

Private and Confidential

Seafood Industry Development Company Limited

Audited Financial Statements

September 30, 2014



KENNY RAMPERSAD & Co.
Certified Accountants

Seafood Industry Development Company Limited

Audited Financial Statements

September 30, 2014

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Kenny Rampersad & Co.
Certified Accountants
3a Queens Park West
Port of Spain

Independent Auditor's Report

To the members of Seafood Industry Development Company Limited

Report on the financial statements

We have audited the financial statements of Seafood Industry Development Company Limited which comprise the Statement of Financial Position as at September 30, 2014, Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes as stated on pages two (2) to twelve (12).

Management's responsibility for the financial statements

The company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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.

Auditor's responsibility

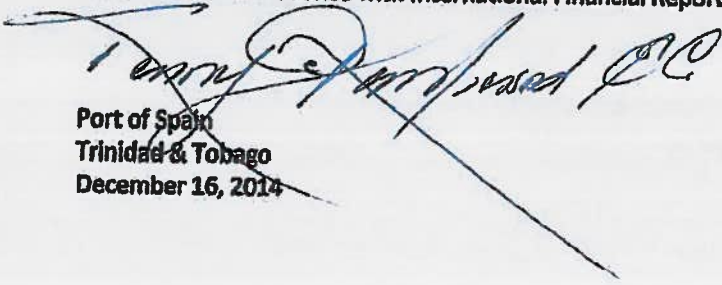
Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 involves assessing the appropriateness of accounting policies and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we 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 Seafood Industry Development Company Limited as at September 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

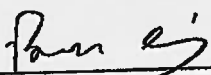

Port of Spain
Trinidad & Tobago
December 16, 2014

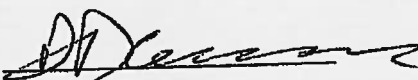
Seafood Industry Development Company Limited

Statement of Financial Position

	Notes	September 30	
		2014	2013
Assets			
Non-Current Assets			
Property, plant and equipment	2	\$ 4,259,367	\$ 4,650,751
Current Assets			
Receivables and prepayments	4	378,319	721,484
Inventory	11	175,762	152,755
Cash	5	3,234,653	3,422,587
		<u>3,788,734</u>	<u>4,296,827</u>
Total Assets		<u>\$ 8,048,100</u>	<u>\$ 8,947,578</u>
Shareholders' Equity and Liabilities			
Shareholders' Equity			
Share capital	6	\$ 10	\$ 10
Non-Current Liabilities			
Long-term debt	3	-	36,046
Government grants deferred	7	6,983,261	7,505,630
		<u>6,983,261</u>	<u>7,541,676</u>
Current Liabilities			
Payables and accruals	8	1,028,783	1,333,794
Current portion of long-term debt	3	36,046	72,097
		<u>1,064,829</u>	<u>1,405,891</u>
Total Liabilities		<u>8,048,090</u>	<u>8,947,568</u>
Total Shareholders' Equity and Liabilities		<u>\$ 8,048,100</u>	<u>\$ 8,947,578</u>

On December 16, 2014, the Board of Directors of Seafood Industry Development Company Limited authorised these financial statements for issue.

Director 

Director 

The accounting policies on pages (6) to (7) and the attached notes set out on pages (8) to (12) form an integral part of these financial statements.

Seafood Industry Development Company Limited

Statement of Comprehensive Income

	<u>Notes</u>	<u>Year ended September 30</u>	
		<u>2014</u>	<u>2013</u>
Income			
Cookbook		\$ 12,470	\$ 32,180
Aquaculture		22,124	-
Ice facilities		597,307	579,010
Cooler bags		1,074	170
Fish Feed		311,215	102,395
		<u>944,190</u>	<u>713,755</u>
Cost of Sales		(359,226)	(128,097)
Gross Profit		<u>584,964</u>	<u>585,657</u>
Expenditure			
Administrative and operating expenses	12	8,552,161	8,176,972
PSIP expenditure	12	2,376,809	3,234,941
		<u>10,928,970</u>	<u>11,411,913</u>
Operating loss		(10,344,006)	(10,826,255)
Interest			
Interest		114	58
Other		3,483	90,359
Loss on foreign exchange		(7,628)	(20,536)
Disposal of assets		-	23,410
		<u>(10,348,037)</u>	<u>(10,732,964)</u>
Taxation		<u>(2,832)</u>	<u>23,776</u>
Net expenditure		(10,350,869)	(10,709,188)
Government grants utilised		<u>10,350,869</u>	<u>10,709,188</u>
Surplus/(Deficit)		<u>\$ -</u>	<u>\$ -</u>

