



VentureCapital
Equity Fund Limited



THE VENTURE CAPITAL EQUITY FUND LIMITED

Annual Report 2017

Vision

OUR

The creation of the **Venture Capital Equity Fund Ltd.** 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 **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 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.



TORBAGO

-RESPONSIBLE CORPORATE GOVERNANCE-

IT IS THE RESPONSIBILITY OF MANAGEMENT TO PREPARE FINANCIAL STATEMENTS FOR EACH FINANCIAL YEAR, WHICH GIVE 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.

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NOTICE OF SIXTH ANNUAL GENERAL MEETING

Notice of meeting and resolutions to be proposed.

Notice is hereby given that the Sixth (6th) 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 Monday 14th May, 2018 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 receive and adopt the company accounts contained within the annual report for the financial year ended September 30, 2017 with the Auditor's Report thereon.

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 appoint 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: April 4, 2018

.....
Jennifer Browne
Corporate Secretary

An aerial photograph of a coastal town and harbor. In the foreground, a long wooden pier extends into the turquoise water. A large white ferry with red and blue stripes and the text 'Tat Express' is docked at the pier. A smaller blue boat is also docked nearby. The background shows a densely populated town with colorful buildings, surrounded by lush green hills under a clear blue sky.

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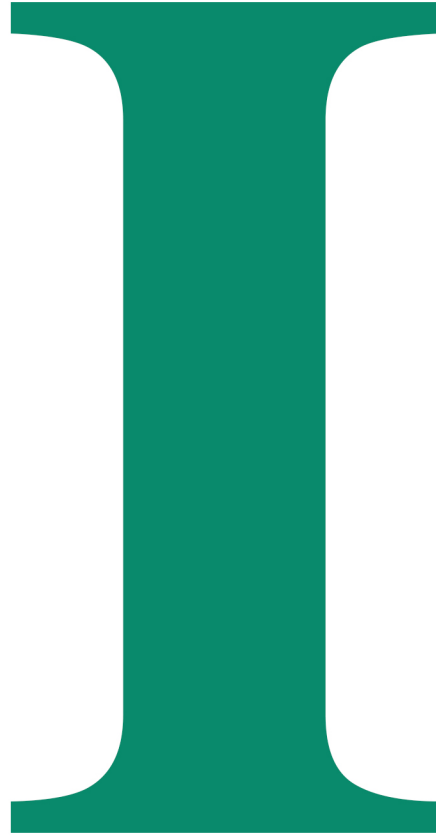
IV. Corporate Information





Did you know?

The Venture Capital Equity Fund Limited is a company established to support private sector investments in priority areas identified in Tobago's development plan – the Comprehensive Economic Development Plan (CEDP) 2.0. The Fund's mandate is to strengthen qualified fledgling enterprises through public/private sector equity arrangements of between \$500,000 and \$5 million to enable Tobago's economic diversification.



Chairman's Report

As Chairman and on behalf of the Board, I am pleased to report on the activities of the Company for the past year. For the 2016/2017 fiscal year VCEFL remained committed to the development of entrepreneurship in its stakeholders. VCEFL will continue to promote venture capital equity investment as an alternative financing solution available to Tobago-based business operators. This report marks the third year that I have been privileged to serve at the helm of VCEFL as Chairman and while the challenges were many, so too were the opportunities.

Role

The Tobago House of Assembly (THA) established the Venture Capital Equity Fund Company Ltd. as a tool to foster the acceleration of the pace of private sector business development in Tobago in the face of an over-dependence on Government and Tourism-related employment. The VCEFL is a critical part of the financial toolkit to build the economic architecture of Tobago by expanding private sector investments. The mandate of the VCEFL is to:

- (i) Encourage investments in Tobago through sustainable business models
- (ii) Strengthen strategic Tobago business enterprises
- (iii) Empower Tobago-owned and controlled businesses
- (iv) Provide a supportive infrastructure for business by way of financial advice and management services.

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

Corporate Governance

The Board of Directors was re-appointed by the Shareholder's Representative, Assemblyman Joel Jack, Secretary for The Tobago House of Assembly Division of Finance and the Economy for a further year from July 1, 2017 to June 30, 2018.

