



**VentureCapital**

Equity Fund Limited

**ANNUAL REPORT 2020**

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# Our Vision

The creation of the Venture Capital Equity Fund Ltd. has been driven by the vision of:

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

## Mission Statement

The mission of the Venture Capital Equity Fund Ltd. 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 of 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.

## Directors' Report



**Ms. Vernie Shield**  
Deputy Chairman

On behalf of the Board of Directors, it is my pleasure to present this annual report on the company's activities for the fiscal year ended September 30, 2020. February 9, 2020 marked the 10th anniversary of the incorporation of Venture Capital Equity Fund Company Limited (VCEFL). On such an auspicious milestone we are proud to share that significant investments were made in this fiscal and progress achieved which benefitted both clients and shareholders.

The Tobago House of Assembly (THA) established the Venture Capital Equity Fund Company Ltd. as a tool to foster the acceleration of private sector business development in Tobago. As an alternative financing solution, venture capital investment stimulates job creation, innovation, and expands the pool of financing available to entrepreneurs.

The mandate of VCEFL is to:

- Encourage investments in Tobago through sustainable business models
- Strengthen strategic Tobago business enterprises
- Empower Tobago-owned and controlled businesses
- Provide a supporting infrastructure for business by way of financial advice and management services.

VCEFL is therefore a critical part of the financial strategy to build the economic architecture of Tobago through expansion of the private sector.

### Corporate Governance

As the Shareholder's Representative, Assemblyman Joel Jack, the Tobago House of Assembly Deputy Chief Secretary and Secretary of the Division of Finance and the Economy holds the responsibility of appointing the company's Board of Directors. For fiscal 2020, Board appointments spanned the period July 1, 2019 to June 30, 2020 and July 1, 2020 to June 30, 2021.

For fiscal 2020 the Board comprised seven directors and the members were as follows:

Anthony Pierre	Chairman	
Vernie Shield	Deputy Chairman	
Petal Daniel-Benoit	Member	
Solange Henry	Member	
Esther Le Gendre	Member	
Alvin Pascall	Member	Appointment ended June 30, 2020
Giselle Small	Member	Appointment ended June 30, 2020
Asa Archie	Member	Appointment effective July 1, 2020
Afiya Giles-Baynes	Member	Appointment effective July 1, 2020

### Corporate Activities

VCEFL can proudly report that the company was deemed to be in full compliance with all National Insurance obligations subsequent to an audit performed by the National Insurance Board of Trinidad and Tobago (NIBTT) for the period February 1, 2013 to September 30, 2019. The successful audit signalled that VCEFL was in compliance with all regulations and requirements of the National Insurance Board Act.



## Directors' Report *(cont'd)*

As part of its outreach to stakeholders, VCEFL participated in the Division of Finance and the Economy 2019 Finance Month 13th Tobago Business and Economic Outlook Conference in November 2019. The overall theme for that event was Advancing our Development Agenda through Innovation, Industry and Investment and the VCEFL's General Manager (GM) gave a presentation titled 'Directing Investment & Supporting Dynamic MSMEs'. Additionally, VCEFL was ably represented by the GM on the discussion panel alongside representatives from Jamaica Money Market Brokers and the Ministry of Trade and Industry.

VCEFL also participated in the Tobago Day Expo hosted by the THA where information on the company was disseminated to attendees. Our staff interacted with other exhibitors, disseminated information on services available, and engaged the small business owners present.

These two events (i.e. the conference and Expo) gave VCEFL the opportunity to promote awareness of its mandate and its ability to provide entrepreneurs an alternate source of funding.

Technology has and will continue to be key in the delivery of our services and in this regard, we upgraded and relaunched our website so that it will be more user friendly but more importantly, provide a deeper understanding of the entire investment process to prospective clients.

