



VentureCapital

Equity Fund Limited

ANNUAL REPORT 2021

Vision

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

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

Mission

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

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As Chairman of the Board of Directors, I am pleased to present the annual report of the Tobago House of Assembly Venture Capital Equity Fund Company Limited (VCEFL) for the fiscal year ended September 30, 2021.

Globally, for fiscal 2021 nations entered into the second year of the Covid-19 pandemic and this brought second and third waves of infection as well as new variants of the virus. In an effort to combat these new challenges, Trinidad and Tobago introduced additional stringent public health restrictions. These restrictions included closure of the construction sector and retail outlets, work from home mandates for public servants, reduced inter-island travel to limit the movement of persons and international travel restrictions. These limitations, along with disruptions in the global supply chain, affected the availability of raw materials and goods, and resulted in price increases, construction delays, and the overall reduction in economic activity in every sector of the economy. All of these factors heavily impacted and continue to impact the business sectors in which our investee companies operate.

Despite the restrictions imposed to manage the spread of the virus, the VCEFL was able to provide critical support to one of our investee companies in the manufacturing sector by commissioning the services of a consultant to conduct an assessment of its operations. Upon completion of this due diligence, a detailed report was submitted which highlighted key areas for improvements together with recommendations to address gaps identified. In addition, as part of the existing monitoring and evaluation process, VCEFL exchanged business strategy solutions with our investee companies in an effort to help them navigate the business environment during these unprecedented times.

Chairman's Report (cont'd)

Corporate Governance

As the Shareholder's Representative, Assemblyman Joel Jack, the Tobago House of Assembly Deputy Chief Secretary and Secretary of the Division of Finance and the Economy holds the responsibility of appointing the company's Board of Directors. For fiscal 2021 the Board comprised of seven directors and the members were as follows:

Anthony Pierre	Chairman	Appointment ended June 30, 2021
Vernie Shield	Chairman	Appointment effective July 1, 2021
Petal Daniel-Benoit	Deputy Chairman	Appointment effective July 1, 2021
Solange Henry	Member	
Esther Le Gendre	Member	
Asa Archie	Member	
Afiya Giles-Baynes	Member	
Kalifa Julien	Member	Appointment effective July 1, 2021

Note that for Board sign-off purposes all the above appointments ended effective 30 April 2022.

Investment

For fiscal 2021 the value of the Company's investment portfolio increased by 68% from \$7,379,900 in fiscal 2020 to \$12,413,400 in 2021. VCEFL disbursed of \$5,033,500 of committed investment funds to the following companies:

- J Mac Industries Ltd. \$ 133,500
- Towers Hospitality Group Ltd. \$4.9 million

The company's net surplus for the year ended September 30, 2021 amounted to \$528,779 and assets totaled \$23.05 million. Additionally, VCEFL was able to recover \$1.45 million in outstanding receivables in fiscal 2021.

Operations

With the onboarding of a Business Development Officer, VCEFL increased its capacity to monitor the business activities of the investee companies. Management provided the investee companies with support on financial and operational record keeping. Moreover, through the monitoring process Management offered feedback on differing strategies to adjust to the economic challenges which the investees were faced with. Analysis of proposals soliciting equity investment continued, but unfortunately none of the prospective clients were able to surpass the viability threshold and receive investment approval.

Chairman's Report (cont'd)

In an effort to supply the needs of existing investees and prospective clients the Board of Directors agreed that a pre-qualified list of professional service providers should be developed to bridge the gap between entrepreneur capability and VCEFL investment proposal standards. Specialist professional intermediaries will be sought for financial auditing, accounting, cost accounting, business plan preparation, engineering, marketing, legal, and various consultant (agriculture, manufacturing, company valuation, construction, business management) services. Evaluation criteria for selection for the pre-qualified list of industry specialists is being developed.

At the inception of the company, THA pledged \$25 million in seed capital to VCEFL. Given the investment and business activities of the company since 2011, VCEFL appealed for additional investment capital in its fiscal 2021 budget request both to fund new investments and to provide advisory services to our investees.

