NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2007

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

I N D E X

INDEPENDENT AUDITORS' REPORT

The Shareholder
National Entrepreneurship Development Company Limited

We have audited the accompanying financial statements of the National Entrepreneurship Development Company Limited, which comprise the balance sheet as at 30 September 2007, the statement of operations, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Entrepreneurship Development Company Limited as of 30 September 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain
25 September 2009

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

BALANCE SHEET

ASSETS

	Notes	30 September 2007	2006
Current Assets:			
Cash in hand and at bank	5	$ 474,013	$ 638,846
Short-term investments	6	41,920,943	46,293,674
Accounts receivable and prepayments	7	5,640,365	1,563,623
Total Current Assets		48,035,321	48,496,143
Non-Current Assets:			
Loans	8	90,661,455	76,387,927
Fixed assets	9	9,053,681	5,059,359
Total Non-Current Assets		99,715,136	81,447,286
Total Assets		**$ 147,750,457**	**$ 129,943,429**

LIABILITIES AND SHAREHOLDER'S EQUITY

	Notes	2007	2006
Current Liabilities:			
Bank overdraft	10	$ 2,824,589	$ 2,078,739
Accounts payable and accruals	11	3,431,355	2,529,927
Bank loans – Current portion	12	-	12,000,000
Total Current Liabilities		6,255,944	16,608,666
Non-Current Liabilities:			
Deferred income – Government Grant		4,406,049	6,495,006
Total Liabilities		10,661,993	23,103,672
Shareholder's Equity:			
Stated capital	13	146,599,191	116,350,484
Accumulated deficit		(9,510,727)	(9,510,727)
Total Shareholder's Equity		137,088,464	106,839,757
Total Liabilities and Shareholder's Equity		**$ 147,750,457**	**$ 129,943,429**

On Behalf of the Board:

Director   **Director**

(The accompanying notes form part of these financial statements)

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

STATEMENT OF OPERATIONS

	Schedules	For the year ended 30 September 2007	2006
Income:			
Revenue grants from the Government of Trinidad and Tobago		$ 21,564,449	$ 27,922,576
Loan interest		5,251,421	4,199,272
Investment income		2,433,764	2,140,386
Other income	1	320,442	488,810
		29,570,076	34,751,044
Expenditure:			
Operating expenses	2	25,860,588	19,744,898
Development support services	3	2,678,114	3,645,634
Interest expense	4	308,601	947,155
Loan loss		722,773	10,413,357
		29,570,076	34,751,044
Surplus/(Deficit) for the year		$ -	$ -

(The accompanying notes form part of these financial statements)

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Stated Capital	Accumulated Deficit	Shareholder's Equity
Balance as at 1 October 2005	$100,230,305	$ (9,510,727)	$ 90,719,578
Transfer to deferred income (**Note 14**)	(15,468,005)	-	(15,468,005)
Loan repayments	17,300,000	-	17,300,000
New capital grant	14,288,184	-	14,288,184
Balance as at 1 October 2006	116,350,484	(9,510,727)	106,839,757
Loan repayments	12,000,000	-	12,000,000
New capital grant	18,248,707	-	18,248,707
Balance as at 30 September 2007	**$146,599,191**	**$ (9,510,727)**	**$ 137,088,464**

(The accompanying notes form part of these financial statements)

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 30 September 2007	2006
OPERATING ACTIVITIES:		
Surplus/(Deficit) for the year	$ -	$ -
Adjustments for:		
(Gain)/loss on disposal of fixed assets	87,936	(53,650)
Loan loss	722,773	10,413,357
Depreciation	1,834,551	1,723,238
Changes in operating assets and liabilities	2,645,260	12,082,945
Net change in deferred income - government grants	(2,088,957)	6,495,006
Net change in accounts receivable and prepayments	(4,076,742)	(887,491)
Net change in deferred expenditure	-	855,515
Net change in accounts payable and accruals	901,428	(199,391)
Net change in loans receivable	(14,996,301)	(19,861,751)
Cash used in operating activities	(17,615,312)	(1,515,167)
INVESTING ACTIVITIES:		
Additions to fixed assets	(5,916,875)	(2,213,751)
Proceeds from disposal of fixed assets	66	62,400
Cash used in investing activities	(5,916,809)	(2,151,351)
FINANCING ACTIVITIES:		
Net change in capital grants	30,248,707	16,120,179
Loan repayment	(12,000,000)	(18,133,333)
Cash provided by/(used in) financing activities	18,248,707	(2,013,154)
Net change in cash and cash equivalents	(5,283,414)	(5,679,672)
Cash and cash equivalents - at beginning of year	44,853,781	50,533,453
- at end of year	**$ 39,570,367**	**$ 44,853,781**
Represented by:		
Cash in hand and at bank	$ 474,013	$ 638,846
Short-term investments	41,920,943	46,293,674
Bank overdraft	(2,824,589)	(2,078,739)
	$ 39,570,367	**$ 44,853,781**

