

***NATIONAL  
INVESTMENT COMPANY  
OF ANGUILLA LIMITED***



Annual Report and Accounts for 1996

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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.S.c (Economics), M.A.(Economics), Acc.***

***Director***

***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***

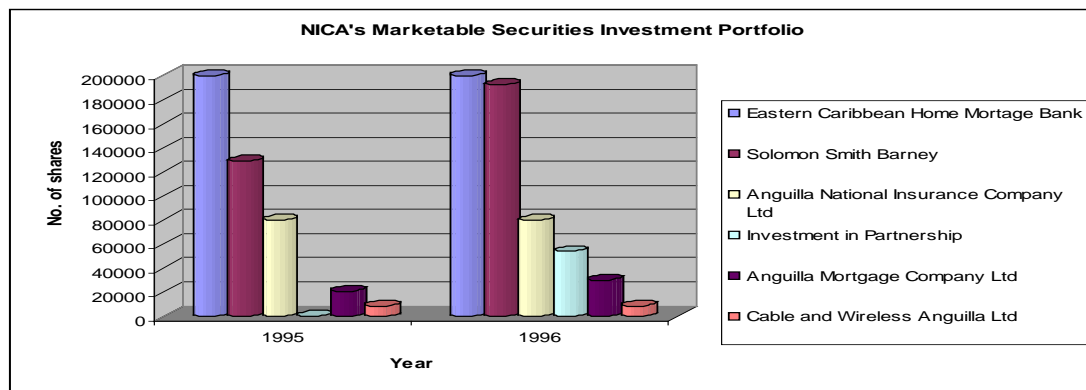
## ***DIRECTORS' REPORT***

The directors submit their annual report and the financial statements for the National Investment Company of Anguilla Ltd (NICA) and its 100% owned subsidiary the National Bookstore Ltd for the 12 months ended 31 Dec 1996.

The principle business activity of the company during 1996 was the continued operation of its National Bookstore; rebalancing of the company's investment portfolio and soliciting developers to partnership with NICA in funding and implementing its housing development project. In relation to the National Bookstore, the Company actively pursued its strategy of reducing cost and increasing revenue. Nonetheless, Directors mainly focused on NICA's investment portfolio thereby increasing the Company's level of marketable securities, particularly in the US Stock markets. Directors believed that increasing investment in marketable securities would generate increased revenues in the short and long term, since such investments could be quickly converted to cash, if required and are structured to seek a combination of income and capital gains.

Please see Figure 1.1 for NICA's Investment portfolio.

**Figure 1.1.**



### **Business Overview**

In 1996 gross profit increased by \$72,698 from 1995; this increase is attributable to a significant increase in rental income, reduction in cost of sales and a marginal increase of sales from National Bookstore's Operation. Overall operating expenses decrease by \$13,888; this can be pointed to several reduction and reallocation of costs. Finance Income and expense decreased by \$107,821 when compared to the previous financial year where there was recovery in stock value of \$80,000. Thus, during 1996 investment income also decreased by \$19,056 and interest expense increase by \$8,783, as a result of bank overdraft being used to finance various stock investments. Net profit for the year was \$11,483, a decrease of 64% compared to 1995.

NICA's total assets as at Dec 31 1996 stood at \$3,650, 806 compared with \$3,576,970 in the previous year. This represents an increase of \$73,836 (2.06%), which is

attributable mainly to an increase in investment securities of approximately \$126,402 and a decrease in cash and cash equivalents of \$21,207 in 1996. Total liabilities increased from \$189,457 in the previous financial year to \$241,945, an increase of (27.7%) which resulted from an increase in accounts payable/ accrued expenses and Bank Overdraft of 18.7% and 8.97% respectively.

In terms of operating ratios, the return on Asset was (0.061%) and the return on equity was 0.24%, down from .09% and .69% respectively in the previous year. NICA's earning per share at the end of the year was \$.004 compared to \$.014 in the previous year.

NICA's cash and cash equivalent which include cash on hand/ in bank and certificate of deposit stood at \$567,930 as at Dec31, 1996. This represents a 3.60% decrease from prior year position. The fall in cash and cash equivalent was due mainly to funding of investment in partnership.

Accumulative deficit as at Dec 31, 1996 decreased by 2.43%; this decrease was achieved by deduction of \$32,718 in net profit generated in 1995.

### **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 share held by directors to be reported for 1995.**

<b>As at Dec 31 1995, Directors of the company held/controlled the following shareholdings in NICA</b>		
<b>NAMES</b>	<b>TITLE</b>	<b>NO. OF SHARES</b>
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 Gumbs	Director	23,400

There were no changes to the board of directors to be reported for 1996. All directors continued to serve the board on a voluntary basis.