Over the year we have seen one change on the Board; effective June 30, 2017 Mrs. Petal Roberts ended her tenure on the Board having made substantial contributions over her time of service. She was replaced by Mrs. Petal Daniel-Benoit, who began her appointment as director with effect from July 1, 2017.

The board members are as follows:

• Anthony Pierre	Chairman
• Vernie Shield	Deputy Chairman
• Alvin Pascall	Member
• Petal-Ann Roberts	Member (<i>July 1, 2015 - June 30, 2017</i>)
• Solange Henry	Member
• Esther Le Gendre	Member
• Petal Daniel Benoit	Member

Table 1: Number of meetings attended during the term

Anthony Pierre	9 / 9
Vernie Shield	6 / 9
Alvin Pascall	9 / 9
Petal-Ann Roberts	6 / 8
Solange Henry	6 / 9
Esther Le Gendre	7 / 9
Petal Daniel-Benoit	1/1



Committee

THE INVESTMENT COMMITTEE: The Investment Committee consists of 4 – 6 members who are responsible for oversight of the Fund Manager, treasury functions, risk management and compliance. They also oversee the evaluation and approval of the VCEFL funds under management, ensuring that these investments are monitored according to investment policy and returns maximized.

Committee Members: Vernie Shield and Petal-Ann Roberts



Committee

THE BUDGET SUB-COMMITTEE: The Budget Sub-Committee consists of three members. The purpose of this committee is to manage and monitor the organization's budgetary priorities and goals and the changes in revenue and spending necessary to achieve those goals.

Committee Members: Solange Henry, Anthony Pierre and Petal-Ann Roberts

Portfolio

The table below describes the VCEFL investment portfolio.

Table 2: VCEFL Investment Portfolio

	Andy's Company Ltd.	Quiet River Corporation Ltd.	Pork International Group Ltd.	
Pre-Money Valuation	\$1,500,000	\$888,888	\$2,545,116	
Investment Date	July 16, 2015	July 16, 2015	Oct. 15, 2015	
VCEFL Investment	\$1.5 million	\$0.5 million	\$1.92 million	\$3.92 million
Post Money Valuation	\$3,000,000	\$1,388,888	\$4,465,116	
VCEFL Shareholding	50%	36%	43%	
No. & Type of Shares	25,000 ordinary	360 ordinary	430,000 ordinary	
Price per Share	\$60.00	\$1,388.00	\$4.47	



Strategic Direction

THA Capital Commitment

The THA committed to a cash injection of TT\$25 million of which the VCEFL has received a total of TT\$23,346,000. Given the THA's commitment, an amount of TT\$1,654,000 is still payable to the VCEFL Fund. We are hopeful that allocation of this sum will be considered under the development programme estimates for fiscal 2019.

Base Capital Expansion

Under the Venture Capital Act, the maximum fund size is \$100 million. With THA's capital commitment this allows for a further \$75 million contribution to be raised from institutional and individual investors. Guided by the company's Fund Manager VCEFL is exploring options for investing its passive capital in ventures which would garner returns in the short (less than 1 year) and medium (2-5 years) term.

Proposed Equity Investments

There are companies in the pipeline that show significant promise of being added to our deal flow for fiscal 2018. These companies span the agricultural, construction and manufacturing sectors and if realized these deals represent a potential total capital injection of TT\$5 million, additionally, the results of a VCEFL commissioned feasibility study for the establishment of an animal feed mill in Tobago were favourable. 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.

Strategic Plan

One of the Board's key targets for this coming year is exploring a model for the fund that encompasses both the income generating and developmental roles of the company. The Board has begun to seek advice on how to best reposition the company to satisfy both of these mandates. VCEFL is considering a model for a scalable and efficient funding vehicle which would reposition the fund to be of even greater value to Tobagonians. VCEFL is also exploring linkages with development institutions and development banks to secure technical assistance and co-investment.

So how do we see the future?

