors of the Company by the THA Executive Council with By-Law 4.14.

3. **Resolution 2: Appointment of Auditors**
   To confirm the appointment of Pannell Kerr Forster (PKF) as the Company's external auditors until the conclusion of the next annual general meeting of the company at which accounts are laid before members.

4. **To consider any other business that may be properly brought before the house.**

By order of the Board of Directors.
Dated

…………………………………..
Anthony Pierre
Chairman

VentureCapital
Equity Fund Limited

Victor E. Bruce Financial Complex
6-10 Post Office Street
Scarborough 90012
Tobago

Phone: (868) 299-0771 ext. 2702/2704/2705

Email: tobagoventurecapital@gmail.com