



VentureCapital
Equity Fund Limited

ANNUAL REPORT

2016

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.



VentureCapital
Equity Fund Limited

Victor E. Bruce Financial Complex
6-10 Post Office Street
Scarborough 900212
Tobago

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notice of meeting and resolutions to be proposed.

Notice is hereby given that the **Fifth (5th)** Annual General Meeting (AGM) of Venture Capital Equity Fund Ltd. (VCEFL or 'the company') will be held at the Penthouse of the **Victor E. Bruce Financial Complex** on **Friday 19th May 2017** commencing at **11:00 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 2016 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 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 9th May, 2017

Jennifer Browne
Corporate Secretary

TABLE OF CONTENTS

Board of Directors Report	5
About Us	6
Global Economy Overview	6
Corporate Governance	7
Portfolio	8
Proposed Capital Investments	8
Capital Expansion	8
Collaboration	8
Financial Overview	9
Budget 2017	10
Conclusion	10
Board of Directors	11
Spotlight on Andy’s Company Limited	14
Andy’s Commissioning Photo Highlights	15
Financial Statements	16
Statement of Management Responsibilities	17
Independent Auditors’ Report	18
Statement of Financial Position	19
Statement of Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	23- 37



Mr. Anthony Pierre Chairman of the Venture Capital Equity Fund Limited, addresses the audience at the commissioning of the Andy’s Company Limited bottling facility held at Cove Eco-Industrial Park on 21st October 2016.

BOARD OF DIRECTORS REVIEW

As Chairman and on behalf of the Board, I am pleased to report on the activities of the Company for the past year. The number of years that the Company has been established belies the embryonic stage of development at which it exists. Nevertheless, for the 2015/2016 fiscal year VCEFL remained committed to the development of entrepreneurship in its stakeholders. VCEFL intends to continue to promote venture capital equity investment as an alternative financing solution available to Tobago based business operators.



About Us

The Tobago House of Assembly (THA) Venture Capital Equity Fund Limited (VCEFL) was registered on November 17th 2010 under the Venture Capital Act of 1994 as amended by the Acts of 2005. With this initiative, the THA intends to foster the acceleration of the pace of private sector business development in the face of an over-dependence on Government and Tourism-related employment. The VCEFL is a critical part of the new financial toolkit to build the economic architecture of Tobago by expanding private sector investments.

The VCEFL aims to:

- I. Encourage investments in Tobago through sustainable business models
- II. Strengthen strategic Tobago business enterprises
- III. Empower Tobago-owned and controlled businesses
- IV. Providing a support infra-structure for business in financial advice and management services.

The sectors identified for investment include: Agriculture and Agro-processing, Light Manufacturing, Information and Communication Technology (ICT), Green Technology, Renewable Energy, Niche Tourism and Creative Arts and Entertainment.

Global Economy Overview

Since the advent of the global financial crisis in 2008, the global economy continues to be challenged by sluggish demand in the United States and by severe economic strains in the Euro area. As published by the International Monetary Fund, global growth slowed to 3.1 percent in 2016 and is projected to recover to 3.5 percent in 2017 and 3.6 percent in 2018. The 2016 outcome was due to a more subdued outlook for advanced economies following the June U.K. vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. The projected recovery in 2017 and 2018 is attributed to a long-awaited cyclical recovery in investment, manufacturing, and trade resulting in an increase in global economic activity.

This snapshot of the global economy underscores the point that if Tobago is to accelerate its diversification and development thrust, then it must strategically align its position to benefit from the global picture.



Photo of VCEFL Board of Directors with the Secretary and Administrator for the Division of Finance and the Economy at the VCEFL 2015 AGM held on 9th September 2016 at the Victor E. Bruce Financial Complex.

At top from left to right VCEFL Board Members: Ms. Esther Le Gendre, Alvin Pascall, and Mrs. Petal Ann Roberts. Bottom from left to right Ms. Vernie Shield VCEFL Deputy Chairman, Assemblyman Mr. Joel Jack - Secretary for the Division of Finance and the Economy, Mr. Anthony Pierre VCEFL Chairman, and Mrs. Claire Davidson-Williams, Administrator for the Division of Finance and the Economy.

Corporate Governance

The Board of Directors was re-appointed by the Shareholder's Representative, Line Secretary Assemblyman Joel Jack, Secretary for The Tobago House of Assembly Division of Finance and the Economy. For fiscal 2016 the appointment spanned the July 1, 2015 to June 30, 2016 and July 1, 2016 to June 30, 2017 terms.