In an effort to streamline operations, VCEFL embarked on a review of various company policy documents including the Human Resource, Investment, and Procurement & Asset Disposal policies. Revisions to the Human Resource and Investment policies by the General Manager are underway, and Board review and approval is anticipated for the first quarter of fiscal 2022. In light of the pending proclamation of the Public Procurement and Disposal of Public Property Act (the Act), the Board of Directors along with the General Manager and staff participated in a sensitization session hosted by the Office of Procurement Regulation (OPR). The session highlighted the objectives of the Act, the functions of the OPR, the roles and responsibilities of the Board and staff of public bodies, and the offences and corresponding penalties. Subsequent discussion underscored the need for investor oversight of investee company procurement practices since, although registered as private companies, the investees are recipients of public funds and are so too expected to abide by and comply with the Act. At the end of the session VCEFL participants were adequately equipped to revise the existing Procurement and Asset Disposal Policy. The revised policy will be submitted to the OPR for review and approval.

The Way Forward

Despite the persistent challenge the pandemic presents to business and commerce, globally the indicators signal that economic activity is recovering. In the October 2021 edition of its World Economic Outlook publication, the International Monetary Fund (IMF) forecasted that the global economy will grow by 4.4% in 2022, a slight decline from the 5.9% growth predicted for 2021.

To enhance the due diligence aspect of the proposal evaluation process, VCEFL will subscribe to a credit-reporting agency (CRA). Inclusion of a CRA report will assist Management in assessing prospective investee companies' (through their company, principals and shareholders) banking relationships, borrowing, debt servicing, and bankruptcy history - all in service of VCEFL determination of the level of investment risk and any past instances of malfeasance. VCEFL's membership to a CRA is expected to be finalized in fiscal 2022.

Chairman's Report (cont'd)

In order to offer continuous improvement, VCEFL intends to pursue consultancy activities that provide added value to the company itself and benefit the investee companies. A Strategic Alignment and Planning exercise to address the 'VCEFL re-defined role' is intended for fiscal 2022. VCEFL intends to continue to meaningfully engage our stakeholders and to review policies, procedures, processes and systems to ensure full operational alignment while remaining within the organization's risk tolerance.

In anticipation of the significant effort that may be required for SMEs to recover from the effects of the Covid-19 pandemic, VCEFL requested additional funding from the Tobago House of Assembly under the 2021 Development Programme budgetary allocation. If sufficient funding is afforded, VCEFL intends to pursue targeted activities and strategies to improve the service offerings and increase the support available for the investee companies. Such activities include engagement of various professionals to assist the investee companies in developing management and production efficiencies, and conduct third party fiscal year-end financial assessments.

To close I wish to reiterate VCEFL's commitment to its supporting role in the financial ecosystem of Tobago. We will seek out partnerships with peers, and intergovernmental organizations for advisory services, develop optimal legal structures and the best practices, which will allow our company to remain flexible based on market conditions.

Through this fiscal year I am proud to have lead a team that tenaciously strives toward its mandate and continues to give Tobago entrepreneurs the means to expand their business and contribute meaningfully to the Trinidad and Tobago economic landscape.

I look forward to next fiscal, knowing that in this season of change, great opportunities await the THA Venture Capital Equity Fund Limited in the future.



Vernie Shield
Chairman

Equity Investment Portfolio

		Andy's Company	Pork International Group	J Mac Industries	Towers Hospitality Group
	Pre-Money Valuation	\$1,500,000	\$2,545,116	\$774,526	\$250,000
	Investment Date	July 16, 2015	October 15, 2015	March 10, 2020	September 3, 2020
VCEFL	Investment Amount	\$1.5 million	\$1.92 million	\$1,423,400	\$8.2 million
	No. of Ordinary Shares	25,000	430,000	600,000	Nil
	Ordinary Shareholding	50%	43%	43.7%	Nil
	No. of Preference Shares	Nil	Nil	823,400	8,200
	Preference Shareholding	Nil	Nil	100%	100%
	Initial Shareholders: No. of Ordinary Shares Percentage	25,000 50%	570,000 57%	744,526 56.3%	250,000 100%

Investee Company Profiles



Andy's Company Limited

Andy's Company Limited was incorporated in 1998 and produces the Andy's branded Cherry Nectar and Juice Drinks in addition to providing contract bottling services. The company is owned and operated by Reginald Andrews the grandson of the company's founder, and his business partner Elvis Charles. The product is a mainstay on the shelves of Tobago supermarkets, distributors, and shops.

In 2015 Andy's Company Ltd. received \$1.5M in equity investment from THA Venture Capital Equity Fund Limited for the purchase of a beverage plant and bottling facility which manufactures out of the Cove Eco-Industrial and Business Park (CEIBP) in Tobago. The company's goal is to expand into the Trinidad market to become a nationally recognized brand.