### **Investment**

For fiscal 2020 the value of the Company's investment portfolio increased by 165%, moving from \$2.79 million in 2019 to \$7.38 million however, we have approved investments of \$14.6 million in three ventures, spanning the agriculture, light manufacturing, and tourism sectors. It is expected that the balance of the invested funds will be disbursed in fiscal 2021. The investments were placed in the following companies:

- J Mac Industries Ltd. \$4.97 million
- Tobago Cocoa Estate W.I. Ltd. \$1.43 million
- Towers Hospitality Group Ltd. \$8.2 million

Unfortunately, there were a number of proposals that did not meet some of the basic standards to attract investment funds for the following reasons:

- inability to provide independent verifiable information on the prior years operation of the business
- requesting funding that was in excess of the VCEFL financing threshold
- primary business activity was either in distribution, retail or real estate which are outside the VCEFL mandate
- demonstrated a fundamental lack of understanding of the nature of the market/industry their business would be operating in and the nature of the competition
- the assumptions on which the projections for sales, market share, production and profitability were deficient and based on generally weak data.

VCEFL monitors our investee companies on an on-going basis; providing strategic input where necessary and as requested by the principals. A VCEFL Board

## Directors' Report *(cont'd)*

member sits on each investee company's board to ensure oversight of operations, and that the investee's activities are in line with the investment proposal as approved by the VCEFL Board of Directors and the THA Executive Council.

The Chairman is the VCEFL representative on the board of J Mac Industries and Towers Hospitality Group. Both companies made great strides in accordance with the approved plans despite the handicap of operating within the constraints of the COVID-19 pandemic, which wrought supply chain disruptions, construction sector shutdowns, and workplace disruptions due to the incidence of positive COVID-19 cases. The VCEFL representatives to all the investee companies are as follows:

<b>Investee Company</b>	<b>VCEFL Representative on the Investee Company's Board</b>
Andy's Company	Vernie Shield
J Mac Industries	Anthony Pierre
Pork International Group	Anthony Pierre
Towers Hospitality Group	Anthony Pierre

### **Investment Capital Expansion**

In June 2020, in an effort to best maximize its passive investment capital VCEFL invested \$5 million of the Investment Fund into the Unit Trust Corporation (UTC) Corporate Fund for which the estimated effective yield is 2.31% per annum.

### **Strategic Direction**

As investor, the VCEFL is committed to working with our investee companies to resolve any issues that hinder the optimization of their business. In this regard, the Board is seeking sector specialists to work with our investee companies to assist them in increasing their level of efficiency and effectiveness. On boarding of these specialists is expected to occur within the next fiscal year.

In fiscal 2020/21, VCEFL aims to increase its capacity to support the Tobago entrepreneur by adding a Business Development Officer to its staff. The Business Development Officer will be a liaison between current investee companies and VCEFL Management, thereby providing greater monitoring of business activities.

### **Conclusion**

In closing, I am satisfied that a sound foundation of growth and sustainability for the continued development of this company has been laid. VCEFL continues to work towards diversifying the Tobago economy by providing an alternative to debt financing to Tobago entrepreneurs. Our business is that of creating economic value that also makes a positive contribution to the Tobago society.

I take this opportunity to recognise the dedication and hard work of the staff of the Company, and wish to congratulate the entire team including my fellow Board members on the achievements of 2020. We fully appreciate the continuing commitment and support of our shareholder.

**Vernie Shield**  
**Deputy Chairman of the Board of Directors**

## Equity Investment Portfolio

	Andy's Company	Pork International Group	J Mac Industries	Towers Hospitality Group
Pre-Money Valuation	\$1,500,000	\$2,545,116	\$774,526	\$250,000
<i>Investment Date</i>	<i>July 16, 2015</i>	<i>October 15, 2015</i>	<i>March 10, 2020</i>	<i>September 3, 2020</i>
VCEFL Investment	\$1.5 million	\$1.92 million	\$1,289,900	\$3.3 million
Post Money Valuation	\$3,000,000	\$4,465,116	\$2,064,426	\$3,550,000
No. of Ordinary Shares	25,000	430,000	600,000	Nil
VCEFL Shareholding	50%	43%	43.7%	Nil
No. of Preference Shares	Nil	Nil	689,900	3,300
VCEFL Shareholding	Nil	Nil	100%	100%
Price per Share	\$60.00	\$4.47	\$1.00	\$1,000.00
Initial Shareholders: No. of Ordinary Shares Percentage	25,000 50%	570,000 57%	744,526 56.3%	250,000 100%

