

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED



Annual Report and Accounts for 1995

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Board of Directors

Ms. Anne Edwards, B.A, DIP. (Education), Masters (Education)

Mr. Cecil Niles, B.A(Mathematics), M.B.A(Project Management)

Mr. Fabian M.Fahie, B.Sc. (Economics), M.A. (Economics), Acc. Dir.

Mr. Vivien Vanterpool, B.PHIL (Education), DIP. (Education)

Mrs. Vida Lloyd, B.S.c Medicine

Mr. George L. Kentish, TELECOM Management

Rev. John A. Gumbs (Minister of Religion)



DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of the National Investment Company of Anguilla Limited (NICA) submitted their annual reports and the financial statements of the company for the 12 months ending 31 Dec., 1995. Specific mention was also made of NICA's 100% owned subsidiary, the National Bookstore Ltd.

The principal business activity of the company during 1995 was the operation of the National Bookstore. The focus was on sales promotion and the sustainability of the Bookstore - that is, its ability to meet overhead demands and to become more sustainable in the market environment. While the Bookstore was the major business of operation during 1995, the directors continued to look for opportunities in Housing Development Projects and the investments in shares in order to receive a return on capital invested. An effort to lease the Sandy Ground warehouse property in order to generate revenue was the major concern. Final negotiations with Anguilla Rums to conclude the agreement were expected to be completed early the following year (1996).

Business Review

Company sales as at 31 Dec., 1995, stood at \$287,257, compared with \$214,098 in the previous year. This represents an increase of \$73,159, which was attributable mainly to an increase in the demand for the products and service provided by the National Book Store. Cost of sales for 1995 was \$182,424, a decrease of \$19,787 compared to 1994. This (is) was a direct result of our strict policy of cost reduction. Further increase in sales and reduction in cost of sale resulted in a gross profit of \$121,282 (includes other income of \$16,449) an increase of \$109,395 from 1994. Personnel Expenses amounted to \$89,462.00 during 1995, an increase of \$41,032 over the corresponding period of 1994. This was as a result of the related administrative expense (for) of the Bookstore's operations. All other expenses increased or decreased marginally.

With regards to the Company's operating ratios, the Return on Assets was 0.9% and return on equity was 0.69%, up from -8.72 and -6.35% respectively during 1994. This slight increase in Return on Equity was (as a result of) due to the recovery of share investment in Malliouhana-Anico Insurance Company Ltd. The Earning per Share at the end of 1995 was recorded at \$0.007 as compared to -\$0.06 in 1994.

The accumulative deficit as at December 31, 1995 has slightly decreased from \$1,345,410 during 1994 to 1,312,692 in 1995. This decrease has resulted from cost cutting measures established to restore shareholder value.