We have to be clear on our goals and objectives in the medium to long term whilst recognising the challenges we face in the short term. We need to be responsive to the transitory nature of the global economy and the impact on the local economy of reduced prices for energy commodities. As a company we must be more agile and ready to adapt. If Tobago is to accelerate its diversification and development thrust, then it must align its position strategically to benefit from the global economic thrust and shifted paradigm.

Tobago is our home and as stewards of the Fund we recognise the need to play a positive role in the turnaround of the Tobago economy. VCEFL is proud of its heritage and accomplishments thus far and is ready to take our share of the responsibility for further developing Tobago's private sector. And we believe that we can do this through the development of entrepreneurship and the incubation of successful Tobago based businesses.

Conclusion

In closing, I am satisfied that a sound foundation for the growth, sustainability and continued development of this company has been laid. 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 2018 and beyond.



Anthony Pierre
Chairman

III

Director Profiles

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 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 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. Pascall 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 served as a Director of the Board of the Tobago House of Assembly Venture Capital Equity Fund Company Limited from 2014 to 2017.



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

Chief Executive Officer, 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 as Chairman to the National Information and Communication Technology Company (iGovTT) board and as Director on the Trinidad and Tobago Free Zones Company Ltd. (TTFZ) State board.



Mrs. Petal Daniel-Benoit
Board Member

Personal Assistant – Office of the Secretary THA Division of Community Development and Culture.

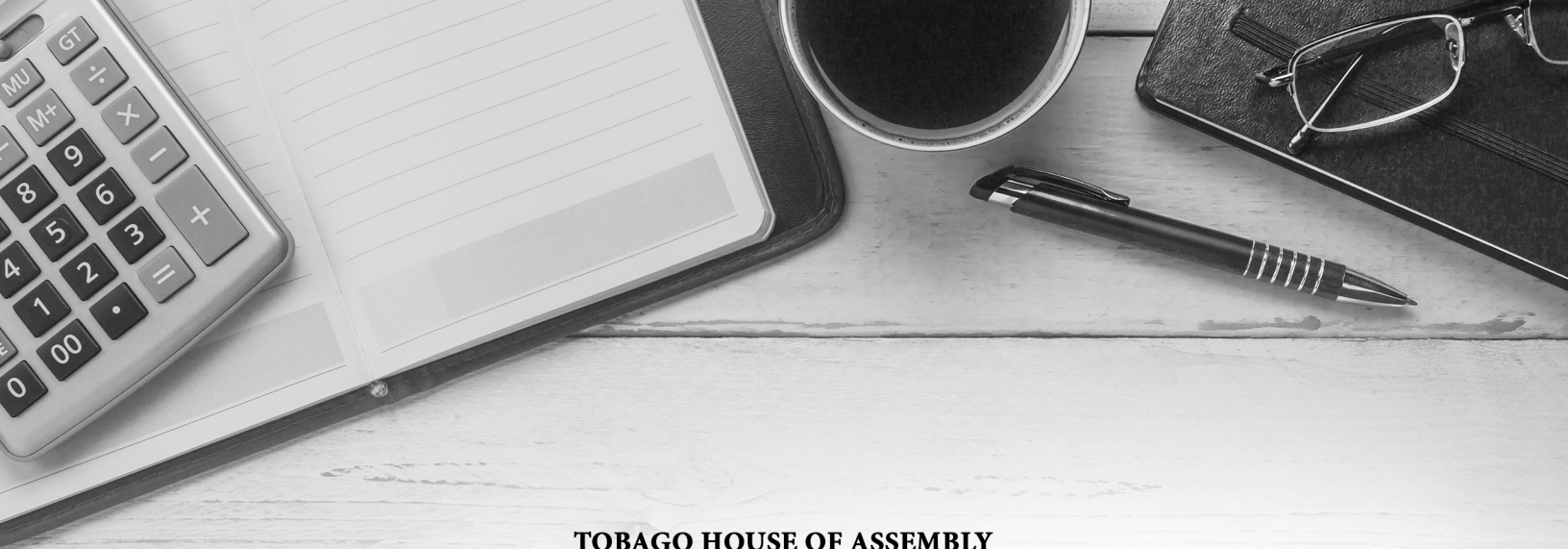
Mrs. Daniel-Benoit has over ten years of experience in the field of accounting holding professional membership to and qualification from the Association of Chartered Certified Accountants (ACCA) having graduated from the Students Accountancy Centre Ltd. (SAC). Mrs. Daniel-Benoit is a professional accountant 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. Mrs. Daniel-Benoit is currently a Senior Financial Analyst at the Division of Finance and the Economy, Tobago House of Assembly. She also serves on the Tobago Regional Health Authority (TRHA) Board of Directors as Director of Business having been appointed in June 2016.