With effect from January 1st 2016. The size of the Board increased with the appointment of two additional members, Ms Esther Le Gendre and Ms Solange Henry. The board members are as follows:

- Anthony Pierre (Chairman)
- Vernie Shield (Deputy Chairman)
- Alvin Pascall (Member)
- Petal-Ann Roberts (Member)
- Solange Henry (Member)
- Esther Le Gendre (Member)

Board members attendance at meetings held for the term 2015 – 2016 was as follows:

Anthony Pierre	10/10
Vernie Shield	10/10
Alvin Pascall	10/10
Petal-Ann Roberts	8/10
Solange Henry	5/7
Esther Le Gendre	7/7

Ms. Shield and Mrs. Roberts served on the Investment Committee while Ms. Henry, Mr. Pierre and Mrs. Roberts served on the Budget Sub-Committee.



Mr. Reginald Andrews Co-Owner of Andy's Company Limited explains the various processing areas of the plant's production line to various onlookers. Shown here are the finishing processes for bottling and labelling.

Capital Expansion

Under the Venture Capital Act, the maximum fund size is \$100 million. The THA has already made an initial capital contribution of \$25 million leaving a further \$75 million to be raised from institutional and individual investors. In the upcoming year, VCEFL will address this as an area of priority focus in its Work Programme and Budget.

Collaboration

On August 16th, 2016 the Venture Capital Equity Fund Limited (VCEFL), Business Development Unit (BDU), and Eco-Industrial Development Company of Tobago (E-IDCOT) held a Plenary Session. This session sought to deepen understanding of each agency's role in developing the private sector and the Tobago entrepreneur.

Each company shared its mandate and gave presentations on medium to long term goals, organizational structure, service offerings, and clarified business processes. The success of this plenary session was reflected in the feedback from the participants and through the more pointed referrals each agency was able to impart to members of the public. The exercise truly served to foster more communication amongst these agencies and in turn equip staff to better serve stakeholders.

Portfolio

VCEFL portfolio investment holds at \$4 million. One qualified investee company (QIC), Andy's Company Limited held a commissioning ceremony on October 21st, 2016. The company currently bottles 6,000 cases of product fortnightly with the intention of providing contract bottling services to other local beverage producers.

Proposed Capital Investments

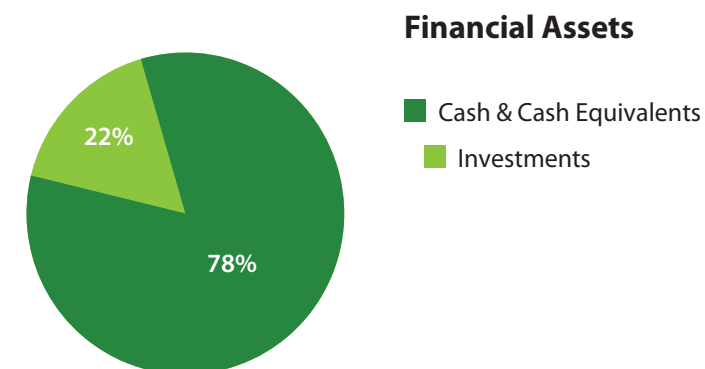
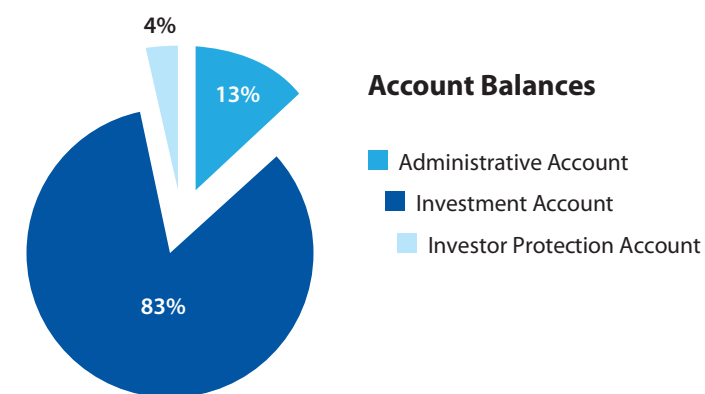
There are companies in the pipeline that show significant promise of being added to our deal flow for fiscal 2017. These companies span the agricultural, construction and manufacturing sectors and if realized these deals represent a potential total capital injection of TT\$9 million.