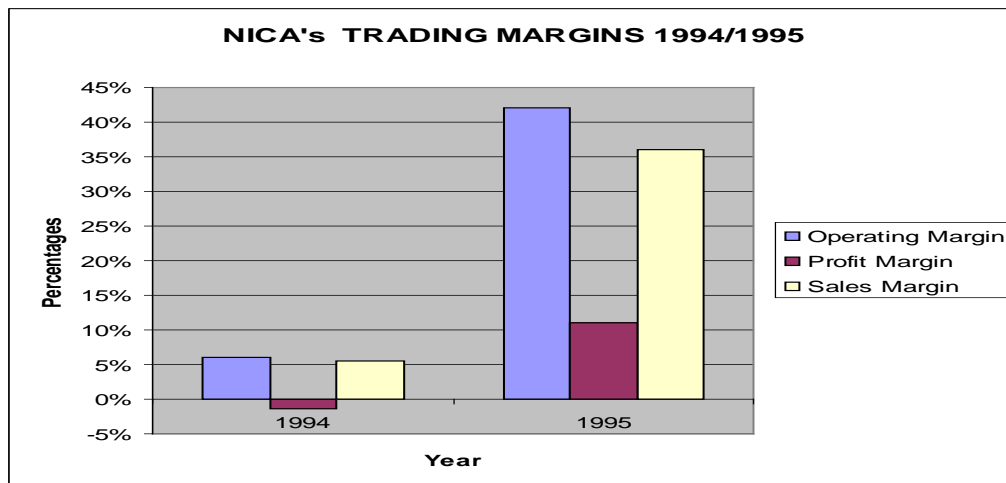
CASH POSITION

As at December 31, 1995, the Company recorded a cash balance of \$589,137, as compared to \$814,665 in 1994. This decrease of approximately \$225,528 accounted for investments made in stock with the Eastern Caribbean Home Mortgage Bank, Smith Barney, Anguilla Mortgage Company and Cable and Wireless. Despite the investment in stock as at the end of December 31, 1995, NICA's current ratio calculations show that the company has adequate cash to meet current short term obligations and accrued expenses

TRADE MARGINS

The company attained a profit of \$32,718, as compared to a loss of \$298,498 during 1994. This increase in profit was for the most part attributable to a recovery in the value of share investment during 1995 in the amount of \$80,000.00, among other contributing factors. The bar chart in Figure 1.1 shows that NICA recorded an operating profit of 42% (1995) as compared to 5.5% in 1994. A similar trend is highlighted under the category profit margin and sale margin, where 11% and 36% are recorded respectively in 1995, an increase of 9.61% and 24.5%, as compared to 1994.

Figure 1.1



Dividends

No dividend was declared during the year and share capital remained at 47000205 \$1 ordinary shares; this decision enabled the company to retain sufficient funds for the following year.

Chart of No. of shares held by directors to be reported for 1995.

As at Dec 31 1995, Directors of the company held/controlled the following shareholdings in NICA		
NAMES	TITLE	NO. OF SHARES
Anne Edwards	Secretary	1,000
Cecil Niles	Chairman	1,900
Fabian Fahie	Director	78,000
Vivien Vanterpool	Director	3,600
Kennedy Hodge	Director	54,100
Vida Lloyd	Director	1,600
George Kentish	Director	1,900
Rev. John A. Gumbs	Director	23,400

There were no changes to the board of directors to be reported for 1995. All directors continued to serve the board on a voluntary basis.

(Signed) by

.....
Directors



**AUDITED
FINANCIAL
STATEMENTS
(KPMG)**



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders National Investment Company of Anguilla Limited

We were engaged to audit the accompanying financial statements of National Investment Company of Anguilla Limited (the "Company"), which comprise the balance sheet as at 31 December 1995 and the related statements of operations, changes in shareholders' 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 the financial statements in accordance with the generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 the financial statements based on our audit. Because of the matters described in the Bases for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

Bases for Disclaimer of Opinion

We were appointed as auditors of the Company on 26 June 2008, thus, we were not able to observe the counting of the physical inventories stated at EC\$184,161 as at 31 December 1995. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 1995. Since physical inventories enter into the determination of the financial position, performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of inventories and accumulated deficit in the balance sheet, cost of operating revenues and net income/(loss) for the year reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flows.

Moreover, the Company was not able to provide sufficient appropriate evidence to substantiate its certificates of deposit, which is part of cash and cash equivalents, amounting to EC\$579,409 and its related interest income amounting to EC\$44,281. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for cash and cash equivalents, interest income, net income and accumulated deficit.



INDEPENDENT AUDITORS' REPORT *(continued)*

Bases for Disclaimer of Opinion (continued)

Finally, we were not able to obtain sufficient appropriate evidence to substantiate the Company's gross operating revenue, accounts receivable, accounts payable and gain on disposal of assets amounting to EC\$287,257, EC\$55,832, EC\$73,093 and EC\$10,282 respectively, due to limitations on the scope of our work as a result of missing documents. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for gross operating revenue, accounts receivable, accounts payable and gain on disposal of assets, net income and accumulated deficit.

