



Venture Capital
Equity Fund Limited

ANNUAL REPORT 2018



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Vision

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 the THA for Job Creation
- Re-Inighting 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 exciting 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.



On behalf of the Board of Directors, it is my pleasure to present this annual report on the company's activities for the fiscal year ended September 30, 2018. The prime objective of THA Venture Capital Equity Fund Limited (VCEFL) is to increase the supply of risk capital to the entrepreneurial small business sector of Tobago, thus fostering the expansion and preservation of small businesses as well as creating new jobs. VCEFL remains steadfast in delivering on its mandate to diversify the Tobago economy through the provision of alternatives to debt financing to entrepreneurs on the island. In keeping with this mandate VCEFL invests in the following priority sectors: Clean Light Manufacturing, Agriculture & Agro-Processing, Niche Tourism, Clean Renewable Energy & Green Technology, ICT – Information Communication Technology and Creative Arts & Entertainment.

Corporate Governance

The Board of Directors was appointed for the July 1, 2018 to June 30, 2019 term by the Shareholder's Representative, Assemblyman Joel Jack, the Tobago House of Assembly Deputy Chief Secretary and Secretary of the Division of Finance and the Economy.

A welcome new appointment, effective July 1 2018, is Ms. Giselle Small who brings her expertise in brokering public private investment partnerships to the Board of Directors.

For fiscal 2018 the board members were as follows:

Anthony Pierre	Chairman
Vernie Shield	Deputy Chairman
Petal Daniel Benoit	Member
Solange Henry	Member
Esther Le Gendre	Member
Alvin Pascall	Member
Giselle Small	Member

Petal Daniel-Benoit	4 / 6	Anthony Pierre	5 / 6
Solange Henry	5 / 6	Vernie Shield	5 / 6
Esther Le Gendre	6 / 6	Giselle Small	1 / 1
Alvin Pascall	3 / 6		

Table 1: Number of meetings attended during the term

PORTFOLIO

The table below shows the VCEFL \$3.42 million dollar investment portfolio.

	Andy's Company Ltd.	Pork International Group Ltd.
Pre-Money Valuation	\$1,500,000	\$2,545,116
<i>Investment Date</i>	<i>July 16, 2015</i>	<i>October 15, 2015</i>
VCEFL Investment	\$1.5 million	\$1.92 million
Post Money Valuation	\$3,000,000	\$4,465,116
VCEFL Shareholding	50%	43%
No. & Type of Shares	25,000 ordinary	430,000 ordinary
Price per Share	\$60.00	\$4.47

Table 2: VCEFL investment portfolio

Future Prospects and Strategic Direction

One of the Board's key targets in this coming year is exploring a model for the Fund that encompasses both the income generating and developmental roles of the company. VCEFL is pursuing a shift in mandate which would expand its service offering beyond equity investment and encompass investment in and financing of early stage small and medium business enterprises. The goal of this is to allow the Fund to be more accessible to the array of entrepreneurs present in Tobago and to reposition the Fund to be of even greater value to Tobagonians.

In recognizing a gap in the readiness of entities submitting business proposals for equity investment another key objective emerged. The second key objective for fiscal 2019 is the development of the business operations skills of entrepreneurs through the establishment of a commercial business incubator programme. The Board has begun to reposition the company to satisfy both of these objectives in addition to a series of business community outreach events targeted to increase awareness of the general public on the work of the company.

Conclusion

As stewards of the Fund the Board recognizes the need to play a positive role in the Tobago economy. VCEFL is prepared to share the responsibility for further developing Tobago's private sector. This can be accomplished through the development of entrepreneurship and the incubation of successful Tobago based businesses.

In closing, I am satisfied that a sound foundation for the growth, sustainability and continued development of this company has been laid. I take this opportunity to make mention of my fellow Board members, Committee members and the dedicated staff of the Company for their continued support in seeking to meet our mandate.



Anthony Pierre
Chairman



Mr. Anthony Pierre

Chairman of the Board

Mr. Pierre is the Managing Partner of Moore Stephens Trinidad and Tobago and has over 35 years of experience in the field of accounting, auditing, taxation, financial and business consultancy and has worked for a varied portfolio of local, regional and international clients drawn from the private sector, the public sector and NGO's. He currently serves as President of the Institute of Chartered Accountants of the Caribbean (ICAC) for the 2017-2018 term. Mr. Pierre has served as President of the Institute of Chartered Accountants of Trinidad & Tobago (ICATT) for three years from 2009 to 2012.