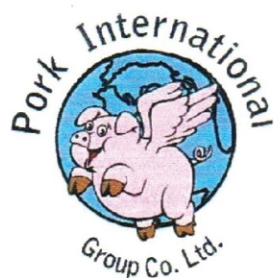
### Investee Company Profiles



#### Andy's Company Limited

Andy's Company Limited is a juice drink production and contract bottling company located at Cove Eco-Industrial and Business Park (CEIBP) in Tobago. Andy's Company Ltd. is the producer of the Andy's Cherry Nectar and Andy's Juice Drinks. In 2015 Andy's Company Ltd. received equity investment from THA Venture Capital Equity Fund Limited for the purchase of a beverage plant and bottling facility.

## Equity Investment Portfolio *(cont'd)*



### **Pork International Group Limited**

Pork International Group (PIG) Limited is a pig farm located Belmont Farm Road, Mason Hall Tobago. The owner and operator Ms. Rennette Clinton is dedicated to breeding and producing quality meats which has resulted in her winning many competitions in Tobago. In 2015 Pork International Group (PIG) Ltd. received an investment to expand their production, and the product is now sold at supermarkets throughout Tobago.



### **J Mac Industries Limited**

J Mac Industries Limited is the manufacturer of the SupportT brand of liquid detergents and cleaning products. With investment from VCEFL J Mac Industries Ltd. was able to expand their product offering to include hand sanitizers and car wash liquid, increase production volume and maximize efficiency. The company secured partnership with a renowned Trinidad distributor and the SupportT brand of products is available on the shelves of retailers throughout Trinidad and Tobago.



### **Towers Hospitality Group Limited**

With an investment from VCEFL, Towers Hospitality Group Limited is constructing a 72 guest room hotel, with a room stock that includes 46 standard rooms, 11 extended rooms, and 15 suites. The hotel is located on the outskirts of Scarborough in Orange Hill. When completed, Comfort Inn & Suites will be the sole globally branded hotel on the island of Tobago. The hotel's construction involves a high level of local content as a Tobago-based company managed the project. During the construction phase, the project employed 120 persons, and once formally open the hotel is expected to create direct employment for 60 persons and provide the opportunity for indirect employment to many others. Completion is targeted for December 2021.



## Members of the Board of Directors

### **Mr. Anthony Pierre** **Chairman**



Mr. Pierre is the Managing Partner of Moore Stephens Trinidad and Tobago and has over 35 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 served as President of the Institute of Chartered Accountants of the Caribbean (ICAC) for the 2017-2018 term. Mr. Pierre has served as President of the Institute of Chartered Accountants of Trinidad & Tobago (ICATT) for three years from 2009 to 2012.

He is a fellow of the Association of Certified Chartered Accountants (FCCA) of the United Kingdom, a member in Auditing 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 31000 - Enterprise Risk Management and related ISO 27005. Mr. Pierre is a long-standing VCEFL Board member having served since 2011.

### **Ms. Vernie Shield** **Deputy Chairman**



Ms. Vernie Shield has over 35 years leadership experience in the financial services sector, spanning the regulatory, commercial banking and mortgage lending arenas. She worked at the Central Bank of Trinidad and Tobago for a number of years in the positions of senior statistician in the Research Department and thereafter as an Examiner/Financial Institutions in the Financial Institution Supervision Department. She then moved on to First Citizens where she held managerial positions in the Finance Department and at the branch operations level of which 6 years was spent expanding/managing the bank's operations in Tobago. Ms. Shield also worked at Trinidad and Tobago Mortgage Finance Company where she held the position of General Manager, Mortgage Services for a number of years. Ms. Shield 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. She has served as member of the Board of Directors of National Infrastructure Development Company Ltd. Ms. Shield has served on the VCEFL Board since 2013 and is the Chairman of the VCEFL Investment Committee.