Disclaimer of Opinion

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, we do not express an opinion on the financial statements.

KPMG LLC

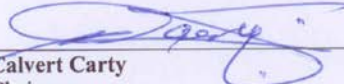
Chartered Accountants
19 October 2010
The Valley, Anguilla, B.W.I

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
 Balance Sheet
 As at 31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	1995	1994
Assets			
Non-current assets			
Property and equipment - net	3	\$2,309,204	\$2,347,661
Investment securities – net	4	438,323	78,040
		<u>2,747,527</u>	<u>2,425,701</u>
Current assets			
Accounts receivable		55,832	9,658
Inventories		184,161	172,772
Cash and cash equivalents	5	589,137	814,665
		<u>829,130</u>	<u>997,095</u>
Total Assets		\$3,576,657	\$3,422,796
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital	6	\$4,700,205	\$4,700,205
Accumulated deficit		(1,312,692)	(1,345,410)
		<u>3,387,513</u>	<u>3,354,795</u>
Liabilities			
Accounts payable and accrued expenses		73,093	68,001
Bank overdraft	5	116,051	-
		<u>189,144</u>	<u>68,001</u>
Total Shareholders' Equity and Liabilities		\$3,576,657	\$3,422,796

These financial statements were approved on behalf of the Board of Directors on 19 October 2010 by the following:



 Calvert Carty
 Chairman

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Statement of Operations

For the Year Ended 31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	1995	1994
Gross operating revenue		\$287,257	\$214,098
Cost of operating revenue		(182,424)	(233,845)
		104,833	(19,747)
Other income		16,449	-
		121,282	(19,747)
Expenses			
Personnel		(86,462)	(48,430)
Depreciation	3	(41,808)	(80,971)
Occupancy		(21,722)	(21,907)
Advertising and selling		(1,412)	(2,207)
Other administrative expenses		(67,485)	(56,768)
		(218,889)	(210,283)
		(97,607)	(230,030)
Finance income and expenses			
Recovery/(decline) in value of investment securities	4	80,000	(125,000)
Interest income		55,256	56,532
Interest expense		(4,931)	-
		130,325	(68,468)
Net income/(loss)		\$32,718	(\$298,498)

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Note</i>	1995	1994
Share capital			
Issued and outstanding	6	\$4,700,205	\$4,700,205
Accumulated deficit			
Balance at beginning of year		(1,345,410)	(1,046,912)
Net income/(loss)		32,718	(298,498)
Balance at end of year		(1,312,692)	(1,345,410)
		\$3,387,513	\$3,354,795

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Statement of Cash Flows

For the Year Ended 31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	1995	1994
Cash flows from operating activities			
Net income/(loss)		\$32,718	(\$298,498)
Adjustments for:			
(Recovery)/decline in value of investment securities		(80,000)	125,000
Interest income		(55,256)	-
Depreciation	3	41,808	80,971
(Gain)/loss on sale of property and equipment		(10,282)	403
Interest expense		4,931	-
Provision for slow moving inventory		-	56,134
Operating (loss)/income before working capital changes		(66,081)	(35,990)
Decrease/(increase) in			
Inventories		(11,389)	29,649
Accounts receivable		(46,174)	6,153
Increase/(decrease) in accounts payable and accruals		5,092	(20,059)
Net cash (used in)/provided by operating activities		(118,552)	(20,247)
Interest received		55,256	-
Interest paid		(4,931)	-
Net cash (used in)/provided by operating activities		(68,227)	(20,247)
Cash flows from investing activities			
Additions to property and equipment	3	(3,351)	-
Proceeds from sale of property and equipment		10,282	84,644
Addition to investment securities	4	(280,283)	(78,040)
Net cash (used in)/provided by investing activities		(273,352)	6,604
Net (decrease)/increase in cash and cash equivalents		(341,579)	(13,643)
Cash and cash equivalents at beginning of year	5	814,665	828,308
Cash and cash equivalents at end of year	5	\$473,086	\$814,665

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (*continued*)
31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

1. Reporting entity

National Investment Company of Anguilla Limited (“the Company”) was incorporated in Anguilla under the provision of the Companies Act of Anguilla on 27 January 1989.