The accounting policies on pages (6) to (7) and the attached notes set out on pages (8) to (12) form an integral part of these financial statements.

Seafood Industry Development Company Limited

Statement of Changes in Equity

Year ended September 30, 2014

	<u>Share Capital</u>	<u>Total 2014</u>
Balance at beginning of year	\$ 10	\$ 10
Surplus for the year	-	-
Balance at end of year	<u>\$ 10</u>	<u>\$ 10</u>

Year ended September 30, 2013

	<u>Share Capital</u>	<u>Total 2013</u>
Balance at beginning of year	\$ 10	\$ 10
Surplus for the year	-	-
Balance at end of year	<u>\$ 10</u>	<u>\$ 10</u>

The accounting policies on pages (6) to (7) and the attached notes set out on pages (8) to (12) form an integral part of these financial statements.

Seafood Industry Development Company Limited

Statement of Cash Flows

	Year ended September 30	
	2014	2013
Cash From/(Used In) Operations		
Surplus	\$ -	\$ -
Charges to income not affecting cash:		
Depreciation	692,617	766,992
Disposal of asset	9,956	(23,410)
	<u>702,573</u>	<u>743,582</u>
Changes in non-cash components of working capital:		
Receivables and prepayments	343,165	(94,374)
Inventory	(23,006)	(21,614)
Payables and accruals	(341,062)	556,413
	<u>681,669</u>	<u>1,184,007</u>
Cash From/(Used In) Investing Activities		
Additions to property, plant and equipment	(311,188)	(2,119,632)
Disposal of assets	-	91,313
	<u>(311,188)</u>	<u>(2,028,319)</u>
Cash From/(Used In) Financing Activities		
Loans paid	(36,046)	(72,097)
Deferred income	(522,369)	493,646
	<u>(558,415)</u>	<u>421,549</u>
Net decrease in cash and cash equivalents	(187,934)	(422,763)
Cash and cash equivalents		
At beginning of year	3,422,587	3,845,350
At end of year	<u>\$ 3,234,653</u>	<u>\$ 3,422,587</u>
Represented By:		
Cash	<u>\$ 3,234,653</u>	<u>\$ 3,422,587</u>

The accounting policies on pages (6) to (7) and the attached notes set out on pages (8) to (12) form an integral part of these financial statements.

Seafood Industry Development Company Limited

Accounting Policies

September 30, 2014

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

These financial statements have been prepared on the historical cost basis of accounting and accordingly, no provision has been made to account for the effects of inflation or changing prices.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation provided for on the reducing balance basis at rates estimated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Motor vehicles	- 25	%
Computer equipment	- 20	%
Furniture and fixtures	- 20	%
Office equipment	- 10	%
Leasehold/Site Improvements	- 10	%

c) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand and cash at bank.

d) Government grants

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

Grants relating to costs associated with a future period are deferred and are included in non-current liabilities. They will be recognized in the statement of comprehensive income over the period necessary to match them with the net expenditure of the year which they are intended to compensate. Unutilized grants are deferred to be matched against future costs of the same nature to be incurred for which the grant was intended.

Seafood Industry Development Company Limited

Accounting Policies

September 30, 2014

e) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the receivable amount.

f) Revenue recognition

Revenue is recognized on the accrual basis.

g) Project expenditure

Expenditure for completed projects is written off within the accounting period in which they are incurred. Expenditure relating to uncompleted projects started during the period is deferred to be written off in the period in which they are completed.