Additionally, the results of a VCEFL commissioned feasibility study for an animal feed mill in Tobago were favourable to the establishment of the feed mill. To this end, VCEFL will engage local business persons to invest in the project financially and engage other key stakeholders to achieve buy-in and support.

Financial Overview

The Administrative Account supports the functioning and operations of the Company. The Investment Account supports the equity investment deals made by the Fund. The Investment Protection Account is a statutory account mandated under the Venture Capital Act (1994) for the purpose of insurance for investments.

The chart below illustrates the Company's cash reserves across the various accounts and the second the distribution of the financial assets.



The THA committed to a cash injection of TT\$25 million of which the VCEFL has received a total of TT\$21,846,000. Given the THA's commitment, an amount of TT\$3,154,000 is still payable to the VCEFL Fund. VCEFL does acknowledge a TT\$1.5 million allocation under the development programme estimates for fiscal 2017.

Cash Flows: The Total Cash Assets of the Company decreased by 7.8% from \$15,274,125 in FY 2015 to \$14,081,991 in FY 2016. This decrease during the period



Board members review the 2015 financials presented in the annual report magazine at the Venture Capital Equity Fund Limited (VCEFL) 2015 Annual General Meeting (AGM) held on 9th September 2016.

under review is largely attributed to disbursement of further investment of \$1,797,846 to QIC Pork International Group. To date, funds withdrawn from the Investment Account to fund equity investment deals total \$3,872,846.

Income & Expenditure: A total of \$1,413,457 was spent from the Administrative Account for FY2016 and \$2 million in subvention was received by VCEFL. The interest received amounted to \$5,444 by way of the Investment Protection Account resulting in a net movement of \$591,987 on the VCEFL Administrative account. The major areas of expenditure for this account during the period under review were:

- Board and Committee Fees \$523,000
- Employees' Salaries and VCEFL National Insurance Contributions \$445,868
- Legal and Professional Fees \$119,882

Balance Sheet: Using various valuation techniques the auditor recognized the fair value of the Company's financial assets and liabilities as equal to their carrying value as per the balance sheet.

Equity: The \$591,987 in total comprehensive income increased total equity by 3.4% from fiscal 2015 figures. Accordingly, the impact on the accumulated deficit of \$4,488,801 carried by the Fund was a reduction of the deficit by 13.2% to \$3,896,814 from FY 2015 to FY2016.

Budget 2017

For Fiscal 2017, the VCEFL administrative budget is projected at \$2,133,520.28.

EXPENDITURE	BUDGET ALLOCATION (\$)	PERCENTAGE OF BUDGET
Personnel Expenditure		
NIS - Government contribution	32,211.00	1.51%
Remuneration to Board Members	531,000.00	24.89%
Sub-Total	563,211.00	26.40%
Goods and Services		
Telephone	-	-
Office Stationery and Supplies	37,000.00	1.73%
Books and Periodicals	2,460.13	0.12%
Contract Employment: Staff Salaries & Allowances	759,000.00	35.58%
Contract Employee Gratuity	66,000.00	3.09%
Training and Development	18,000.00	0.84%
Professional Fees	282,851.03	13.26%
Official Overseas Travel	50,000.00	2.34%
Postage	1,400.00	0.07%
Promotion, Publicity & Printing	168,963.88	7.92%
Local Travel	13,900.00	0.65%
Hosting of conferences, seminars and other functions	88,856.00	4.16%
Sub-Total	1,488,431.04	69.76%
Minor Equipment		
Office Equipment	56,190.74	2.63%
Furniture and Furnishings	24,000.00	1.12%
Other Minor Equipment	1,687.50	0.08%
Sub-Total	81,878.24	3.84%
BUDGET TOTAL	2,133,520.28	100.00%

Conclusion

As I close, I am satisfied that a sound foundation for the growth, sustainability and continued development of this company has been laid. I place on record the efforts and initiatives of former board members, Desmond Alfred and Camille Robinson-Regis in this regard. I am privileged to have served at the helm of VCEFL over the past two years and while the challenges were many, so too were the opportunities. I wish to thank my fellow Board members, committee members and the dedicated staff of the Company for their continued support in seeking to meet our mandate. Best wishes for fiscal 2017.