The Company’s principal activity is the operation of a bookstore. The Company is also in the business of leasing out properties.

The registered office and principal place of business of the Company is located at Sandy Ground, Anguilla, British West Indies.

2. Significant accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

c) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation.

Property and equipment with the exception of land on which no depreciation is provided, are depreciated on the straight line basis at annual rates estimated to write off the cost of assets over the estimated useful lives. The depreciation rates are as follows:

Building and improvements	3.33% - 10%
Furniture and equipment	6.67% - 33.33%
Motor vehicles	33.33%

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the periodic method on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Allowance is made for obsolete and slow moving items.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements (continued)
31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

2. Significant accounting policies (continued)

e) Investment securities

Investment securities are stated at cost, less provision for decline in value, as appropriate.

3. Property and equipment - net

	Land	Building and improvements	Furniture equipment	Total
Cost				
31 December 1993	1,607,253	760,931	433,390	2,801,574
Disposals	-	-	(207,757)	(207,757)
31 December 1994	1,607,253	760,931	225,633	2,593,817
Additions	-	-	3,351	3,351
Disposals	-	-	(15,500)	(15,500)
31 December 1995	1,607,253	760,931	213,484	2,581,668
Accumulated depreciation				
31 December 1993	-	70,202	302,517	372,719
Depreciation	-	44,709	36,262	80,971
Disposals	-	-	(207,534)	(207,534)
31 December 1994	-	114,911	131,245	246,156
Depreciation	-	27,050	14,758	41,808
Disposals	-	-	(15,500)	(15,500)
31 December 1995	-	141,961	130,503	272,464
Net book values				
31 December 1994	1,607,253	646,020	94,388	2,347,661
31 December 1995	1,607,253	618,970	82,981	2,309,204

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Notes to the Financial Statements *(continued)*
31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

4. Investment securities - net

	1995	1994
Eastern Caribbean Home Mortgage Bank	200,000	-
Solomon Smith Barney	128,646	75,040
Anguilla National Insurance Company Limited	125,000	125,000
Anguilla Mortgage Company Limited	21,000	-
Cable and Wireless Anguilla Limited	8,677	3,000
	483,323	203,040
Less allowance for decline in value	(45,000)	(125,000)
	438,323	78,040

5. Cash and cash equivalents

	1995	1994
Cash on hand and in bank	9,728	46,741
Certificates of deposit	579,409	767,924
Bank overdraft	(116,051)	-
	473,086	814,665

Cash in banks represent demand deposits held at National Bank of Anguilla which earn interest of 2% per annum. The certificates of deposit which earn 6% to 6.50% per annum are also held at the National Bank of Anguilla. The Company also maintains unsecured overdraft facilities with the said Bank.

6. Share capital

	1995	1994
Authorized		
100,000 founders shares at EC\$1.00 each	100,000	100,000
4,900,000 ordinary shares at EC\$1.00 each	4,900,000	4,900,000
Issued		
100,000 founders shares at EC\$1.00 each	100,000	100,000
4,600,455 ordinary shares at EC\$1.00 each	4,600,455	4,600,455
	4,700,455	4,700,455
Less call in arrears	(250)	(250)

4,700,205	4,700,205
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NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Notes to the Financial Statements *(continued)*

31 December 1995

(Expressed in Eastern Caribbean Dollars (EC\$))

8. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 1995 and 1994.

9. Approval of financial statements

The Company's financial statements as at and for the year ended 31 December 1995 were approved and authorised for issue by the Board of Directors on 17 October 2010.