Seafood Industry Development Company Limited

Notes to Financial Statements

September 30, 2014

1) Incorporation and Principal Activity

The Company was incorporated in the Republic of Trinidad and Tobago on March 31st, 2006 as a state enterprise under the Ministry of Food Production. Its purpose is that of modernizing the seafood sector by moving it to sustainability, profitability and international competitiveness in the shortest possible time as well as assist with the empowerment and unification of the coastal fishing communities.

2) Property, plant and equipment

	Other Equipment	Computer Equipment	Furniture & Fixtures	Motor Vehicles	Leasehold improv.	2014	2013
Cost/Valuation							
At beginning of year	\$ 3,005,719	\$ 570,564	\$ 2,026,839	\$ 616,089	\$ 1,141,505	\$ 7,360,716	\$ 5,465,812
Additions	48,906	45,462	174,282		42,537	311,188	2,119,632
Disposals	(7,101)	(20,587)	(8,759)			(36,447)	(224,728)
At the end of year	<u>3,047,524</u>	<u>595,439</u>	<u>2,192,362</u>	<u>616,089</u>	<u>1,184,042</u>	<u>7,635,456</u>	<u>7,360,716</u>
Depreciation							
At the beginning of year	896,766	354,537	814,880	363,939	279,842	2,709,964	2,099,797
Charge for the year	215,635	51,434	271,834	63,038	90,676	692,617	773,098
Disposals	(3,516)	(16,270)	(6,705)			(26,491)	(162,931)
At the end of year	<u>1,108,884</u>	<u>389,702</u>	<u>1,080,009</u>	<u>426,976</u>	<u>370,519</u>	<u>3,376,090</u>	<u>2,709,964</u>
Net book value at end of year	<u>\$ 1,938,640</u>	<u>\$ 205,737</u>	<u>\$ 1,112,354</u>	<u>\$ 189,113</u>	<u>\$ 813,523</u>	<u>\$ 4,259,367</u>	<u>\$ 4,650,751</u>

3) Long-Term Debt

	Current Portion	Long-term Portion	Total 2014	Total 2013
First Caribbean International Banking & Financial Corporation Limited	<u>\$ 36,046</u>	<u>\$ -</u>	<u>\$ 36,046</u>	<u>\$ 108,144</u>

This represents the finance lease used to acquire a motor vehicle. It bears interest at a rate of 23.22% and is repayable over four (4) years.

Seafood Industry Development Company Limited

Notes to Financial Statements

September 30, 2014

4) Receivables and prepayments

	<u>2014</u>	<u>2013</u>
Due from Ministry of Trade & Industry	\$ 10	\$ 380,656
Prepayments	74,305	74,895
Other receivables	<u>304,004</u>	<u>265,933</u>
	<u>\$ 378,319</u>	<u>\$ 721,484</u>

5) Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
Cash at bank	\$ 3,215,633	\$ 3,405,816
Cash in hand	19,020	16,771
	<u>\$ 3,234,653</u>	<u>\$ 3,422,587</u>

6) Share capital

The company is authorized to issue an unlimited number of ordinary shares. As at September 30, 2014, ten (10) shares were issued.

7) Capital grants deferred

	Recurrent Expenditure	PSIP Expenditure	<u>2014</u>	<u>2013</u>
Grants deferred at the beginning of year	\$ 678,790	\$ 6,826,840	\$ 7,505,630	\$ 7,011,984
Grants received during the year	7,828,500	2,000,000	9,828,500	11,202,834
Expenditure for the year	(8,465,692)	(1,885,177)	(10,350,869)	(10,709,188)
Grants deferred at the end of year	<u>\$ 41,598</u>	<u>\$ 6,941,663</u>	<u>\$ 6,983,261</u>	<u>\$ 7,505,630</u>

Seafood Industry Development Company Limited

Notes to Financial Statements

September 30, 2014

8) Payables and accruals

	<u>2014</u>	<u>2013</u>
Trade payables	\$ 68,217	\$ 469,188
Accruals	958,631	782,159
Other payables	1,935	82,448
	<u>\$ 1,028,783</u>	<u>\$ 1,333,794</u>