Anthony Pierre
Chairman

Board of Directors

THA-Venture Capital Equity Fund Co. Ltd. was established to transform the Tobago economy through diversification, job growth and creation, and to ignite Tobago entrepreneurs' spirit. The Company is run by a Board of Directors. This Board is appointed by the Shareholder and members are selected from thriving entities within Trinidad and Tobago's private and public sector, who provide overall guidance, governance, and management of Company's affairs and mandate as declared by the Secretary for the THA Division of Finance and the Economy.

The Board controls the overall direction of the Company and creates sub-committees to help achieve the Company's strategic goals. The Investment Committee is a sub-committee of the Board and its members are appointed by the Board to act in an advisory capacity, however, ultimate responsibility for investment recommendation 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 VCEFL Board of Directors and the Shareholder.



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 31000 - Enterprise Risk Management and related ISO 27005.

Mr. Pierre is the principal of the firm Anthony Pierre & Co. Chartered Accountants and partner with Deloitte & Touche (Trinidad and Tobago) was recently elected President for ICAC for the 2017-2018 term and also represents ICAC as Director on the Caribbean Association of Industry and Commerce (CAIC). Mr. Pierre a long-standing Board member having served 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 as member of the Board of Directors of National Infrastructure Development Company Ltd. Ms. Shield has served on the VCEFL Board since 2013.



Mr. Alvin Pascall
Board Member

Legal Advisor to the THA Legal Department.

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, THA Division of Finance and the Economy

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 then Division of Finance and Enterprise Development, Tobago House of Assembly in 2009, and rose to the position of Senior Financial Analyst in 2011. She holds professional membership to the Association of Chartered Certified Accountants (ACCA), has served as member of the Board of Directors of invesTT Ltd. and appeared as a witness in the public hearings of the Joint Select Committee on Local Authorities, Service Commissions and Statutory Authorities. Mrs. Roberts was appointed as a Director of the Board of the Tobago House of Assembly Venture Capital Equity Fund Company Limited in 2014.



Ms. Solange Henry
Board Member

Manager of Finance & Administration, Eco-Industrial Development Company of Tobago (E-IDCOT).

Ms. Henry is an alumna of the Arthur Lok Jack Graduate School of Business. She has served as the Chief Financial Officer for Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT) and has served as director on the Board of the Community-Based Environmental Protection and Enhancement Program (CEPEP) Company Ltd. She has experience in Auditing and Finance in the state sector as well as extensive experience with policy design for financial management and accounting procedures. Ms. Henry holds Association of Chartered Certified Accountants (ACCA) Certifications and is a professional member of the Institute of Internal Auditors (IIA).



Ms. Esther Le Gendre
Board Member

General Manager, The Institute of Chartered Accountants of Trinidad & Tobago (ICATT).

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. 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.

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. Since 1992 she has been a part time lecturer at the masters and undergraduate levels in the areas of Strategic Marketing, Consumer Behaviour, Public Relations, Strategic Communications, Organisation Theory and Design.

Ms. Le Gendre is committed to public service having fulfilled appointments to the National Information and Communication Technology Company (iGovTT) and Trinidad and Tobago Free Zones Company Ltd. (TTFZ) State boards.

Spotlight on...



Andy's Company Limited (ACL) was registered in 1998, however this family run company has been in existence for generations. Founded by Dalton Andrews who created the Andy's Cherry Nectar Drink 25 years ago; ACL is now owned and operated by his grandson Reginald Andrews, along with business partner Elvis Charles.

Using the original formula which incorporated the West Indian sour cherry Andy's became a household name in Tobago and this goodwill has persisted for decades. ACL delivers a unique flavor to your palate, thus making it a popular drink amongst both older and younger generations. In 2015 the owners of ACL experienced challenges to their business operations as lack of control over the bottling aspect of their process placed them in an untenable position. With a desire to return the Andy's brand to home ground the owners of ACL approached Venture Capital Equity Fund Limited (VCEFL) with the goal of opening a bottling facility in Tobago.

With the mandate of re-igniting entrepreneurship, and expanding the private sector in Tobago, the VCEFL Board of Directors interest piqued at the opportunity to invest in a marquee brand such as Andy's Cherry Nectar Drink. Ever mindful of the Comprehensive Economic

Development Plan 2.0 (CEDP 2.0) after careful analysis and due diligence the Board of Directors at VCEFL decided to seize the opportunity to invest in ACL and made the business partnership official with the execution of the Shareholders Agreement in July 16, 2015.