## Members of the Board of Directors *(cont'd)*

### **Ms. Asa G. Archie** **Director**

Ms. Archie is a Commonwealth qualified lawyer with over ten (10) years post-qualification experience in inter alia commercial law, financial law, trusts, wills, estates and conveyancing. Ms. Archie obtained her Bachelor of Laws (Honours) from the University of the West Indies, Barbados in 2008. She then completed the Legal Education Certificate at the Hugh Wooding Law School, Trinidad in 2010 and was called to the Bar of Trinidad and Tobago in 2010. She further attained a Master of Science degree in Finance and Financial Law from the SOAS University of London, United Kingdom in 2016. Ms. Archie currently has over 10 years post qualification experience and her areas of practice and specialization include Corporate Law, Commercial Law, Financial Law, International Trust Management, Estates and Conveyancing. Ms. Archie is a member of the Trinidad and Tobago Law Association and the Society of Trust and Estate Practitioners. Ms. Archie became a member of the THA Venture Capital Equity Fund Ltd. Board of Directors in July 2020.

### **Mrs. Afiya Giles-Baynes** **Director**

Afiya Giles-Baynes is the Public Relations Officer at the Tobago House of Assembly (THA) Division of Finance and the Economy, and joined the THA Venture Capital Equity Fund Ltd. Board of Directors in July 2020. Mrs. Giles-Baynes has over seventeen (17) years of experience in the hospitality, administration and communication sectors. She attained her BSc. in Psychology from the College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT) in 2017. Mrs. Giles-Baynes is also a freelance voice over artist and media/broadcast presenter.

### **Mrs. Petal Benoit** **Director**

Mrs. Benoit is currently the Senior Financial Analyst of the Division of Finance and the Economy. Mrs. Benoit is a professional accountant with a strong financial background beginning her career as an Accounting Officer with the Trinidad and Tobago Solid Waste Management Company Ltd (SWMCOL) in 2007. She has over ten years of experience in the field of accounting holding professional membership in and qualification from the Association of Chartered Certified Accountants (ACCA) having graduated from the Students Accountancy Centre Ltd. (SAC).

Mrs. Benoit is the past National President of Junior Chamber International (JCI) West Indies, an international non-profit organization whose mission is to provide development opportunities that empower young people to create positive change. Mrs. Benoit was first appointed as a Director to the Board of the Tobago House of Assembly Venture Capital Equity Fund Company Limited in 2017.



## Members of the Board of Directors *(cont'd)*

### **Ms. Solange Henry** **Director**



Ms. Henry has 16 years' financial management and auditing experience in the State Enterprises across Trinidad and Tobago, covering various sectors such as Energy, Tourism, Infrastructure Development and Project Management. She is an Association of Chartered Certified Accountants (ACCA) Certified Accountant and holds a Master's Degree in Business Administration with a specialization in Innovation and Entrepreneurship from the University of the West Indies, Arthur Lok Jack Graduate School of Business.

Ms. Henry is the Assistant Vice President of Finance for Evolving Technologies and Enterprise Development Company Limited (e Teck). She has strong practical proficiency in the areas of financial management, project management, risk management, human resource management and general administration. Her experience has proven her adaptability to ever-evolving and complex work environments and her solution-driven nature has successfully and significantly impacted the areas of governance, risk management and development of robust systems of internal controls in many business environments. Ms. Henry remains committed to being of service to Trinidad and Tobago.

### **Ms. Esther Le Gendre** **Director**



Esther Le Gendre is the Chief Executive Officer of the Institute of Chartered Accountants of Trinidad & Tobago (ICATT). Ms Le Gendre is a graduate of the University of the West Indies (BA, eMBA) and is certified in Corporate Citizenship by the Boston School of Corporate Citizenship. Ms. Le Gendre has a wealth of knowledge and experience both in the Finance and Communications fields. As lead consultant of Bridge Consulting Ltd. she provides expertise in business management and communications solutions that dovetail with the client's business strategy.

Ms. Le Gendre is committed to public service and she has held several portfolios throughout her career and these include, but are not limited to: Minister of Education and Member of Parliament 2007 - 2010, head of Business Development for the Association of Chartered Certified Accountants (ACCA) Caribbean region, Atlantic LNG's Government and Public Affairs Manager, and Manager of Corporate Communications for Guardian Life.