Signed by,

.....

Directors



# **AUDITED FINANCIAL STATEMENTS**

**(KPMG)**



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Anguilla

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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 1996 and the related statements of income, 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\$188,788 and EC\$184,161 as at 31 December 1996 and 1995. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 1996 and 1995, respectively. 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 for the years reported in the statement of income and the net cash flows from operating activities reported in the statement of cash flows.

Moreover, we were not able to obtain sufficient appropriate evidence to substantiate the Company's gross operating revenue, accounts receivable, accounts payable, other income, personnel expenses and occupancy expenses amounting to EC\$288,120, EC\$59,839, EC\$89,781, EC\$81,000, EC\$33,886 and EC\$48,560 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, other income, personnel expenses, occupancy expenses, net income and accumulated deficit.





**INDEPENDENT AUDITORS' REPORT** *(continued)*

*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 1996

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

	<i>Notes</i>	1996	1995
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment - net	3	\$2,269,211	\$2,309,204
Investment securities - net	4	565,038	438,323
		<b>2,834,249</b>	<b>2,747,527</b>
<b>Current assets</b>			
Accounts receivable		59,839	55,832
Inventories		188,788	184,161
Cash and cash equivalents	5	567,930	589,137
		<b>816,557</b>	<b>829,130</b>
		<b>\$3,650,806</b>	<b>\$3,576,657</b>

**Shareholders' Equity and Liabilities**

<b>Shareholders' equity</b>			
Share capital	6	\$4,700,205	\$4,700,205
Unrealized gain		9,865	-
Accumulated deficit		(1,301,209)	(1,312,692)
		<b>3,408,861</b>	<b>3,387,513</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses		89,781	73,093
Bank overdraft		152,164	116,051
		<b>241,945</b>	<b>189,144</b>
		<b>\$3,650,806</b>	<b>\$3,576,657</b>

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 Income

For the Year Ended 31 December 1996

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

	<i>Notes</i>	<b>1996</b>	1995
<b>Gross operating revenue</b>		<b>\$288,120</b>	\$287,257
<b>Cost of operating revenue</b>		<b>(175,140)</b>	(182,424)
		<b>112,980</b>	104,833
<b>Other income</b>	7	<b>81,000</b>	16,449
		<b>193,980</b>	121,282
<b>Expenses</b>			
Occupancy		<b>(48,560)</b>	(21,722)
Depreciation	3	<b>(39,993)</b>	(41,808)
Professional fees	8	<b>(38,340)</b>	(38,340)
Personnel		<b>(33,886)</b>	(86,462)
Advertising and selling		-	(1,412)
Other administrative expenses		<b>(44,535)</b>	(29,145)
		<b>(205,314)</b>	(218,889)
		<b>(11,334)</b>	(97,607)
<b>Finance income and expenses</b>			
Recovery in value of investment securities	4	-	80,000
Interest income		<b>36,513</b>	55,256
Interest expense		<b>(13,696)</b>	(4,931)
		<b>22,817</b>	130,325
<b>Net income</b>		<b>\$11,483</b>	\$32,718

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**

Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 1996

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

	<i>Note</i>	<b>1996</b>	1995
<b>Share capital</b>			
Issued and outstanding	6	<b>\$4,700,205</b>	\$4,700,205
<b>Unrealized gain</b>			
Balance at beginning of year		-	-
Fair value movement during the year	4	<b>9,865</b>	-
Balance at end of year		<b>9,865</b>	-
<b>Accumulated deficit</b>			
Balance at beginning of year		<b>(1,312,692)</b>	(1,345,410)
Net income		<b>11,483</b>	32,718
Balance at end of year		<b>(1,301,209)</b>	(1,312,692)
		<b>\$3,408,861</b>	\$3,387,513

## NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

### Statement of Cash Flows

For the Year Ended 31 December 1996

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

	<i>Notes</i>	<b>1996</b>	1995
<b>Cash flows from operating activities</b>			
Net income		<b>\$11,483</b>	\$32,718
Adjustments for:			
Depreciation	3	<b>39,993</b>	41,808
Interest income		<b>(36,513)</b>	(55,256)
Interest expense		<b>13,696</b>	4,931
Recovery in value of investment securities	4	-	(80,000)
Gain on sale of property and equipment		-	(10,282)
Operating income/(loss) before working capital changes		<b>28,659</b>	(66,081)
Increase in:			
Accounts receivable		<b>(4,007)</b>	(46,174)
Inventories		<b>(4,627)</b>	(11,389)
Increase in accounts payable and accruals		<b>16,688</b>	5,092
Net cash from/(used in) operating activities		<b>36,713</b>	(118,552)
Interest received		<b>36,513</b>	55,256
Interest paid		<b>(13,696)</b>	(4,931)
<b>Net cash provided by/(used in) operating activities</b>		<b>59,530</b>	(68,227)
<b>Cash flows from investing activities</b>			
Additions to investment securities	4	<b>(116,850)</b>	(280,283)
Additions to property and equipment	3	-	(3,351)
Proceeds from sale of property and equipment		-	10,282
<b>Net cash used in investing activities</b>		<b>(116,850)</b>	(273,352)
<b>Net decrease in cash and cash equivalents</b>		<b>(57,320)</b>	(341,579)
<b>Cash and cash equivalents at beginning of year</b>	5	<b>473,086</b>	814,665
<b>Cash and cash equivalents at end of year</b>	5	<b>\$415,766</b>	\$473,086

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements**  
**31 December 1996**

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

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**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 except for investment securities which is stated at fair value.

**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% - 10.00%
Furniture and equipment	6.67% - 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 1996**

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

**2. Significant accounting policies** *(continued)*

**e) Investment securities**

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

**3. Property and equipment - net**

	<b>Land</b>	<b>Building and improvements</b>	<b>Furniture and Equipment</b>	<b>Total</b>
<b>Cost</b>				
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
Additions	-	-	-	-
<b>31 December 1996</b>	<b>1,607,253</b>	<b>760,931</b>	<b>213,484</b>	<b>2,581,668</b>
<b>Accumulated depreciation</b>				
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
Depreciation	-	32,837	7,156	39,993
<b>31 December 1996</b>	<b>-</b>	<b>174,798</b>	<b>137,659</b>	<b>312,457</b>
<b>Net book values</b>				
31 December 1995	1,607,253	618,970	82,981	2,309,204
<b>31 December 1996</b>	<b>1,607,253</b>	<b>586,133</b>	<b>75,825</b>	<b>2,269,211</b>

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 1996**

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

**4. Investments securities - net**

	<b>1996</b>	1995
Eastern Caribbean Home Mortgage Bank	<b>200,000</b>	200,000
Solomon Smith Barney	<b>192,361</b>	128,646
Anguilla National Insurance Company Limited	<b>125,000</b>	125,000
Investment in partnership	<b>54,000</b>	-
Anguilla Mortgage Company Limited	<b>30,000</b>	21,000
Cable and Wireless Anguilla Limited	<b>8,677</b>	8,677
	<b>610,038</b>	483,323
Less allowance for decline in value	<b>(45,000)</b>	(45,000)
	<b>565,038</b>	438,323

The changes in the fair value of investment securities are as follows:

	<b>1996</b>	1995
Fair value at beginning of year	<b>438,323</b>	78,040
Additional investments	<b>116,850</b>	280,283
Recovery in value of investments	-	80,000
Should be fair value	<b>555,173</b>	438,323
Fair value at end of year	<b>565,038</b>	438,323
Fair value movements during the year	<b>9,865</b>	-

**5. Cash and cash equivalents**

	<b>1996</b>	1995
Cash on hand and in bank	<b>567,930</b>	589,137
Bank overdraft	<b>(152,164)</b>	(116,051)
Cash and cash equivalents in the statement of cash flows	<b>415,766</b>	473,086

Cash in banks represent demand deposits held at National Bank of Anguilla which earn interest at 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.



**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 1996**

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

**6. Share capital**

	<b>1996</b>	1995
<b>Authorized</b>		
100,000 founders shares at EC\$1.00 each	<b>100,000</b>	100,000
4,900,000 ordinary shares at EC\$1.00 each	<b>4,900,000</b>	4,900,000
<b>Issued</b>		
100,000 founders shares at EC\$1.00 each	<b>100,000</b>	100,000
4,600,455 ordinary shares at EC\$1.00 each	<b>4,600,455</b>	4,600,455
	<b>4,700,455</b>	4,700,455
Less call in arrears	<b>(250)</b>	(250)
	<b>4,700,205</b>	4,700,205

**7. Other income**

This account pertains to the income earned by the Company from the rental of its property to Anguilla Rums Limited.

**8. Professional fees**

	<b>1996</b>	1995
Audit fee	<b>27,000</b>	27,000
Accounting fee	<b>11,340</b>	11,340
	<b>38,340</b>	38,340

**9. Commitments and guarantees**

The Company does not have any outstanding commitments and guarantees as at 31 December 1996 and 1995.

**10. Approval of financial statements**

The Company's financial statements as at and for the year ended 31 December 1996 were approved and authorised for issue by the Board of Directors on 17 October 2010.