(The accompanying notes form part of these financial statements)

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

1. **Incorporation and Principal Business Activity:**

The Company was incorporated on 17 July 2002 in the Republic of Trinidad and Tobago. Its principal activity is to provide finance and support services to assist small businesses in Trinidad and Tobago. The sole shareholder is the Government of the Republic of Trinidad and Tobago.

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. These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available-for-sale investments.

(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.

(c) Adoption of New and revised IFRSs

During the current year the Company adopted all the new and revised IFRSs and International Financial Reporting Interpretation Committee Standards (IFRICs) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2008. The Company has implemented early adoption of the Standards. The adoption of these Standards does not have a material effect on the financial statements. At the date of authorisation of these financial statements, some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

(d) Comparative information -

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

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

(e) Depreciation -

Depreciation is provided on a straight-line basis at annual rates designed to write-off the cost of the assets over their estimated useful economic lives as follows:-

Leasehold improvements	-	15%
Furniture and fixtures	-	15%
Office equipment	-	20%
Computer software and equipment	-	33%
Motor vehicles	-	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet 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 Income.

(f) Investments -

The Company's investments are classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as "available-for-sale", in accordance with International Accounting Standards (IAS) #39.

These investments are carried at their fair values. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in equity in the period they arise. All short-term investments of the Company are considered available-for-sale.

(g) Revenue recognition -

Loan Interest

Interest on non-performing loans is not accrued or taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis, but only after specific provisions for losses have been made.

For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

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

(g) **Revenue recognition (Cont'd) -**

Investment Income

Income from investments is accounted for on the accruals basis, consistent with International Accounting Standard (IAS) #18.

(h) **Government grant -**

Grants from the Government of the Republic of Trinidad and Tobago are recognised at their fair values, where there is a reasonable assurance that the grant will be received, and the Company will comply with all conditions attached.

Grants relating to operating expenses are deferred and included in non-current liabilities. They are recognised in the Statement of Operations over the period necessary to match them with net expenses they are intended to compensate.

Grants relating to the purchase and construction of property and plant and equipment are included in non-current liabilities. They are credited to the Statement of Operations in an amount equal to the period's depreciation of acquired assets, over the expected useful lives of these assets.

Grants intended for on-lending purposes are recorded as capital grants and presented as equity in the Company's Balance Sheet.

(i) **Taxation -**

According to IAS #12, a deferred tax asset should be recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits would be available against which the unused tax losses can be utilised. In the opinion of the Directors, the Company is not expected to generate sufficient taxable profits in the foreseeable future to offset against the unused tax losses. Hence, no deferred tax asset has been recognised.

(j) **Financial instruments -**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(j) Financial instruments (Cont'd) -

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Impairment of financial assets

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

i) Significant financial difficulty of the issuer or obligor.

ii) A breach of contract, such as default or delinquency in interest or principal payments.

iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

(j) Financial instruments (Cont'd) -

v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Company or national or economic conditions that correlate with defaults on assets in the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Operations.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal in recognised in the Statement of Income.

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Income. These losses are not reversed.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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2. Significant Accounting Policies (Cont'd):

(j) Financial instruments (Cont'd) -

ii) Financial assets measured at cost (cont'd)

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of twelve months or less and are carried at cost, which approximates market value.

Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Operations when there is objective evidence that the asset is impaired.

Loans receivable

Loans receivable are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions.

Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Income.

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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2. Significant Accounting Policies (Cont'd):

(k) Provisions -

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3. Financial Risk Management:

Financial risk factors

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 bonds, mutual funds, loans, customer deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

Loans

The Company generally invests in loans to entrepreneurs for terms that average three years. These are funded mainly from government grants.

3. <u>Financial Risk Management (Cont'd)</u>:

Financial risk factors (Cont'd)

(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 Balance Sheet date. The Company relies heavily on its written Policies and Procedures Manuals, which sets out in detail the current policies governing the lending 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 lending philosophy; provide policy guidelines to team members involve in lending; 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 loan portfolio is managed and consistently monitored by the Loans Committee 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 dates 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.