## Members of the Board of Directors *(cont'd)*

### **Mrs. Jennifer Fabien-Browne** **Corporate Secretary**

A former Chairman of the Tobago Regional Health Authority, Mrs. Browne has a solid background in Business Management and Banking. She also held the position of Regional Manager at the Trinidad & Tobago Unit Trust Corporation from 2005 to 2009. Mrs. Browne was appointed as the Corporate Secretary of Tobago House of Assembly Venture Capital Equity Fund Company Limited in 2015.

### **Ms. Tamara Cowie** **General Manager**

Ms. Cowie is an executive professional with over eight years' experience in the field of venture capital financing across various business sectors such as manufacturing, tourism and agriculture. She assumed the position of General Manager of Venture Capital Equity Fund Ltd. (VCEFL) in 2019 bringing to the organization her knowledge of the industry, technical expertise, her ability to lead and empower those under her supervision, and her resolve to be a valuable contributor to the sustained successes of a company committed to providing innovative funding solutions via equity financing. Ms. Cowie's strengths lie in her organizational skills, ability to effectively implement the Company's strategic objectives, and unwavering commitment to drive the investment process. As General Manager at VCEFL her responsibilities include, but are not limited to, Operations Management, Policy Development and implementation, Financial Analysis, Equity Investment, Performance Management, and building strategic relationships with key external and internal stakeholders. Ms. Cowie is an alumna of Howard University, and the University of the West Indies Arthur Lok Jack Global School of Business.

TOBAGO HOUSE OF ASSEMBLY  
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

## 2020 FINANCIAL STATEMENTS

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

Preparing and fairly presenting the accompanying financial statements of the Tobago House of Assembly Venture Capital Equity Fund Company Limited, which comprise the statement of financial position as at September 30, 2020, the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- ensuring that the Company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

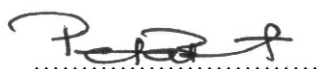
In preparing these audited financial statements, Management utilized the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Chairman



Director

September 17, 2021



# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## INDEPENDENT AUDITORS' REPORT

to the Members of Tobago House of Assembly Venture Capital Equity Fund Company Limited

### Qualified Opinion

We have audited the financial statements of Tobago House of Assembly Venture Capital Equity Fund Company Limited, which comprise the statement of financial position as at September 30 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion Paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Qualified Opinion

The principal activity of the company is to provide equity funding to other companies. These venture capitals are categorized as equity investments; however, the company has not assessed the fair value of these investments in accordance with International Financial Reporting Standard 9 – Financial Instruments. As such, the financial statements have not been adjusted to reflect the measurement principle as at September 30, 2020 and as such no fair gain or loss is recognized in these financial statements.

We were unable to obtain sufficient appropriate audit evidence about the carrying account of the investments stated at \$7,379,900 (2019 – \$2,790,000) and as such, we were unable to determine whether any adjustments to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

# INDEPENDENT AUDITORS' REPORT *(cont'd)*

## **Emphasis of Matter**

Without qualifying our opinion, we draw attention to the accumulated fund deficit of 2020 – \$2,976,733 (2019 – \$3,235,339). The Company relies on Tobago House of Assembly (THA) Grant for substantial amount of its' receipts. Without the grant, there is a material uncertainty about the Company's ability to continue as a going concern. We have reported on these accounts as a going concern on the basis that the THA will continue to provide that funding.

## **Other Matter**

The financial statements of the prior period were audited by another firm of independent auditors, who issued a qualified opinion dated April 9, 2021.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## INDEPENDENT AUDITORS' REPORT *(cont'd)*

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Port of Spain**

TRINIDAD

September 17, 2021

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**STATEMENT OF FINANCIAL POSITION**

September 30

ASSETS	Notes	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	C	\$ 12,807,584	\$ 16,102,265
Accounts receivable and prepayments	D	1,453,645	1,337,416
<b>TOTAL CURRENT ASSETS</b>		14,261,229	17,439,681
<b>NON-CURRENT ASSETS</b>			
Investments	E	7,379,900	2,790,000
Plant and equipment	F	15,469	30,705
<b>TOTAL NON-CURRENT ASSETS</b>		7,395,369	2,820,705
<b>TOTAL ASSETS</b>		<b>\$ 21,656,598</b>	<b>\$ 20,260,386</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	G	\$ 287,331	\$ 149,725
<b>TOTAL CURRENT LIABILITIES</b>		287,331	\$ 149,725
<b>EQUITY</b>			
Contributed Capital	H	24,346,000	23,346,000
Accumulated Deficit		(2,976,733)	(3,235,339)
		21,369,267	20,110,661
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 21,656,598</b>	<b>\$ 20,260,386</b>

The accompanying notes form an integral part of these financial statements

These financial statements were authorized for issue by the Board of Directors on 17 September 2021.