Mrs Daniel-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. She also served as JCI West Indies National Convention Director when the event was hosted in Tobago in October 2016. In 2013 she was appointed Commissioner of the Tobago Festivals Commission. Mrs. Daniel-Benoit was appointed as a Director on the Board of the Tobago House of Assembly Venture Capital Equity Fund Company Limited in 2017.

III

Financial Statements



**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

REPORTING

Financial Statements for the year ended September 30th, 2017

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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 give 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 controls 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 judgments 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: 13th December, 2017

Director, Solange Henry
Date: 13th December 2017

INDEPENDENT AUDITORS' REPORT

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



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 30 September 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tobago House of Assembly Venture Capital Equity Fund Company Limited as at 30 September 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tobago House of Assembly Venture Capital Equity Fund Company Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), 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 opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Telephone: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

INDEPENDENT AUDITORS' REPORT CONT'D

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 auditors' 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 scepticism 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.

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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Barataria
TRINIDAD
13 December 2017

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

STATEMENT OF FINANCIAL POSITION

ASSETS			
	<u>Notes</u>	30 September	
		<u>2017</u>	<u>2016</u>
		<u>(\$)</u>	<u>(\$)</u>
Current Assets:			
Cash and Cash Equivalents	5	15,857,000	14,081,991
Prepayments		<u>5,500</u>	<u>-</u>
Total Current Assets		<u>15,862,503</u>	<u>14,081,991</u>
Non-Current Assets			
Investments	6	3,420,000	3,872,846
Fixed Assets	7	<u>35,957</u>	<u>44,974</u>
Total Non-Current Assets		<u>3,455,957</u>	<u>3,917,820</u>
Total Assets		<u>19,318,460</u>	<u>17,999,811</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts Payable and Accruals	8	<u>101,637</u>	<u>50,625</u>
Equity:			
Stated Capital	9	-	-
Contributed Capital	10	23,346,000	21,846,000
Accumulated Deficit		<u>(4,129,177)</u>	<u>(3,896,814)</u>
Total Equity		<u>19,216,823</u>	<u>17,949,186</u>
Total Liabilities and Equity		<u>19,318,460</u>	<u>17,999,811</u>

These financial statements were approved by the Board of Directors and authorised for issue on 13 December 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	
	<u>2017</u>	<u>2016</u>
	<u>(\$)</u>	<u>(\$)</u>
Income:		
Subventions	1,500,000	2,000,000
Interest Income	<u>5,072</u>	<u>5,444</u>
Total Income	<u>1,505,072</u>	<u>2,005,444</u>
Expenditure:		
Impairment	500,000	-
General and Administrative Expenses (Note 14)	1,227,001	1,391,830
Depreciation	9,017	19,939
Interest and Bank Charges	<u>1,417</u>	<u>1,688</u>
Total Expenditure	<u>1,737,435</u>	<u>1,413,457</u>
Total Comprehensive (Loss)/Income	<u>(232,363)</u>	<u>591,987</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 2017