With an equity investment of \$1.5 million dollars from VCEFL, ACL acquired a state of the art plant and is able to manufacture and bottle its own product – start to finish – in Tobago at the Cove Eco-Industrial and Business Park.

This facility currently produces 700 cases of 500ml juice drinks per day with an overall plant production capacity much larger than current use. ACL distributes their four flavors; Cherry Nectar, Sorrel, Fruit Punch, and Citrus Punch not only in Tobago, but also to parts of Trinidad. At the commissioning ceremony to commemorate the launch of Andy's Company Limited, Secretary of the Division of Finance and the Economy - Assemblyman Joel Jack remarked, "This Project is the rebirth of an indigenous business whose product I remember enjoying especially at Christmas as a little boy". Today while the Andy's brand is ever present at major supermarkets and corner stores throughout Trinidad and Tobago, it is the vision of ACL to continue to expand its market share, and product line.



Ribbon cutting ceremony at the Andy's Company Limited new bottling facility.

Photo features at middle Mr. Joel Jack Secretary for the Division of Finance and the Economy. L-R . Mr. Huey Cadette then Area Representative for Canaan/Bon Accord electoral district, Mr. Neil Wilson Chairman of E-IDCOT, Mr. Elvis Charles and Mr. Reginald Andrews Co-Owners of Andy's Company Ltd, Ms. Vernie Shield VCEFL Deputy Chairman, Mrs. Roberts VCEFL Director, Mr. Anthony Pierre VCEFL Chairman.



Mr. Reginald Andrews Co-Owner of Andy's Company Limited explains the various processing areas of the plant's production line to various onlookers. Shown here are the finishing processes for bottling and labelling.



The future generation of Andy's Company Limited. Sons of Reginald Andrews proudly display Andy's Cherry Nectar Drink during the walk through at the commissioning of the Andy's Company Limited bottling facility held at the Cove Eco-Industrial Park, Canoe Bay, Tobago on 21st October 2016.



Acton and Dalton Andrews uncles of Reginald Andrews give a stirring account of the history of the Andy's Cherry Nectar brand to members of the audience at the commissioning of the Andy's Company Limited bottling facility held at the Cove Eco-Industrial Park on 21st October 2016.

Financial Statements

for the year ended 30th September

2016

Statement of Management Responsibilities

Independent Auditors' Report

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements



Victor E. Bruce Financial Complex
 6-10 Post Office Street
 Scarborough 900212
 Tobago

THA 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.

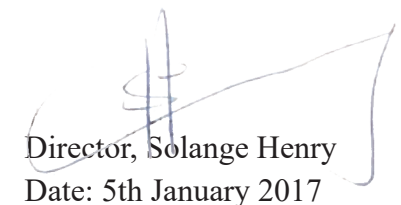
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 of 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.



Chairman, Anthony Pierre
 Date: 5th January 2017



Director, Solange Henry
 Date: 5th January 2017



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITOR'S 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 2016, the statements of comprehensive income, changes in equity and cash flow for the year then ended, and 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' judgement, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation that 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 Limited as on 30 September 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port-of-Spain
5 January 2017

Direct tel (868) 624-4569 | Direct fax (868) 624-4388

PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Partners: Renée-Lisa Philip Mark K. Superville

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

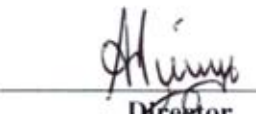
ASSETS

		30 September	
	Notes	2016	2015
Current Assets:			
Cash and Cash Equivalents	5	\$ 14,081,991	\$ 15,274,125
Non-Current Assets			
Investments	6	3,872,846	2,075,000
Fixed Assets	7	44,974	57,324
Total Non-Current Assets		3,917,820	2,132,324
Total Assets		\$ 17,999,811	\$ 17,406,449

LIABILITIES AND EQUITY

Liabilities:			
Accounts Payable and Accruals	8	\$ 50,625	\$ 49,250
Equity:			
Stated Capital	9	-	-
Contributed Capital	10	21,846,000	21,846,000
Accumulated Deficit		(3,896,814)	(4,488,801)
Total Equity		17,949,186	17,357,199
Total Liabilities and Equity		\$ 17,999,811	\$ 17,406,449