Director



Director

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**STATEMENT OF COMPREHENSIVE INCOME**

		Year ended September 30	
	Notes	<u>2020</u>	<u>2019</u>
<b>Income</b>			
Subventions		\$ 1,500,000	\$ 1,500,000
Investment income		188,292	178,365
<b>TOTAL INCOME</b>		<u>1,688,292</u>	<u>1,678,365</u>
<b>Expenses</b>			
General and administrative expenses - Schedule A		1,412,872	1,440,011
Impairment of investments		-	630,000
Depreciation		15,236	16,130
Interest and bank charges		1,578	1,980
<b>TOTAL EXPENSES</b>		<u>1,429,686</u>	<u>2,088,121</u>
<b>NET SURPLUS / (DEFICIT)</b>		<u>\$ 258,606</u>	<u>\$ (409,756)</u>

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**STATEMENT OF CHANGES IN EQUITY**

	<u>Capital Contributions</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
<b>Year ended September 30, 2020</b>			
Balance at beginning of year	\$ 23,346,000	\$ (3,235,339)	\$ 20,110,661
Net surplus	-	258,606	258,606
Contributed capital	1,000,000	-	1,000,000
	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>\$ 24,346,000</u>	<u>\$ (2,976,733)</u>	<u>\$ 21,369,267</u>
<b>Year ended September 30, 2019</b>			
Balance at beginning of year	\$ 23,346,000	\$ (2,825,583)	\$ 20,520,417
Net deficit	-	(409,756)	(409,756)
	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>\$ 23,346,000</u>	<u>\$ (3,235,339)</u>	<u>\$ 20,110,661</u>

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**STATEMENT OF CASH FLOWS**

	<b>Year ended September 30</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>OPERATING ACTIVITIES</b>		
Net surplus / (deficit)	\$ 258,606	\$ (409,756)
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment on investments	-	630,000
Depreciation	15,236	16,130
Changes to operating assets and liabilities:		
Increase in receivables and prepayments	(116,229)	(162,191)
Increase/(decrease) in payables and accruals	137,606	(29,012)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>295,219</u>	<u>45,171</u>
<b>INVESTING ACTIVITIES</b>		
Increase in investments	<u>(4,589,900)</u>	<u>-</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(4,589,900)	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from capital contribution	<u>1,000,000</u>	<u>-</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>1,000,000</u>	<u>-</u>
<b>INCREASE / (DECREASE) IN CASH</b>	(3,294,681)	45,171
Cash and cash equivalents at beginning of year	<u>16,102,265</u>	<u>16,057,094</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 12,807,584</u>	<u>\$ 16,102,265</u>
<b>Represented by:</b>		
Cash and cash equivalents	<u>\$ 12,807,584</u>	<u>\$ 16,102,265</u>

**Tobago House of Assembly  
Venture Capital Equity Fund Company Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2020**

**(Expressed in Trinidad and Tobago Dollars)**

**NOTE A – INCORPORATION AND PRINCIPAL BUSINESS ACTIVITY**

The Tobago House of Assembly Venture Capital Equity Fund Company Limited (VCEFL) was incorporated on February 9th, 2010 under the Companies Act 1995 and registered on November 17, 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:

1. 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 generate 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.

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of Tobago House of Assembly Venture Capital Equity Fund Company Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretation. The financial statements have been prepared under the historical cost convention, as modified by the financial assets and financial liabilities at fair value through profit or loss.

- (i) **Basis of Preparation** – These financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. They are prepared on the historical cost basis and presented in Trinidad and Tobago dollars.



**Tobago House of Assembly  
Venture Capital Equity Fund Company Limited**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)**

(i) Basis of Preparation – (Continued)

The preparation of financial statements in conformity with International Financial Reporting Standards Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company accounting policies.