He is a fellow of the Association of Certified Chartered Accountants (FCCA) of the United Kingdom, a member in Auditing practice of the Institute of Chartered Accountants of Trinidad and Tobago (CA), an associate of the Institute of Financial Consultants of the USA (CFC) and a Certified Risk Analyst (CICRA), having completed certified training in ISO 310000 - Enterprise Risk Management and related ISO 27005. Mr. Pierre is a long-standing VCEFL Board member having served since 2011.

Ms. Vernie Shield

Deputy Chairman

Ms. 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.



BOARD OF DIRECTORS



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 twenty seven 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 served as Senior State Counsel to the Tobago House of Assembly for eighteen years from 2001-2018. Mr. Pascall has served on the VCEFL Board since 2011.

Ms. Solange Henry

Board Member

Assistant Vice President of Finance – Evolving TecKnologies and Enterprise Development Company Limited (e Teck)

Ms. Solange Henry has almost 15 years' financial management and auditing experience in the State Enterprises across Trinidad and Tobago, covering various sectors such as Energy, Tourism, Infrastructure Development and Project Management. She thrives in high energy and dynamic business environments. She is an Association of Chartered Certified Accountants (ACCA) Certified Accountant and holds a Master's Degree in Business Administration with a specialization in Innovation and Entrepreneurship from the University of the West Indies, Arthur Lok Jack Graduate School of Business. She has strong practical proficiency in the areas of financial management, project management, risk management, human resource management and general administration. Her signature management style involves a very structured and analytical approach to executing all tasks, complemented by a practical approach to problem solving. Her experience has proven her adaptability to ever-evolving and complex work environments and her solution-driven nature has successfully and significantly impacted the areas of governance, risk management and development of robust systems of internal controls in many business environments. She has served on two (2) State Enterprise Boards as Director and remains committed to giving service to Trinidad and Tobago.



BOARD OF DIRECTORS

Ms. Esther Le Gendre

Board Member

Chief Executive Officer – The Institute of Chartered Accountants of Trinidad & Tobago (ICATT)

Ms Le Gendre is a graduate of the University of the West Indies (BA, eMBA) and is certified in Corporate Citizenship by the Boston School of Corporate Citizenship. Ms. Le Gendre has a wealth of knowledge and experience both in the Finance and Communications fields. As lead consultant of Bridge Consulting Ltd. she provides expertise in business management and communications solutions that dovetail with the client's business strategy. Ms. Le Gendre is committed to public service and she has held several portfolios throughout her career and these include, but are not limited to: Minister of Education and Member of Parliament 2007- 2010, head of Business Development for the Association of Chartered Certified Accountants (ACCA) Caribbean region, Atlantic LNG's Government and Public Affairs Manager, and Manager of Corporate Communications for Guardian Life.



Mrs. Petal Benoit

Board Member

Senior Financial Analyst – THA Division of Finance and the Economy

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



Ms. Giselle Small

Board Member

Director of the Investment and Public Private Partnership (IP3) Unit – THA Division of Finance and the Economy

Ms. Small is a graduate of Haverford College with a background in Economics, Political Science and a focus on international development. Ms. Small has built on her experiences in policy development and in the investment banking sector to assist in the implementation of key Tobago House of Assembly initiatives through the Division of Finance and the Economy.

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



Financial Statements

30 September 2018

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

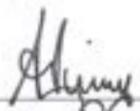
It is the responsibility of management of the THA Venture Capital Equity Fund Company Limited to prepare financial statements, including the schedules and other explanatory information, for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year. Management is responsible for preparing the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, adopted by the Institute of Chartered Accountants of Trinidad and Tobago, and in compliance with the Companies Act. The responsibilities include: ensuring that the company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company; selecting appropriate accounting policies and applying them in a consistent manner; and making accounting estimates that are reasonable in the circumstances.

Management is responsible for the integrity and objectivity of the financial statements ensuring that systems of internal control are designed, implemented and maintained to: provide reasonable assurance that assets are safeguarded from loss or unauthorized use, detect/prevent fraud, allow for preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error, and achieve operational efficiencies.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the shareholder.

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 established financial standards and applicable laws. 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.