The Company is able to make daily calls on its available cash resources to settle financial and other liabilities.

<u>Risk management</u>

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Company. The Company employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Company's assets as well as generating sufficient cash from government grants and loan repayments.

To manage and reduce liquidity risk the Company's management actively seeks to match cash inflows with liability requirements.

3. Financial Risk Management (Cont'd):

Financial risk factors (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. The operation of a Piarco Store also provides exposure to currency risk. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk -

Operational risk is the risk derived 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. There is also an Internal Audit department that is adequately staffed with personnel who are equipped with the required skills, knowledge and expertise. Additionally, staff is often rotated and trained on an on-going basis.

(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 a significant extent due to the monitoring controls applied by the Company. The Company has an internal Audit department, which does routine reviews on compliance.

(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 minimize this risk.

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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. See Note 2 (b).

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. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of 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, available-for-sale 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 Balance Sheet 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 Balance Sheet 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) Plant and equipment

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

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

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5. **Cash in Hand and at Bank:**

	30 September 2007	30 September 2006
Cash in hand	$ 9,000	$ 8,000
First Citizens Bank Limited:		
- Loan receipts account	419,940	630,846
- Piarco business account	45,073	-
	$ 474,013	$ 638,846

6. **Short-term Investments:**

	30 September 2007	30 September 2006
Ansa Finance and Merchant Bank Limited	$ -	$ 5,679,368
Caribbean Money Market Brokers Limited	5,214,324	1,982,271
First Citizens Bank Limited	15,858,939	15,099,332
Republic Bank Limited	4,351,373	4,095,123
Scotiabank Limited	2,268,853	2,143,347
Trinidad and Tobago Unit Trust Corporation	14,227,454	17,294,233
	$ 41,920,943	$ 46,293,674

7. **Accounts Receivable and Prepayments:**

	30 September 2007	30 September 2006
Interest receivable	$ 159,931	$ 211,169
Other receivables	5,119,905	1,238,987
Prepayments	360,529	113,467
	$ 5,640,365	$ 1,563,623

8. **Loans:**

Loans are stated at principal outstanding net of a provision for loan losses. The provision for loan losses is based on management's evaluation of the performance of the loan portfolio under the current economic conditions.

	30 September 2007	30 September 2006
Loans	$106,724,073	$ 91,727,772
Less: Provision for loan losses	(16,062,618)	(15,339,845)
	$ 90,661,455	$ 76,387,927

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9. Fixed Assets:

	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Computer Software and Equipment	Motor Vehicles	Total
Cost						
Balance as at 1 October 2006	$ 2,669,416	$ 2,492,128	$ 1,154,361	$ 2,156,573	$ 580,135	$ 9,052,613
Additions	2,960,271	2,028,604	129,175	798,825	-	5,916,875
Disposals	(141,220)	-	(689)	-	-	(141,909)
Balance as at 30 September 2007	5,488,467	4,520,732	1,282,847	2,955,398	580,135	14,827,579
Accumulated depreciation						
Balance as at 1 October 2006	708,274	924,470	497,670	1,663,835	199,005	3,993,254
Depreciation charge	509,200	495,842	233,537	450,938	145,034	1,834,551
Disposals	(53,723)	-	(184)	-	-	(53,907)
Balance as at 30 September 2007	1,163,751	1,420,312	731,023	2,114,773	344,039	5,773,898
Net Book Value						
Balance as at 30 September 2007	$ 4,324,716	$ 3,100,420	$ 551,824	$ 840,625	$ 236,096	$ 9,053,681
Balance as at 30 September 2006	$ 1,961,142	$ 1,567,658	$ 656,691	$ 492,738	$ 381,130	$ 5,059,359

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10. Bank Overdraft:

	30 September 2007	30 September 2006
First Citizens Bank Limited:		
- Operations account	$ 37,377	$ 255,863
- Loans disbursement account	2,787,212	1,822,876
	$ 2,824,589	$ 2,078,739

11. Accounts Payable and Accrued Liabilities:

	30 September 2007	30 September 2006
Audit fees payable	$ 63,250	$ 51,750
Accruals	1,072,035	1,117,436
Interest payable on bank loans	-	184,685
Business Levy payable	3,117	2,588
Green Fund Levy payable	1,558	1,294
Industrial relations settlement payable	160,000	-
Loan insurance payable	260,730	125,996
Statutory deductions and salaries payable	28,048	77,283
Stale-dated cheques	435,212	224,822
Unallocated loan installment payable	372,902	336,671
Other payables	999,219	375,087
Pension Plan payable	35,284	32,315
	$ 3,431,355	$ 2,529,927