(a) New and amended standards adopted by the Company

There are no new IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January, 2019 that would be expected to have a material impact on the Company.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2019 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

(ii) Cash and Cash Equivalents – Cash and cash equivalents includes cash on hand and at bank and other short-term highly liquid investments with original maturities of three months or less.

(iii) Plant and Equipment – Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of plant and equipment.

Computer equipment	-	33%
Office equipment	-	12.5%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)**

- (iv) Impairment of Assets – At each reporting date plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and any impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized immediately in statement of receipts and payments.

- (v) Payables – Payables are obligations on the basis of normal credit terms and do not bear interest. Payables denominated in a foreign currency are translated into Trinidad and Tobago dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.
- (vi) Provisions – Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.
- (vii) Income Recognition – Income is recognized on a receivable basis. Grants received are recorded as receipts to match the expenses to which it relates. Grants received to purchase plant and equipment are recorded as receipts over the expected useful life of the asset in order to match the receipt with the related depreciation charge.
- (viii) Grants – Grants from the THA are recognized at their fair value in statement of comprehensive income where there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions. Grants received where the Company has yet to comply with all attached conditions are recognized as liability (and include in deferred income within other payables) and released to income when all attached conditions have been complied with.
- (ix) Statement of Cash Flows – The statement of cash flows includes the movement of cash through the operating bank accounts. Accordingly, the term cash and cash equivalents is used to include cash balances and bank balances.

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE C – CASH IN HAND AND AT BANK**

	<u><b>2020</b></u>	<u><b>2019</b></u>
Cash in hand	\$ 1,000	\$ 1,000
Trinidad and Tobago Unit Trust Corporation – TT\$		
Income fund	2,042,357	2,012,202
Corporate fund	5,035,485	-
First Citizens Bank Limited:		
Administration account	1,871,673	1,646,547
Investment account	3,332,485	11,922,795
Investment Protection account	524,584	519,721
	<u>\$ 12,807,584</u>	<u>\$ 16,012,265</u>

**NOTE D – RECEIVABLES AND PREPAYMENTS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
Interest receivable	\$ 1,453,645	\$ 1,336,216
Prepayments	<u>-</u>	<u>1,200</u>
	<u>\$ 1,453,645</u>	<u>\$ 1,337,416</u>

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE E – INVESTMENTS**

These investments relate to venture capital funding provided by Venture Capital Equity Fund Company Limited to investee companies. The company has an equity interest in these companies through Shareholders' Agreements.

	<u><b>2020</b></u>	<u><b>2019</b></u>
Balance at start of year	\$ 2,790,000	\$ 3,420,000
Additions	4,589,900	-
Impairment provision	-	(630,000)
	<u>\$ 7,379,900</u>	<u>\$ 2,790,000</u>
Impairment Provision		
Balance at start of year	\$ 630,000	\$ -
Provision for the year	-	630,000
	<u>\$ 630,000</u>	<u>\$ 630,000</u>

	<b>Percentage Shareholding</b>			
	<u><b>Ordinary</b></u>	<u><b>Preference</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Analyzed as:</b>				
Andy's Company Limited	50%	-	\$ 1,350,000	\$ 1,350,000
Pork International Group Limited	43%	-	1,440,000	1,440,000
J Mac Industries Limited	43.7%	100%	1,289,900	-
Towers Hospitality Group Limited	-	100%	3,300,000	-
			<u>\$ 7,379,900</u>	<u>\$ 2,790,000</u>

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE F – PLANT AND EQUIPMENT**

	<u>Computer Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
<b>Year ended September 30, 2020</b>			
<b>Cost</b>			
At beginning of year	\$ 76,828	\$ 52,095	\$ 128,923
At end of year	\$ 76,828	\$ 52,095	\$ 128,923
<b>Accumulated Depreciation</b>			
At beginning of year	\$ 65,658	\$ 32,560	\$ 98,218
Current year charge	8,724	6,512	15,236
At end of year	\$ 74,382	\$ 39,072	\$ 113,454
Net Book Value	\$ 2,446	\$ 13,023	\$ 15,469
<b>Year ended September 30, 2019</b>			
<b>Cost</b>			
At beginning of year	\$ 76,828	\$ 52,095	\$ 128,923
At end of year	\$ 76,828	\$ 52,095	\$ 128,923
<b>Accumulated Depreciation</b>			
At beginning of year	\$ 56,040	\$ 26,048	\$ 82,088
Current year charge	9,618	6,512	16,130
At end of year	\$ 65,658	\$ 32,560	\$ 98,218
<b>Net Book Value</b>	\$ 11,170	\$ 19,535	\$ 30,705