	<u>Capital Contributions</u> (\$)	<u>Accumulated Deficit</u> (\$)	<u>Total Equity</u> (\$)
Balance as at 1 October 2015	21,846,000	(4,488,801)	17,357,199
Total Comprehensive Income	-	591,987	591,987
Balance as at 30 September 2016	<u>21,846,000</u>	<u>(3,896,814)</u>	<u>17,949,186</u>
Balance as at 1 October 2016	21,846,000	(3,896,814)	17,949,186
Capital Injection	1,500,000	-	1,500,000
Total Comprehensive Loss	-	(232,363)	(232,363)
Balance as at 30 September 2017	<u>23,346,000</u>	<u>(4,129,177)</u>	<u>19,216,823</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	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Operating Activities:		
Total Comprehensive (Loss)/Income	(232,363)	591,987
Adjustment for:		
Impairment	500,000	-
Depreciation	<u>9,017</u>	<u>19,940</u>
	276,654	611,927
Adjustment for non-cash items:		
Net Change in Prepayments	(5,500)	-
Net Change in Accounts Payable and Accruals	<u>51,012</u>	<u>1,375</u>
Cash provided by Operating Activities	<u>322,166</u>	<u>613,302</u>
Investing Activities:		
Net Change in Investments	(47,154)	(1,797,846)
Purchase of Fixed Assets	<u>-</u>	<u>(7,590)</u>
Cash used in Investing Activities	<u>(47,154)</u>	<u>(1,805,436)</u>
Financing Activities:		
Net Change in Stated Capital	<u>1,500,000</u>	<u>-</u>
Cash provided by Financing Activities	<u>1,500,000</u>	<u>-</u>
Net Change in Cash Balances	1,775,012	(1,192,134)
Cash Resources, beginning of year	<u>14,081,991</u>	<u>15,274,125</u>
Cash Resources, end of year	<u>15,857,003</u>	<u>14,081,991</u>
Represented by:		
Cash and cash equivalents	<u>15,857,003</u>	<u>14,081,991</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 2017

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 2017

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 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

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2. Significant Accounting Policies (Cont'd):

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

- | | |
|----------|---|
| 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 28 | Investment in Associates - Amendments regarding the long-term interests in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019). |
| IAS 40 | Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018). |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018). |
| IFRIC 23 | Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019). |

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.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

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.

Investments

Investments in equity instruments within the scope of IAS 39 do not meet the definition of held-to-maturity investments or of loans and receivables. They are therefore classified either as at fair value through profit or loss or as available-for-sale (AFS) financial assets.

Under the AFS classification:

- Investments are measured initially at fair value plus any directly attributable transaction costs.
- Subsequently investments (except in equity instruments) are measured at reporting date fair value without deduction for transaction costs.
- Fair value gains and losses are reported in other comprehensive income or directly in equity prior to adoption of the 2007 amendments to IAS 1, except for impairment losses which are reported in profit or loss.
- Gains or losses reported in other comprehensive income are reclassified to profit or loss on derecognition.
- Dividends are reported in profit or loss when the right to payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost less impairment losses

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

2. Significant Accounting Policies (Cont'd):

f) 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.

g) Income and Expenditure -

Income and expenditure are recognised on the accruals basis.

h) 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.

i) Comparative Information -

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

3. Financial Risk Management:

Financial Risk Factors

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

Financial Instruments

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

	2017	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and Cash Equivalents	15,857,003	15,857,003
Prepayments	5,500	5,500
Investments	3,420,000	3,420,000
Financial Liabilities		
Accounts Payable and Accruals	101,637	101,637

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

3. Financial Risk Management (Cont'd):

	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

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.

		2017				
	Interest Rate	Up to 1 year	1 to 5 years	Over 5 years	Non-Interest Bearing	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Financial Assets						
Cash and Cash Equivalents	1.00%	-	-	-	15,857,003	15,857,003
Prepayments		-	-	-	5,500	5,500
Investments		-	-	-	3,420,000	3,420,000
		<u>-</u>	<u>-</u>	<u>-</u>	<u>19,282,503</u>	<u>19,282,503</u>
Financial Liabilities						
Accounts Payable and Accruals		-	-	-	101,637	101,637
		<u>-</u>	<u>-</u>	<u>-</u>	<u>101,637</u>	<u>101,637</u>

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

3. Financial Risk Management (Cont'd):

a) Interest Rate Risk (cont'd) -

		2016				
	Interest Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non-Interest Bearing (\$)	Total (\$)
Financial Assets						
Cash and Cash Equivalents	1.00%	-	-	-	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>

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 2017

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.