Equity Investment Portfolio (cont'd)



Pork International Group Limited

Pork International Group (PI) Limited is a pork meat production enterprise with a farm located on Belmont Farm Road, Mason Hall Tobago. The owner and operator Renette Clinton is dedicated to livestock breeding and the production of quality meats. Her passion for animal husbandry has resulted in her winning many competitions in Tobago. In 2015 PI received a \$1.92M investment to relocate the farm and increase production. Since then PI had added poultry meat to their line of products which are available at supermarkets throughout Tobago.



J Mac Industries Limited

J Mac Industries Limited (J Mac) is the manufacturer of the SupportT brand of liquid detergents and cleaning products. The principal Edward "Ted" Jones was first introduced to chemical engineering (detergents) at a young age by his uncle then a Manager at PSL Chemicals Ltd. His curiosity and interest in the industry continued to grow eventually crystallizing in a career as a chemical manufacturer.

With the \$1,423,400 investment from VCEFL J Mac was able to expand the product offering to include hand sanitizers and car wash liquid, increase production volume, and maximize efficiency. The company secured Trinidad distributorship, as such the SupportT brand of products is available on the shelves of retailers throughout Trinidad and Tobago.



Towers Hospitality Group Limited

With the \$8.2M investment from VCEFL, Towers Hospitality Group Limited (THGL) is constructing a six storey, 72 guest room hotel located on the outskirts of Scarborough in close proximity to the Shaw Park Cultural Complex. When completed, Comfort Inn & Suites will be the sole globally branded hotel on the island of Tobago with a mix of rooms and suites, spa, gym, rooftop infinity pool, restaurant, bar, terrace and meeting rooms. The hotel's construction involves a high level of local content as the project is managed by a Tobago-based company. During construction THGL created over 100 job opportunities.

Completion and formal opening is targeted for August 2022 and staffing of 60 persons is anticipated. THGL is committed to local content and plans to use Tobago suppliers as much as is possible.

Members of the Board of Directors



VERNIE SHIELD
Chairman

PETAL BENOIT
Deputy Chairman

Appointed to the Board 2013

Credentials

- Executive MBA, Arthur Lok Jack Graduate School of Business

Professional Summary

- Over 35 years leadership experience in the financial services sector, spanning the regulatory, commercial banking and mortgage lending arenas.
- Former General Manager of Mortgage Services at Trinidad and Tobago Mortgage Finance (TTFM) Company
- Former Manager of First Citizens Bank
- Former Senior Statistician and Examiner, Central Bank of Trinidad and Tobago (CBTT) Research Department and Financial Institution Supervision Department

Subcommittee

- Chairman, Investment

External Appointments

- Board Member, National Infrastructure Development Company Ltd.

Appointed to the Board 2017

Credentials

- Certified Accountant - Fellow Member (FCCA), Association of Chartered Certified Accountants (ACCA)

Professional Summary

- Over 15 years of experience in the field of accounting as a professional accountant
- Accounting Officer the Trinidad and Tobago Solid Waste Management Company Ltd. (SWMCOL) in 2007

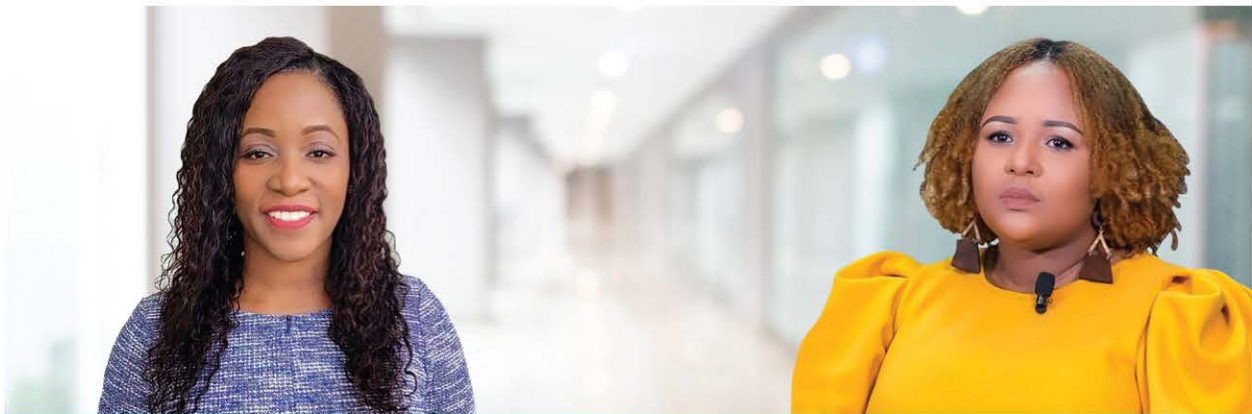
Internal Appointments

- Senior Financial Analyst, Division of Finance and the Economy
- Commissioner, Tobago Festivals Commission, 2013