12. Bank Loans:

	30 September 2007	30 September 2006
RBTT Merchant Bank Limited	$ -	$ 12,000,000
Less: Current portion	-	(12,000,000)
Non-current portion	$ -	$ -

A loan in the amount of **$48 million** was granted on June 17, 2003 to finance the Company's requirements for the fiscal year 2003. It was secured by a Letter of Comfort from the Ministry of Finance issued on June 9, 2003. It was repayable in semi-annual payments over a four (4) year period and accrues interest at a rate of 5.35% per annum. The loan was fully repaid in June 2007.

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13. Stated Capital:

	30 September 2007	30 September 2006
Authorised:		
An unlimited number of ordinary shares of no par value		
Issued and fully paid:		
3 shares of no par value	$ 3	$ 3
Additional transfers by the Government of the Republic of Trinidad and Tobago through:		
Payments of loan instalments	12,000,000	17,300,000
Payment for on-lending purposes	134,599,188	99,050,481
	$ 146,599,191	**$ 116,350,484**

14. Transfer to Deferred Income:

This relates to the transfer of operating grants unused as at 30 September 2006, from stated capital to deferred income in accordance with company policy. See **Note 2(h)**.

15. 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.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

A number of transactions are entered into with related parties in the normal course of business.

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

	30 September 2007	30 September 2006
Assets		
Loans to key management personnel	$ 12,400	$ 48,055
Expenses		
Directors' fees	$ 248,225	$ 170,600
Key management compensation		
Short-term benefits	$2,568,668	$2,250,962

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

16. 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) Loans -

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

c) Investments -

The fair values of investments are determined on the basis of market prices available at 30 September 2007.

17. Capital Risk Management:

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

The capital structure of the Company consists of equity attributable to the Government of Trinidad and Tobago for the purpose of repayment of loan installments and for lending purposes.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

	For the year ended 30 September	
	2007	**2006**
1. Other Income:		
Training fees	$ 165,194	$ 161,320
Loan processing fees	47,575	81,264
Other	107,673	246,226
	$ 320,442	**$ 488,810**
2. Operating Expenses:		
Advertising	$ 716,282	$ 1,104,982
Audit fees	63,250	54,683
Business Levy	10,953	9,212
Compensation	-	117,000
Courier expenses	108	154,769
Depreciation	1,834,551	1,723,238
Directors' fees and expenses **(Schedule 5)**	334,987	226,534
Entertainment	20,057	10,000
Gratuity	214,264	50,853
Green Fund Levy	5,476	4,606
Industrial relations settlement expense	160,000	-
Insurance	131,808	118,405
Legal and professional fees	621,340	461,605
Loans written off	63,902	50,551
Loss on disposal of fixed asset	87,936	-
Miscellaneous	36,682	17,679
Motor vehicle and equipment rental	447,045	397,096
Motor vehicle	55,462	58,878
NIS - Employer's contribution	454,908	354,413
Office	540,646	372,387
Pension cost	223,064	73,960
Postage and stationery	285,741	324,851
Rent	2,883,694	1,806,048
Repairs and maintenance	153,487	140,936
Salaries	12,308,510	8,614,150
Security	985,978	781,950
Staff benefits	575,295	477,910
Staff training and welfare	634,078	528,197
Travel allowance	945,321	803,258
Travel - Foreign	81,321	31,858
Travel - Local	55,909	62,255
Utilities	928,533	812,634
	$ 25,860,588	**$ 19,744,898**

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

		For the year ended 30 September 2007	2006
3.	**Development Support Services:**		
	Conference/Symposiums	$ 98,967	$ 418,386
	Marketing and distribution initiative	1,330,309	1,334,414
	Networking in communities	176,677	120,084
	Special projects	241,895	258,427
	Training initiative	830,266	1,514,323
		$ 2,678,114	**$ 3,645,634**
4.	**Interest Expense:**		
	Bank interest and charges	$ 11,346	$ 11,182
	Loan interest	297,255	935,973
		$ 308,601	**$ 947,155**
5.	**Directors' Fees and Expenses:**		
	Directors' fees	$ 248,225	$ 170,600
	Directors' subsistence	86,762	55,934
		$ 334,987	**$ 226,534**