These financial statements were approved by the Board of Directors and authorised for issue on 5 January 2017 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	
	2016	2015
Income:		
Subventions	\$ 2,000,000	\$ 1,125,151
Interest Income	<u>5,444</u>	<u>260</u>
Total Income	<u>2,005,444</u>	<u>1,125,411</u>
Expenditure:		
General and Administrative Expenses (Note 14)	1,391,830	1,467,063
Depreciation	19,939	16,732
Interest and Bank Charges	<u>1,688</u>	<u>1,772</u>
Total Expenditure	<u>1,413,457</u>	<u>1,485,567</u>
Total Comprehensive Income	<u>\$ 591,987</u>	<u>\$ (360,156)</u>

(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 2016

	Capital Contributions	Accumulated Deficit	Total Equity
Balance as at 1 October 2014	\$ 25,000,000	\$ (4,128,645)	\$ 20,871,355
Elimination of Receivable	(3,154,000)	-	(3,154,000)
Total Comprehensive Income	<u>-</u>	<u>(360,156)</u>	<u>(360,156)</u>
Balance as at 30 September 2015	<u>\$ 21,846,000</u>	<u>\$ (4,488,801)</u>	<u>\$ 17,357,199</u>
Balance as at 1 October 2015	\$ 21,846,000	\$ (4,488,801)	\$ 17,357,199
Total Comprehensive Income	<u>-</u>	<u>591,987</u>	<u>591,987</u>
Balance as at 30 September 2016	<u>\$ 21,846,000</u>	<u>\$ (3,896,814)</u>	<u>\$ 17,949,186</u>

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

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	2016	2015
Operating Activities:		
Total Comprehensive Income	\$ 591,987	\$ (360,156)
Adjustment for:		
Depreciation	<u>19,940</u>	<u>16,732</u>
	611,927	(343,424)
Adjustment for non-cash items:		
Net Change in Accounts Receivables	-	3,154,000
Net Change in Accounts Payable and Accruals	<u>1,375</u>	<u>(26,891)</u>
	-	-
Cash provided by Operating Activities	<u>613,302</u>	<u>2,783,685</u>
Financing Activities:		
Net change in Stated Capital	<u>-</u>	<u>(3,154,000)</u>
Cash used in Financing Activities	<u>-</u>	<u>(3,154,000)</u>
Investing Activities:		
Net Change in Investments	(1,797,846)	(2,075,000)
Purchase of Fixed Assets	<u>(7,590)</u>	<u>(52,095)</u>
Cash used in Investing Activities	<u>(1,805,436)</u>	<u>(2,127,095)</u>
Net Change in Cash Balances	(1,192,134)	(2,497,410)
Cash Resources, Beginning of Year	<u>15,274,125</u>	<u>17,771,535</u>
Cash Resources, End of Year	<u>\$14,081,991</u>	<u>\$15,274,125</u>
Represented by:		
Cash and cash equivalents	<u>\$14,081,991</u>	<u>\$15,274,125</u>

(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 2016

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:

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.

2. **Summary of Significant Accounting Policies:**

a) **Basis of Financial Statements Preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs), 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 IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment 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 2016

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

c) **New Accounting Standards and Interpretations -**

- i)

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 - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).
IFRS 7	Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (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 2018).
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).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).

2. Significant Accounting Policies (Cont'd):

c) **New Accounting Standards and Interpretations (Cont'd) -**

IAS 1	Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
IAS 7	Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
IAS 12	Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
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 after 1 January 2016).
IAS 19	Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (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 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 - Amendments regarding disclosure of information “elsewhere in the interim financial report” (effective for accounting periods beginning on or after 1 January 2016).
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation 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 2016

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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

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.

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

2. Significant Accounting Policies (Cont'd):

e) **Financial Instruments (cont'd) -**

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.

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.

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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 summarizes the carrying amounts and fair values of the company’s financial assets and liabilities:

	2016	
	Carrying Value	Fair Value
Financial Assets		
Cash and Cash Equivalents	\$ 14,081,991	\$ 14,081,991
Investments	3,872,846	3,872,846
Financial Liabilities		
Accounts Payable and Accruals	50,625	50,625
	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

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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 summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

	2016					
	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%	\$ -	\$ -	\$ -	\$ 14,081,991	\$ 14,081,991
Investments		-	-	-	3,872,846	3,872,846
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,954,837</u>	<u>\$ 17,954,837</u>
Financial Liabilities						
Accounts Payable and Accruals		\$ -	\$ -	\$ -	\$ 50,625	\$ 50,625
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,625</u>	<u>\$ 50,625</u>
	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%	\$ -	\$ -	\$ -	\$ 15,274,125	\$ 15,274,125
Investments		-	-	-	2,075,000	2,075,000
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,349,125</u>	<u>\$ 17,349,125</u>
Financial Liabilities						
Accounts Payable and Accruals		\$ -	\$ -	\$ -	\$ 49,250	\$ 49,250
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,250</u>	<u>\$ 49,250</u>

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

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.