External Appointments

- Board Member, Tobago Regional Health Authority (TRHA), 2016
- T&T President of Junior Chamber International (JCI) West Indies, 2013

Members of the Board of Directors (cont'd)



ASA G. ARCHIE
Attorney-at-Law, Archie and Co.



AFIYA GILES-BAYNES
Communications Consultant

Appointed to the Board 2020

Credentials

- Master of Science in Finance and Financial Law, SOAS University of London, UK
- Legal Education Certificate, Hugh Wooding Law School, Trinidad
- Bachelor of Laws (LL.B.) with Honours, University of the West Indies, Barbados

Professional Summary

- A Commonwealth qualified lawyer with over 12 years post-qualification experience in corporate law, commercial law, financial law, risk management and regulatory compliance, international trust management, and specialization in wills, estates and conveyancing.
- Litigation appearances in the High Court and Court of Appeal.
- Negotiating civil and commercial contracts, out-of-court settlements, and rendering legal advice to clients.

External Appointments

- Board Member, Gambling (Gaming and Betting) Control Commission
- Member, Trinidad and Tobago Law Association
- Member, Society of Trust and Estate Practitioners

Appointed to the Board 2020

Credentials

- Bachelor of Science in Psychology, College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT)

Professional Summary

- Over seventeen (17) years of experience in the hospitality, administration and communication sectors.
- Freelance voice over artist, news anchor and event host/presenter.

Internal Appointments

- Executive Assistant and Advisor to the Secretary of Finance, Division of Finance and the Economy
- Public Relations Officer, Division of Finance and the Economy

Members of the Board of Directors (cont'd)



SOLANGE HENRY

Assistant Vice President Finance Services,
Evolving TecKnologies and Enterprise
Development Company Limited (eTeck)

KALIFA JULIEN

Senior Policy Analyst,
Division of Finance and the Economy -
Economic Management and Research Unit (EMRU)

Appointed to the Board 2016

Credentials

- Master of Business Administration in Innovation and Entrepreneurship, Arthur Lok Jack Graduate School of Business
- Certified Accountant - Fellow Member (FCCA), Association of Chartered Certified Accountants (ACCA)

Professional Summary

- Over 20 years' experience in auditing and finance in state enterprises, as well as extensive experience with policy design for financial management, project management, risk management, human resource management, governance, general administration, and development of robust systems of internal controls in many business environments.
- Former Manager of Finance and Administration, Eco-Industrial Company of Tobago (E-IDCOT)
- Former Chief Financial Officer, Urban Development Corporation of Trinidad & Tobago Limited (UDeCOTT)

External Appointments

- Member, Institute of Internal Auditors (IIA)
- Board Member, The Community-Based Environmental Protection and Enhancement Programme (CEPEP) Company Limited (2015)

Appointed to the Board 2021

Credentials

- Master of Science in Development Studies with specialization in Economic Policy Development, University of the West Indies
- Master of Science in Criminology and Criminal Justice, University of the West Indies
- Legal Practice Certificate, Staffordshire University
- Bachelor of Laws (LLB), University of London

Professional Summary

- A practicing Attorney-at-law with a background in Policy, Law, and Criminology
- Online Facilitator for Criminology, University of the West Indies Open Campus Tobago
- Research and analysis on
 - Tobago fiscal budgets 2016, 2017, 2018, 2019 with recommendations
 - policies and legislation affecting Tobago re: the Self-Autonomy Bill
 - policies and social programmes in areas such as tourism, renewable resources and crime resulting in technical reports on economic and social developments

External Appointments

- Board Member, Gambling (Gaming and Betting) Control Commission
- Treasurer Tobago Affairs, Heliconia Foundation for Young Professionals
- Board Member Tobago Cassava Products Limited (TCPL)

Members of the Board of Directors (cont'd)



ESTHER LE GENDRE
Lead Consultant, Bridge Consulting Ltd.