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE G – PAYABLES AND ACCRUALS**

	<u><b>2020</b></u>	<u><b>2019</b></u>
Audit fees payable	\$ 55,125	\$ 50,625
Gratuity payable	155,800	99,100
Accruals	76,406	-
	<u>\$ 287,331</u>	<u>\$ 149,725</u>

**NOTE H – CONTRIBUTED CAPITAL**

The Tobago House of Assembly has approved and committed \$25 Million to Venture Capital Equity Fund Limited to support the expansion and diversification of the Tobago economy. The contributed capital will be given in tranches.

	<u><b>2020</b></u>	<u><b>2019</b></u>
The Tobago House of Assembly (THA)	\$ 23,846,000	\$ 22,846,000
The Eco-Industrial Development Company of Tobago (E-IDCOT) Limited (on behalf of THA)	500,000	500,000
	<u>\$ 24,346,000</u>	<u>\$ 23,346,000</u>



Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE I – 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:

	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Liabilities and Equity</b>		
The Tobago House of Assembly – Capital contribution	\$ 24,346,000	\$ 23,346,000
<b>Income</b>		
The Tobago House of Assembly – Subventions	\$1,500,000	\$ 1,500,000

**NOTE J – 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 value 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 quoted equity investments are determined on the basis of quoted market prices available at September 30, 2020.  
  
Non-quoted investments fair value are determined based on independent professional valuations using various valuation techniques.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE K – FINANCIAL RISK MANAGEMENT**

The Company's activities are primarily related to the use of financial instruments. The company utilizes its capital contributions by investing in non-quoted equity instruments, mutual funds and other short-term investments. Risk management is carried out by the management under policies approved by the Board of Directors.

The company is exposed to interest rate risk, credit risk, liquidity risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company 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.

**(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, but can also increase the risk of losses. The company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

**Tobago House of Assembly  
Venture Capital Equity Fund Company Limited**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**NOTE K – FINANCIAL RISK MANAGEMENT - (Continued)**

**(d) 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.

**(e) 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.

**(f) 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 minimize this risk.

**NOTE L – CAPITAL RISK MANAGEMENT**

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing 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.

**NOTE M – SUBSEQUENT EVENTS**

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 17, 2021, the date that the financial statements were available to be issued. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including but not limited to the duration and spread of the outbreak, impact on our customers, employees, vendors, local economy, liquidity and any future prospects all of which are uncertain and cannot be predicted.

Management determined that there were no other subsequent events or transactions that require additional disclosure.

Tobago House of Assembly  
Venture Capital Equity Fund Company Limited

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**September 30, 2020**

**SCHEDULE A - OPERATING EXPENSES**

	<b>Year ended September 30</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Advertising and promotions	\$ 4,722	\$ 30,382
Audit fees	55,875	62,730
Board and Committee fees and allowances	625,500	648,500
Gratuity	91,200	84,400
Legal and Professional fees	96,156	52,800
Maintenance and repairs	2,220	2,011
Meals and accommodation	4,986	6,463
Office expenses	19,524	14,121
Rental of equipment	-	485
Salaries and national insurance contributions	503,480	449,025
Travel expenses	4,500	89,094
Penalty and interest	4,129	-
Statutory fees	80	-
Membership fees and subscription	500	-
	<hr/> \$ 1,412,872 <hr/>	<hr/> \$ 1,440,011 <hr/>

## Corporate Information

### Members of staff:

- |                        |                      |
|------------------------|----------------------|
| • Ms. Tamara Cowie     | General Manager      |
| • Sisney Brassey-Baker | Accounting Assistant |
| • Sarah Osman          | Office Assistant     |

### Address:

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