Management affirms that it has carried out its responsibilities as outlined above and maintains proper standards of conduct for its activities. 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
22nd January, 2019


Director
22nd January, 2019

INDEPENDENT AUDITORS' REPORT

to the Members of 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 2018, 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 2018 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.

INDEPENDENT AUDITORS' REPORT

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

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.

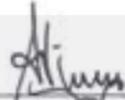
Barataria
TRINIDAD
22 January 2019

TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

		<u>ASSETS</u>	
		30 September	
	<u>Notes</u>	<u>2018</u> (\$)	<u>2017</u> (\$) Restated
Current Assets:			
Cash and Cash Equivalents	5	16,057,094	15,857,003
Accounts Receivable and Prepayments	6	<u>1,175,225</u>	<u>1,038,957</u>
Total Current Assets		<u>17,232,319</u>	<u>16,895,960</u>
Non-Current Assets			
Investments	7	3,420,000	3,420,000
Fixed Assets	8	<u>46,835</u>	<u>35,957</u>
Total Non-Current Assets		<u>3,466,835</u>	<u>3,455,957</u>
Total Assets		<u>20,699,154</u>	<u>20,351,917</u>
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Accounts Payable and Accruals	9	<u>178,737</u>	<u>101,637</u>
Equity:			
Stated Capital	10	-	-
Contributed Capital	11	23,346,000	23,346,000
Accumulated Deficit		<u>(2,825,583)</u>	<u>(3,095,720)</u>
Total Equity		<u>20,520,417</u>	<u>20,250,280</u>
Total Liabilities and Equity		<u>20,699,154</u>	<u>20,351,917</u>

These financial statements were approved by the Board of Directors and authorised for issue on 22 January 2019 and signed on their behalf by:

 _____ Director	 _____ Director
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(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>2018</u> (\$)	<u>2017</u> (\$) Restated
Income:		
Subventions	1,500,000	1,500,000
Interest Income	<u>146,891</u>	<u>130,941</u>
Total Income	<u>1,646,891</u>	<u>1,630,941</u>
Expenditure:		
Impairment	-	500,000
General and Administrative Expenses (Note 16)	1,359,879	1,227,001
Depreciation	15,560	9,017
Interest and Bank Charges	<u>1,315</u>	<u>1,417</u>
Total Expenditure	<u>1,376,754</u>	<u>1,737,435</u>
Net Income/(Loss) for the year	<u>270,137</u>	<u>(106,494)</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 2018

	Capital Contributions (\$)	Accumulated Deficit (\$)	Total Equity (\$)
Balance as at 1 October 2016 – previously stated	21,846,000	(3,896,814)	17,949,186
Prior period adjustment (Note 15)	-	907,588	907,588
Balance as at 1 October 2016 – restated	21,846,000	(2,989,226)	18,856,774
Capital Injection	1,500,000	-	1,500,000
Net loss of the year	-	(106,494)	(106,494)
Balance as at 30 September 2017 (restated)	<u>23,346,000</u>	<u>(3,095,720)</u>	<u>20,250,280</u>
Balance as at 1 October 2017 (restated)	23,346,000	(3,095,720)	20,250,280
Net income for the year	-	270,137	270,137
Balance as at 30 September 2018	<u>23,346,000</u>	<u>(2,825,583)</u>	<u>20,520,417</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	
	2018 (\$)	2017 (\$) Restated
Operating Activities:		
Net Income/(Loss) for the year	270,137	(106,494)
Adjustment for:		
Impairment	-	500,000
Depreciation	15,560	9,017
	285,697	402,523
Adjustment for non-cash items:		
Net Change in Accounts Receivable and Prepayments	(136,268)	(131,369)
Net Change in Accounts Payable and Accruals	77,100	51,012
	226,529	322,166
Cash provided by Operating Activities	<u>226,529</u>	<u>322,166</u>
Investing Activities:		
Net Change in Investments	-	(47,154)
Purchase of Fixed Assets	(26,438)	-
	(26,438)	(47,154)
Cash used in Investing Activities	<u>(26,438)</u>	<u>(47,154)</u>
Financing Activities:		
Net Change in Stated Capital	-	1,500,000
	-	1,500,000
Cash provided by Financing Activities	<u>-</u>	<u>1,500,000</u>
Net Change in Cash Balances	200,091	1,775,012
Cash Resources, beginning of year	15,857,003	14,081,991
Cash Resources, end of year	<u>16,057,094</u>	<u>15,857,003</u>
Represented by:		
Cash and cash equivalents	<u>16,057,094</u>	<u>15,857,003</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 2018

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 2018

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 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).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

- 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	-	12.5%
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 2018

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 (FVTPL) 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, or whose fair value cannot be reliably measured, are measured at cost less impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

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.