Appointed to the Board 2016

Credentials

- Executive MBA, University of the West Indies
- Certification in Corporate Citizenship Practice, Boston College Center for Corporate Citizenship at the Carroll School of Management

Professional Summary

- A wealth of knowledge and experience both in the Finance and Communications fields. Experienced Lead Consultant with a demonstrated history of working in the management consulting industry in the areas of Corporate Communications, Risk Management, Business Development, and Business Process Improvement.
- Chief Executive Officer, Institute of Chartered Accountants of Trinidad & Tobago (ICATT) (2014)
- Head of Business Development, ACCA Caribbean (2006)
- Manager of Government and Public Affairs, Atlantic LNG (1996)
- Manager of Corporate Communications, Guardian Life (1986)

External Appointments

- Chairman, National Information and Communication Technology Company Ltd. (iGovTT)
- Board Member, Trinidad and Tobago Free Zones Company Ltd.
- Minister of Education 2007 – 2010
- Member of Parliament of Trinidad and Tobago 2007 – 2010
- Finance Committee of the House of Representatives 2008

JENNIFER FABIEN-BROWNE
Company Secretary

Appointed to the Board 2015

Credentials

- Administrators Professional Certification, Glasgow College of Commerce

Professional Summary

- A solid background in Business Management and Banking.
- Former Regional Manager, Trinidad & Tobago Unit Trust Corporation
- Former Supervisor Loans Department, First Citizens Bank (Trinidad Cooperative Bank)
- Lecturer, Students Accountancy Centre (SAC)

External Appointments

- Chairman, Tobago Regional Health Authority 2011 - 2013

Members of the Board of Directors (cont'd)



TAMARA COWIE
General Manager

Ms. Cowie is an executive professional with over eight years' experience in the field of venture capital financing across various business sectors such as manufacturing, tourism and agriculture. She assumed the position of General Manager of Venture Capital Equity Fund Ltd. (VCEFL) in 2019 bringing to the organization her knowledge of the industry, technical expertise, her ability to lead and empower those under her supervision, and her resolve to be a valuable contributor to the sustained successes of a company committed to providing innovative funding solutions via equity financing.

Ms. Cowie's strengths lie in her organizational skills, ability to effectively implement the Company's strategic objectives, and unwavering commitment to drive the investment process. As General Manager at VCEFL her responsibilities include, but are not limited to, Operations Management, Policy Development and implementation, Financial Analysis, Equity Investment, Performance Management, and building strategic relationships with key external and internal stakeholders. Ms. Cowie is an alumna of Howard University, and the University of the West Indies Arthur Lok Jack Global School of Business.

TOBAGO HOUSE OF ASSEMBLY
VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

2021 FINANCIAL STATEMENTS

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

Preparing and fairly presenting the accompanying financial statements of Tobago House of Assembly Venture Capital Equity Fund Company Limited, which comprise the statement of financial position as at September 30, 2021, the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

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

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

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

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



Winford James
Chairman
August 16, 2022



Mary-Ann Brathwaite-Leonce
Deputy Chairman
August 16, 2022

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

TO THE MEMBERS OF THE TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

Qualified Opinion

We have audited the financial statements of Tobago House of Assembly Venture Capital Equity Fund Company Limited, which comprise the statement of the financial position as at September 30, 2021, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The principal activity of the company is to provide equity funding to other companies. These venture capitals are categorized as equity investments; however, the company has not assessed the fair value of these investments in accordance with International Financial Reporting Standard 9 - Financial Instruments. As such, the financial statements have not been adjusted to reflect the measurement principle as at September 30, 2021, and as such, no fair gain or loss is recognized in these financial statements.

We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the investments stated at \$12,413,400 (2020 – \$7,379,900) and as such, we were unable to determine whether any adjustments to this amount was necessary.

