

We are committed to the Growth of Small Business!

Small Business Venture Capital Inc. (SBVCI) was incorporated on February 6, 1996, as a business development organization. The registered office of SBVCI is c/o Small Business Association, Pelican Industrial Park, Princess Alice Highway, St. Michael, Barbados. The purpose of the organization is to identify new business opportunities, assist in the incubation of the new businesses developed from these opportunities, provide assistance to existing entrepreneurial ventures and promote entrepreneurship in Barbados resulting in new jobs, profitable business ventures and increased international competitiveness for small Barbadian businesses.

The Primary Business of Small Business Venture Capital Inc. is to make investments of between \$50,000 to \$150,000 for a period of up to seven (7) years. In addition to providing equity capital, the Company's functions include the provision of managerial and business expertise to existing investees. The SBVCI will invest primarily in businesses who are members of the Small Business Association (SBA) and this will be augmented by investment in other small businesses with the objective of achieving maximum long-term capital appreciation.

SMALL BUSINESS VENTURE CAPITAL INC.

Mission Statement

Our mission is to enhance the development of the small business sector in Barbados, through the provision of Venture Capital finance and professional expertise to ensure growth, profitability and increased competitiveness for Barbadian small businesses.

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**YOUR
BUSINESS
IS OUR
BUSINESS.**

Small Business
Venture Capital
Inc.

S.B.V.C.I
SMALL BUSINESS VENTURE
CAPITAL INC.

LOGO
GOES
HERE

WHO QUALIFIES?

To qualify as an investee, a company must be considered a small business, satisfying at least two of the following criteria:

- the market value of the company's fixed assets must be less than \$1.0 million.
- the number of employees must be under twenty-five (25) persons.
- the company must generate annual sales of under \$2,000,000.

Questions & Answers About the Services of the SBVCI.

1.Q. WHAT IS THE SMALL BUSINESS VENTURE CAPITAL INC.? (SBVCI)

A. The SBVCI is a limited liability company incorporated on February 6, 1996. It was established to provide venture capital (equity based financing) and technical assistance to small companies, with strong profit making and growth potential.

2.Q. WHY WAS THIS ORGANIZATION CREATED?

A. The organization was created because of a recognised need for venture capital financing and lack of adequate available funding and assistance for the development of small businesses in Barbados.

3.Q. WHAT IS THE OBJECTIVE OF THE SBVCI?

A. Its primary function is to make investments in small Barbadian-owned private sector enterprises located

in Barbados. These investments will assist in the development of new businesses and provide assistance to existing businesses, with the objective of achieving maximum long-term capital appreciation.

4.Q. WHAT ADDITIONAL SERVICES WILL SBVCI PROVIDE?

A. In addition to providing venture capital, the company's function will include the provision of managerial and business expertise to investee companies through SBVCI's technical assistance program and participation on their Boards of Directors.

5.Q. WHAT FORMAL ARRANGEMENTS WILL GOVERN THE SBVCI AND THE INVESTEE COMPANY?

A. All SBVCI investments will be in the form of equity investments. These investments will comprise shares in the investee company through a shareholders' agreement.

6.Q. WHAT IS THE SBVCI'S DIVESTMENT POLICY?

A. SBVCI will seek to liquidate its investments by buy back arrangements between itself and the investee companies or by selling shares to a mutually agreed third party. Exit arrangements will form part of all shareholder agreements and the maximum period for divestment will normally be seven (7) years after the investment. A period of less than seven (7) years can also be agreed when drawing up the shareholders' agreement.

7.Q. WHAT DETERMINES THE PURCHASE PRICE OF AN INVESTMENT?

A. The price paid for an investment should bear a relation to tangible net worth. Where the recommended purchase price includes a component for intangibles i.e. goodwill 'sweat equity', an analysis and explanation of reasons and derivation of this component must be included in the investee company's business plan.

8.Q. HOW CAN EQUITY FINANCING FROM SBVCI HELP YOUR COMPANY?

A. Unlike loan financing, the equity financing provided by the SBVCI does not carry any monthly or annual interest cost. The SBVCI is primarily concerned with enhancing the value of its investment so that at the time of divestment a reasonable return can be attained. In this regard the SBVCI equity financing allows for the generation of greater cashflows and growth in the earlier years of the investment. The SBVCI investment will nevertheless participate fully in any dividends once they are declared.

9.Q. WHAT SHOULD YOU BE PREPARED TO DISCUSS WITH THE SBVCI?

A. In order to make a meaningful assessment of your business the SBVCI would like to discuss with you your company's business plan, including its financial and management structure, and its marketing and growth strategies for the next three to four years. You should also make available your company's current and/or most recent audited financial statements.

10.Q. TO WHOM WILL OUR SERVICES BE TARGETED?

A. As a wholly-owned subsidiary of the Small Business Association (SBA), SBVCI will target all members and non-members of the SBA. Its developmental bias will allow it to consider businesses in most sectors who have growth potential and profit making potential.

11.Q. WHAT WILL BE THE HIGHEST PERCENTAGE OF SHARES SBVCI WOULD WISH TO OWN IN ANY BUSINESS?

A. As a venture capital organization SBVCI would not wish to own more than forty nine per cent (49%) of the share capital in any business. The objective of SBVCI is to help the business to grow without taking it over or controlling it.