	2017				
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 Years (\$)	Non- Interest Bearing (\$)	Total (\$)
Financial Assets					
Cash and Cash Equivalents	15,857,003	-	-	-	15,857,003
Prepayments	5,500	-	-	-	5,500
Investments	-	-	-	3,420,000	3,420,000
	<u>15,862,503</u>	<u>-</u>	<u>-</u>	<u>3,420,000</u>	<u>19,282,503</u>
Financial Liabilities					
Accounts Payable and Accruals	101,637	-	-	-	101,637
	<u>101,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,637</u>
	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	-	-	-	3,872,846	3,872,846
	<u>14,081,991</u>	<u>-</u>	<u>-</u>	<u>3,872,846</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>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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.

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:

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4. Critical Accounting Estimates and Judgments (Cont'd):

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

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

- i) Whether investments are classified as held to maturity investments or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

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

i) Impairment of Assets

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

ii) Fixed Assets

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

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

5. Cash and Cash Equivalents:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Cash in hand	2,000	2,000
First Citizens Bank Limited:	1,421,282	1,853,408
Operations Account	13,923,575	11,721,149
Investment Account	<u>510,146</u>	<u>505,434</u>
Investment Protection Account		
	<u>15,857,003</u>	<u>14,081,991</u>

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. Based on a valuation exercise conducted on one of the investee companies, a 100% impairment has been recognised.

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Balance, beginning of year	3,872,846	2,075,000
Additions	47,154	1,797,846
Impairment	<u>(500,000)</u>	<u>-</u>
Balance, end of year	<u>3,420,000</u>	<u>3,872,846</u>

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

7. Fixed Assets:

	Computer Equipment (\$)	Office Equipment (\$)	Total (\$)
Cost			
Balance as at 1 October 2016	65,466	52,095	117,561
Additions	-	-	-
Balance as at 30 September 2017	65,466	52,095	117,561
Accumulated Depreciation			
Balance as at 1 October 2016	59,563	13,024	72,587
Charge for the year	2,505	6,512	9,017
Balance as at 30 September 2017	62,068	19,536	81,604
Net Book Value			
Balance as at 30 September 2017	<u>3,398</u>	<u>32,559</u>	<u>35,957</u>
Balance as at 30 September 2016	<u>5,903</u>	<u>39,071</u>	<u>44,974</u>
	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	<u>5,903</u>	<u>39,071</u>	<u>44,974</u>
Balance as at 30 September 2015	<u>11,741</u>	<u>45,583</u>	<u>57,324</u>

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

8. Accounts Payable and Accruals:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Audit fees payable	50,625	50,625
Fund management fees	<u>51,012</u>	<u>-</u>
	<u>101,637</u>	<u>50,625</u>

9. Stated Capital:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Authorised		
Unlimited shares at no par value		
Issued and fully paid		
shares at no par value	<u>-</u>	<u>-</u>

10. Contributed Capital:

The sum of **\$25,000,000** was committed by the THA on which **\$22,846,000** had been provided by the THA thus far, 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	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Liabilities and Equity		
Capital contribution	<u>23,346,000</u>	<u>21,846,000</u>

**TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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 2017.

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.

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

14. General and Administrative Expenses:

	30 September	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Advertising and promotions	24,964	28,650
Audit fees	61,425	59,513
Board and Committee	533,500	523,000
Gratuity	28,800	72,000
Legal and Professional fees	123,906	119,882
Maintenance and repairs	9,400	2,200
Meals and accommodation	17,220	40,370
Meeting and conference	1,687	-
Membership and subscription	1,575	8,855
Office expenses	31,956	37,844
Penalties and interest	-	2,350
Rental of equipment	9,372	3,950
Salaries and national insurance contributions	375,186	445,868
Settlement fees	-	34,500
Training	1,875	1,295
Travel expenses	6,135	11,553
	<u>1,227,001</u>	<u>1,391,830</u>

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