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

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

INDEPENDENT AUDITORS' REPORT (continued)

Emphasis of Matter

Without qualifying our opinion, we draw attention to the accumulated fund deficit of 2021 – \$2,447,954 (2020 – \$2,976,733). The Company relies on Tobago House of Assembly (THA) Grant for substantial amount of its receipts. Without the grant, there is a material uncertainty about the Company's ability to continue as a going concern. We have reported on these accounts as a going concern on the basis that the THA will continue to provide that funding.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Port of Spain
TRINIDAD
August 16, 2022


TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

		Year ended September 30	
ASSETS	Notes	2021	2020
CURRENT ASSETS:			
Cash and Cash Equivalents	C	\$ 10,201,720	\$ 12,807,584
Receivable and Prepayments	D	100	1,453,645
TOTAL CURRENT ASSETS		10,201,820	14,261,229
NON-CURRENT ASSETS			
Dividends Receivable	E	430,500	-
Investments	F	12,413,400	7,379,900
Plant and Equipment	G	6,512	15,469
TOTAL NON-CURRENT ASSETS		12,850,412	7,395,369
TOTAL ASSETS		\$ 23,052,232	\$ 21,656,598
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables and Accruals	H	\$ 154,186	\$ 287,331
TOTAL CURRENT LIABILITIES		154,186	287,331
EQUITY			
Contributed Capital	I	25,346,000	24,346,000
Accumulated Deficit		(2,447,954)	(2,976,733)
		22,898,046	21,369,267
TOTAL LIABILITIES AND EQUITY		\$ 23,052,232	\$ 21,656,598

The accompanying notes form an integral part of these financial statements.

These financial statements were authorized for issue by the Board of Directors on August 16, 2022.


Chairman


Deputy Chairman

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

		Year ended September 30	
	Notes	2021	2020
INCOME			
Subventions	J	\$ 1,500,000	\$ 1,500,000
Interest Income		111,834	188,292
Dividend Income		430,500	--
TOTAL INCOME		2,042,334	1,688,292
EXPENSES			
General and Administrative Expenses - Schedule A		1,503,213	1,412,872
Depreciation	G	8,957	15,236
Interest and bank charges		1,385	1,578
TOTAL EXPENSES		1,513,555	1,429,686
NET SURPLUS		\$ 528,779	\$ 258,606

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

	<u>Capital Contributions</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
Year ended September 30, 2021			
Balance at beginning of year	\$ 24,346,000	\$ (2,976,733)	\$ 21,369,267
Net Surplus	-	528,779	528,779
Contributed Capital	1,000,000	-	1,000,000
Balance at end of year	<u>\$ 25,346,000</u>	<u>\$ (2,447,954)</u>	<u>\$ 22,898,046</u>
Year ended September 30, 2020			
Balance at beginning of year	\$ 23,346,000	\$ (3,235,339)	\$ 20,110,661
Net surplus	-	258,606	258,606
Contributed capital	1,000,000	-	1,000,000
Balance at end of year	<u>\$ 24,346,000</u>	<u>\$ (2,976,733)</u>	<u>\$ 21,369,267</u>

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

STATEMENT OF CASH FLOWS

	Year ended September 30	
	2021	2020
OPERATING ACTIVITIES		
Net surplus / (deficit)	\$ 528,779	\$ 258,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,957	15,236
Changes to operating assets and liabilities:		
(Decrease)/Increase in receivables and prepayments	1,453,545	(116,229)
Increase/(decrease) in payables and accruals	(133,145)	137,606
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,858,136	295,219
INVESTING ACTIVITIES		
Increase in Investments	(5,033,500)	(4,589,900)
Increase in Dividend Receivable	(430,500)	-
NET CASH USED IN INVESTING ACTIVITIES	(5,464,000)	(4,589,900)
FINANCING ACTIVITIES		
Proceeds from capital contribution	1,000,000	1,000,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,000,000	1,000,000
DECREASE IN CASH	(2,605,864)	(3,294,681)
Cash and Cash Equivalents at beginning of year	12,807,584	16,102,265
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,201,720	\$ 12,807,584
Represented by:		
Cash and Cash Equivalents (Note C)	\$ 10,201,720	\$ 12,807,584

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Trinidad and Tobago Dollars)

For the year ended September 30, 2021

NOTE A – INCORPORATION AND PRINCIPAL BUSINESS ACTIVITY

The Tobago House of Assembly Venture Capital Equity Fund Company Limited (VCEFL) was incorporated on February 9th, 2010 under the Companies Act 1995 and registered as a venture capital company (VCC) on November 17th, 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 No. 22 of 1994, Chapter 81:08 and its subsequent amendments.