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

3. Financial Risk Management (Cont’d):

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.

		2016				
		Up to 1 year	1 to 5 years	Over 5 Years	Non- Interest Bearing	Total
Financial Assets						
Cash and Cash Equivalents		\$ 14,081,991	\$ -	\$ -	\$ -	\$ 14,081,991
Investments		<u>3,872,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,846</u>
		<u>\$ 17,954,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,954,837</u>
Financial Liabilities						
Accounts Payable and Accruals		\$ 50,625	\$ -	\$ -	\$ -	\$ 50,625
		<u>\$ 50,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,625</u>

		2015				
		Up to 1 year	1 to 5 years	Over 5 Years	Non- Interest Bearing	Total
Financial Assets						
Cash and Cash Equivalents		\$ 15,274,125	\$ -	\$ -	\$ -	\$ 15,274,125
Investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,000</u>	<u>2,075,000</u>
		<u>\$ 15,274,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,075,000</u>	<u>\$ 17,349,125</u>
Financial Liabilities						
Accounts Payable and Accruals		\$ 49,250	\$ -	\$ -	\$ -	\$ 49,250
		<u>\$ 49,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,250</u>

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

3. Financial Risk Management (Cont'd):

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 2016

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:

- Whether investments are classified as held to maturity investments or loans and receivables.
- Whether leases are classified as operating leases or finance leases.
- 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.

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

5. Cash and Cash Equivalents:

This balance represents cash held at First Citizens Bank Limited.

6. Investments:

These held-to-maturity investments relate to venture capital funding provided to three (3) 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.

7. Fixed Assets:

	Computer Equipment	Office Equipment	Total
Cost			
Balance as at 1 October 2015	\$ 57,876	\$ 52,095	\$ 109,971
Additions	7,590	-	7,590
Balance as at 30 September 2016	65,466	52,095	117,561
Accumulated Depreciation			
Balance as at 1 October 2015	46,135	6,512	52,647
Charge for the year	13,428	6,512	19,940
Balance as at 30 September 2016	59,563	13,024	72,587
Net Book Value			
Balance as at 30 September 2016	\$ 5,903	\$ 39,071	\$ 44,974
Balance as at 30 September 2015	\$ 11,741	\$ 45,583	\$ 57,324
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	\$ 45,583	\$ 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 2016

8. Accounts Payable and Accruals:

	30 September	
	2016	2015
Accruals	\$ 50,625	\$ 51,750
Statutory deductions	-	(2,500)
	<u>\$ 50,625</u>	<u>\$ 49,250</u>

9. Stated Capital:

	30 September	
	2016	2015
Authorised Unlimited shares at no par value		
Issued and fully paid shares at no par value	\$ -	\$ -

10. 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.

11. 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:

	30 September	
	2016	2015
Liabilities and Equity		
Capital contribution	<u>\$ 21,846,000</u>	<u>\$ 21,846,000</u>

TOBAGO HOUSE OF ASSEMBLY

VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2016

12. 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 available at 30 September 2016.

13. 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.

14. General and Administrative Expenses:

	30 September	
	2016	2015
Advertising and promotions	\$ 28,650	\$ 10,300
Audit fees	59,513	59,600
Board and Committee	523,000	498,680
Gratuity	72,000	77,747
Legal and Professional fees	119,882	135,683
Maintenance and repairs	2,200	2,200
Meals and accommodation	40,370	15,941
Membership and subscription	8,855	-
Office expenses	37,844	33,225
Penalties and interest	2,350	20,716
Rental of equipment	3,950	395
Salaries and national insurance contributions	445,868	589,157
Settlement fees	34,500	-
Training	1,295	1,195
Travel expenses	11,553	22,224
	<u>\$ 1,391,830</u>	<u>\$ 1,467,063</u>

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Auditors:

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VentureCapital

Equity Fund Limited