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:

	2018	
	Carrying Value (\$)	Fair Value (\$)
Financial Assets		
Cash and Cash Equivalents	16,057,094	16,057,094
Accounts Receivable and Prepayments	1,175,225	1,175,225
Investments	3,420,000	3,420,000
Financial Liabilities		
Accounts Payable and Accruals	178,737	178,737

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management (Cont'd):

	2017	
	Carrying Value (\$) Restated	Fair Value (\$) Restated
Financial Assets		
Cash and Cash Equivalents	15,857,003	15,857,003
Accounts Receivable and Prepayments	1,038,957	1,038,957
Investments	3,420,000	3,420,000
Financial Liabilities		
Accounts Payable and Accruals	101,637	101,637

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.

	2018					
	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%	-	-	-	16,057,094	16,057,094
Accounts Receivable and Prepayments		-	-	-	1,175,225	1,175,225
Investments		-	-	-	3,420,000	3,420,000
		=====	=====	=====	20,652,319	20,652,319
Financial Liabilities						
Accounts Payable and Accruals		-	-	-	178,737	178,737
		=====	=====	=====	178,737	178,737

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

3. Financial Risk Management (Cont'd):

a) Interest Rate Risk (cont'd) -

	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
Accounts Receivable and Prepayments		-	-	-	1,038,957	5,500
Investments		-	-	-	3,420,000	3,420,000
		<u> =</u>	<u> =</u>	<u> =</u>	<u>20,315,960</u>	<u>20,315,960</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>

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 2018

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.

	2018				
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 Years (\$)	Non- Interest Bearing (\$)	Total (\$)
Financial Assets					
Cash and Cash Equivalents	16,057,094	-	-	-	16,057,094
Accounts Receivable and Prepayments	1,175,225	-	-	-	1,175,225
Investments	-	-	-	3,420,000	3,420,000
	<u>17,232,319</u>	<u> =</u>	<u> =</u>	<u>3,420,000</u>	<u>20,652,319</u>
Financial Liabilities					
Accounts Payable and Accruals	178,737	-	-	-	178,737
	<u>178,737</u>	<u> =</u>	<u> =</u>	<u> =</u>	<u>178,737</u>
	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
Accounts Receivable and Prepayments	1,038,957	-	-	-	1,038,957
Investments	-	-	-	3,420,000	3,420,000
	<u>16,895,960</u>	<u> =</u>	<u> =</u>	<u>3,420,000</u>	<u>20,315,960</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>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

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:

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

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
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

5. Cash and Cash Equivalents:

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Cash in hand	1,000	2,000
First Citizens Bank Limited:		
Operations Account	1,617,969	1,421,282
Investment Account	13,923,215	13,923,575
Investment Protection Account	514,910	510,146
	<u>16,057,094</u>	<u>15,857,003</u>

6. Accounts Receivable and Prepayments:

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$) Restated
Interest receivable	1,175,225	1,033,457
Prepayment	-	5,500
	<u>1,175,225</u>	<u>1,038,957</u>

7. Investments:

These investments relate to venture capital funding provided by VCEFCL to three (3) qualifying investee companies. The Company has an equity interest in these companies through Shareholders' Agreements.

Based on a valuation exercise conducted on one of the investee companies in March 2017, a 100% impairment has been recognised during the year ended 30 September 2017.

	30 September	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Balance, beginning of year	3,420,000	3,872,846
Additions	-	47,154
Impairment	-	(500,000)
Balance, end of year	<u>3,420,000</u>	<u>3,420,000</u>

TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

8. Fixed Assets:

	<u>Computer Equipment</u> (\$)	<u>Office Equipment</u> (\$)	<u>Total</u> (\$)
Cost			
Balance as at 1 October 2017	65,466	52,095	117,561
Additions	26,438	-	26,438
Disposal	(15,076)	-	(15,076)
Balance as at 30 September 2018	<u>76,828</u>	<u>52,095</u>	<u>128,923</u>
Accumulated Depreciation			
Balance as at 1 October 2017	62,068	19,536	81,604
Charge for the year	9,048	6,512	15,560
Disposal	(15,076)	-	(15,076)
Balance as at 30 September 2018	<u>56,040</u>	<u>26,048</u>	<u>82,088</u>
Net Book Value			
Balance as at 30 September 2018	<u>20,788</u>	<u>26,047</u>	<u>46,835</u>
Balance as at 30 September 2017	<u>3,398</u>	<u>32,559</u>	<u>35,957</u>
Cost			
Balance as at 1 October 2016	65,466	52,095	117,561
Additions	-	-	-
Balance as at 30 September 2017	<u>65,466</u>	<u>52,095</u>	<u>117,561</u>
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	<u>62,068</u>	<u>19,536</u>	<u>81,604</u>
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>

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

9. Accounts Payable and Accruals:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Audit fees payable	50,625	50,625
Fund management fees	51,012	51,012
Gratuity payable	<u>77,100</u>	<u>-</u>
	<u>178,737</u>	<u>101,637</u>

10. Stated Capital:

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Authorised Unlimited shares at no par value		
Issued and fully paid shares at no par value	<u>-</u>	<u>-</u>

11. 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.

12. Related Party Transactions:

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

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

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

	30 September	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Liabilities and Equity		
Capital contribution	<u>23,346,000</u>	<u>23,346,000</u>

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

13. Fair Values:

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

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

a) Current Assets and Liabilities

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

b) Investments

The fair values of investments are determined on the basis of quoted market prices available at 30 September 2018.

14. Capital Risk Management:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

15. Restatement:

The financial statements for the year ended 30 September 2017 were restated to correctly record interest income earned by VCEFCL on two bank accounts held with First Citizens Bank Limited. The interest income on these accounts were transferred to the THA Fund Account in error during the financial years 2011 to 2018.

In a letter dated 27 June 2018, the Chief Administrator of the THA provided the recommended treatment of the interest income generated by the Company. In his opinion, he indicated that Section 31 (1)(b) of the THA Financial Rules 1990, which required that any interest earned from monies placed on short term deposit or any profit from investment pursuant to rule 35 be transferred to the THA Fund Account, did not apply to the Company. In particular, he noted that VCEFCL was set up as a limited liability company by the THA and mandated to raise funds from the private sector in attainment of its goals and objectives.

The Chief Administrator further recommended that the accumulated interest income credited to the THA Fund Account from the Company's three bank accounts be credited back to VCEFCL's bank accounts and the arrangement adopted by the bank with respect to crediting of the interest income from the Company's to the THA Fund Account should be discontinued with immediate effect.

The financial statements were restated to record the interest income transferred in error (**\$907,588** for the years 2011 to 2016 and **\$125,869** for 2017) as a receivable by the Company.

Statement of Financial Position

	Accounts Receivable and Prepayments	Accumulated Deficit
Balance as at 30 September 2017 (previously reported)	\$ 5,500	\$ (4,129,177)
Effect of error - 2017	125,869	125,869
Effect of error - 2016 and prior years	<u>907,588</u>	<u>907,588</u>
Balance as at 30 September 2017 (restated)	<u>\$ 1,038,957</u>	<u>\$ (3,095,720)</u>

Statement of Comprehensive Income

	Interest Income	Net Loss for the year
Amount for the year ended 30 September 2017 (previously reported)	\$ 5,072	\$ (232,363)
Effect of error - 2017	<u>125,869</u>	<u>125,869</u>
Amount for the year ended 30 September 2017 (restated)	<u>\$ 130,941</u>	<u>\$ (106,494)</u>

**TOBAGO HOUSE OF ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2018

16. General and Administrative Expenses:

	30 September	
	2018 (\$)	2017 (\$)
Advertising and promotions	12,544	24,964
Audit fees	62,677	61,425
Board and Committee	551,500	533,500
Gratuity	151,500	28,800
Legal and professional fees	153,037	123,906
Maintenance and repairs	7,000	9,400
Meals and accommodation	8,034	17,220
Meeting and conference	-	1,687
Membership and subscription	-	1,575
Office expenses	22,125	31,956
Rental of equipment	180	9,372
Salaries and national insurance contributions	381,922	375,186
Training	-	1,875
Travel expenses	<u>9,360</u>	<u>6,135</u>
	<u>1,359,879</u>	<u>1,227,001</u>

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