It was set up to achieve the following objectives:

1. To transform Tobago's economy through private sector participation in new and existing economic activities.
2. To widen the range of investment capital available to Tobago entrepreneurs and businesses by providing venture capital and private equity options.
3. To build a healthy diversified portfolio of profitable Tobago companies, which provides a target return on investment (ROI) and generate reliable streams of income for investors.
4. To create economic benefits for Tobago through stimulation of private enterprise for trade and employment with a reduction of reliance on the THA for job creation and financing.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

(i) **Basis of Preparation – (Continued)**

(a) New and amended standards adopted by the Company

There are no new IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January, 2021 that would be expected to have a material impact on the Company.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January, 2021 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

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

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

Computer equipment	-	33%
Office equipment	-	12.5%

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

(iv) **Receivables** – Receivables are recognized when the company has a right to receive funds. Receivables are carried at amortized cost using the effective interest method and may be classified as current or non-current, depending on the collection date.

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

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE B – SUMMARY OF SIGNIFICANT POLICIES – (Continued)

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

- (vi) **Payables** – Payables are obligations on the basis of normal credit terms and do not bear interest. Payables denominated in a foreign currency are translated into Trinidad and Tobago dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.
- (vii) **Provisions** – Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.
- (viii) **Income** – Dividend income and interest income are recognized when earned or when the company has rights to receive income.
- (ix) **Grants** – Grants from the THA are recognized at their fair value in statement of comprehensive income where there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions. Grants received where the Company has yet to comply with all attached conditions are recognized as liability (and include in deferred income within other payables) and released to income when all attached conditions have been complied with.

Grants received are recorded as receipts to match the expenses to which it relates. Grants received to purchase plant and equipment are recorded as receipts over the expected useful life of the asset in order to match the receipt with the related depreciation charge.

- (x) **Statement of Cash Flows** – The statement of cash flows includes the movement of cash through the operating bank accounts. Accordingly, the term cash and cash equivalents is used to include cash balances and bank balances.
- (xi) **Investments** – These are equity investments in which the company provided the Venture Capital in investee companies in return for shareholding. These investments are stated at cost less any impairment.

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE C – CASH IN HAND AND AT BANK

	<u>2021</u>	<u>2020</u>
Cash in hand	\$ 1,000	\$ 1,000
Trinidad and Tobago Unit Trust Corporation – TT\$		
Income fund	47,393	2,042,357
Corporate fund	5,140,174	5,035,485
First Citizens Bank Limited - TT\$		
Administration account	1,734,549	1,871,673
Investment account	1,298,625	3,332,485
Investment Protection account	1,979,979	524,584
	<u>\$ 10,201,720</u>	<u>\$ 12,807,584</u>

NOTE D – RECEIVABLES AND PREPAYMENTS

	<u>2021</u>	<u>2020</u>
Interest Receivable	\$ -	\$ 1,453,645
Refunds	100	-
	<u>\$ 100</u>	<u>\$ 1,453,645</u>

NOTE E – DIVIDEND RECEIVABLE

This relates to dividends earned on investment in Towers Hospitality Group Limited. Dividend is accrued on issues 1, 2 and 3, after which the cumulative dividend receivable is to be converted to preference shares (issue 4). Dividend is being accrued over a four-year period commencing January 1, 2021, with a fixed rate of 7% per annum.

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ -	\$ -
Current period dividend	430,500	-
Balance at end of year	<u>\$ 430,500</u>	<u>\$ -</u>

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE F – INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Equity Investments		
Balance at start of year	\$ 7,379,900	\$ 2,790,000
Additions	5,033,500	4,589,900
	<u>\$12,413,400</u>	<u>\$7,379,900</u>
Balance at end of year		
Investments at Cost	\$13,043,400	\$ 8,009,900
Impairment Provision	(630,000)	(630,000)
	<u>\$12,413,400</u>	<u>\$7,379,900</u>
Impairment Provision		
Balance at start of year	\$ 630,000	\$ 630,000
Balance at end of year	<u>\$ 630,000</u>	<u>\$ 630,000</u>

	Percentage Shareholding		<u>2021</u>	<u>2020</u>
Analyzed as:	<u>Ordinary</u>	<u>Preference</u>		
Andy's Company Limited	50%	-	\$ 1,350,000	\$ 1,350,000
Pork International Group Limited	43%	-	1,440,000	1,440,000
J Mac Industries Limited	43.7%	100%	1,423,400	1,289,900
Towers Hospitality Group Limited	-	100%	8,200,000	3,300,000
			<u>\$12,413,400</u>	<u>\$ 7,379,900</u>