9) Operating loss

The company's operating loss includes the following items:

	<u>2014</u>	<u>2013</u>
Wages and salaries	\$ 5,032,731	\$ 3,925,418
Depreciation	200,984	239,591
Repairs and maintenance	42,944	112,526
Directors' fees and expenses	792,379	763,723
Legal and professional fees	96,882	71,838

10) Related party transactions

The company's Chief Executive Officer earned total remuneration of \$354,000. Directors' fees and costs totalled \$792,379.

Seafood Industry Development Company Limited

Notes to Financial Statements

September 30, 2014

11) Inventory

The costs to produce the cookbooks have been capitalized and are written off simultaneously with the sale of the books.

	<u>2014</u>	<u>2013</u>
Cookbooks	\$ 86,060	\$ 99,330
Fish food	-	48,539
Cooler bags	504	3,136
Ice	-	1,750
Fish - Processed	55,871	-
Bags/Labels	663	-
Work-In-Progress	32,665	-
	<u>\$ 175,762</u>	<u>\$ 152,755</u>

Inventory work-in-progress is the cost of fish in the processing stage at the end of the period .

Seafood Industry Development Company Limited

Notes to the Financial Statements

September 30, 2014

12) Administrative and operating and PSIP Expenses

	PSIP	Administrative and operating	Year ended September 30	
			2014	2013
Advertising	40,572	39,920	80,492	136,449
Aquaculture - Shrimp Project	226,667	-	226,667	-
Aquaculture - Green Water	-	-	0	70,652
Aquaculture - Pilot Marine Project	411,549	-	411,549	875,279
Audit fees	-	17,000	17,000	15,975
Bank charges	-	7,662	7,662	5,308
Board meetings	-	201,907	201,907	92,273
Claxton Bay Fish Processing Plant	33,025	-	33,025	90,239
Depreciation	491,633	200,984	692,617	770,533
Donations	-	45,749	45,749	12,945
Dues and subscriptions	-	12,965	12,965	28,141
Electricity	138,384	104,438	242,822	233,626
Finance charges	-	16,741	16,741	16,741
Fish Feed	-	3,870	3,870	14,287
Insurance	-	105,355	105,355	93,683
Landing Sites - Repairs, Maintenance and Supplies	58,113	-	58,113	349,087
Legal and professional fees	-	96,882	96,882	238,994
Marketing	59,992	18,635	78,627	162,742
Meetings and seminars	38,962	18,286	57,248	99,198
Miscellaneous	1,058	653	1,711	4,421
National insurance	-	289,600	289,600	208,264
Obsolescence	-	9,956	9,956	-
Office supplies	-	54,539	54,539	52,758
Rent - Building	-	630,000	630,000	690,000
- Equipment	-	147,145	147,145	147,958
- Other	-	620	620	620
Repairs and maintenance - building	37,470	50,899	88,369	50,153
- equipment	106,208	(55,710)	50,498	71,847
- general	20,204	27,856	48,060	44,377
- vehicles	-	31,696	31,696	34,343
Research	7,778	-	7,778	10,000
Retail Fish Mart	49,525	9,640	59,165	-
Salaries, wages and staff benefits	360,812	5,722,615	6,083,427	4,895,967
Security	247,044	255,346	502,390	475,829
Site preparation	15,350	-	15,350	58,000
Stationery, printing and postage	21,072	44,136	65,208	93,499
Telephone	-	59,347	59,347	67,395
Toco & Sea Lots Ice Facility Supplies	1,645	-	1,645	27,742
Training	4,900	-	4,900	15,478
Transportation	4,850	11,463	16,313	105,724
Travel	-	32,934	32,934	160,923
Unrecoverable Input VAT	-	336,109	336,109	890,463
Wastage/Meltage/Spoilage	-	2,922	2,922	-
	\$ 2,376,809	\$ 8,552,161	\$ 10,928,970	\$ 11,411,913