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE G – PLANT AND EQUIPMENT

	Computer Equipment	Office Equipment	Total
Year ended September 30, 2021			
Cost			
At beginning of year	\$ 76,828	\$ 52,095	\$ 128,923
At end of year	\$ 76,828	\$ 52,095	\$ 128,923
Accumulated Depreciation			
At beginning of year	\$ 74,382	\$ 39,072	\$ 113,454
Current year charge	2,446	6,511	8,957
At end of year	\$ 76,828	\$ 45,583	\$ 122,411
Net Book Value	\$ -	\$ 6,512	\$ 6,512
Year ended September 30, 2020			
Cost			
At beginning of year	\$ 76,828	\$ 52,095	\$ 128,923
At end of year	\$ 76,828	\$ 52,095	\$ 128,923
Accumulated Depreciation			
At beginning of year	\$ 65,658	\$ 32,560	\$ 98,218
Current year charge	8,724	6,512	15,236
At end of year	\$ 74,382	\$ 39,072	\$ 113,454
Net Book Value	\$ 2,446	\$ 13,023	\$ 15,469

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE H – PAYABLES AND ACCRUALS

	<u>2021</u>	<u>2020</u>
Audit Fees Payable	\$ 58,786	\$ 55,125
Gratuity Payable	95,400	155,800
Accruals	-	76,406
	<hr/>	<hr/>
	\$ 154,186	\$ 287,331
	<hr/>	<hr/>

NOTE I – CONTRIBUTED CAPITAL

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

	<u>2021</u>	<u>2020</u>
The Tobago House of Assembly (THA)	\$24,846,000	\$ 23,846,000
The Eco-Industrial Development Company of Tobago (E-IDCOT) Limited (on behalf of THA)	500,000	500,000
	<hr/>	<hr/>
	\$25,346,000	\$ 24,346,000
	<hr/>	<hr/>

NOTE J – RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

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

	<u>2021</u>	<u>2020</u>
Liabilities and Equity		
Tobago House of Assembly – Capital Contribution	\$25,346,000	\$ 24,346,000
	<hr/>	<hr/>
Income		
Tobago House of Assembly – Subventions	\$ 1,500,000	\$ 1,500,000
	<hr/>	<hr/>
Towers Hospitality Group Limited – Dividend	\$ 430,500	\$ -
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE K – FAIR VALUES

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

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

(a) Current Assets and Liabilities

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

(b) Investments

The fair values of quoted equity investments are determined on the basis of quoted market prices available at September 30, 2021.

Non-quoted investments fair value are determined based on independent professional valuations using various valuation techniques.

NOTE L – FINANCIAL RISK MANAGEMENT

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

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

(a) Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

(b) **Credit Risk**

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

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

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

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

(c) **Liquidity Risk**

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

(d) **Operational Risk**

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

(e) **Compliance Risk**

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

TOBAGO HOUSE OF ASSEMBLY VENTURE CAPITAL EQUITY FUND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS September 2021 (Continued)

NOTE L – FINANCIAL RISK MANAGEMENT - (Continued)

(f) Reputation Risk

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

NOTE M – CAPITAL RISK MANAGEMENT

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

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

NOTE N – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions subsequent to the balance sheet date for potential recognition or disclosure through August 16, 2022, the date that the financial statements were available to be issued.

Management has concluded that there are no adjusting subsequent events and that the continued impacts of the COVID-19 pandemic are generally non-adjusting subsequent events.

SCHEDULE A - OPERATING EXPENSES

**Year ended
September 30**

	<u>2021</u>	<u>2020</u>
Advertising and Promotions	\$ 17,628	\$ 4,722
Audit Fees	51,980	55,875
Board and Committee Fees and Allowances	597,000	625,500
Gratuity	122,000	91,200
Legal and Professional Fees	52,875	96,156
Maintenance and Repairs	3,853	2,220
Meals and Accommodation	300	4,986
Office Expenses	7,649	19,524
Salaries and National Insurance Contributions	647,590	503,480
Travel Expenses	1,378	4,500
Penalty and Interest	-	4,129
Statutory Fees	-	80
Membership Fees and Subscription	960	500
	<u>\$ 1,503,213</u>	<u>\$ 1,412,872</u>

Corporate Information

Members of Staff

Ms. Tamara Cowie	General Manager
Sisney Brassey-Leacock	Accounting Assistant
Graham David	Business Development Officer
Sarah Osman	Office Assistant

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