

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



*Annual Report and Accounts for 1997*

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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

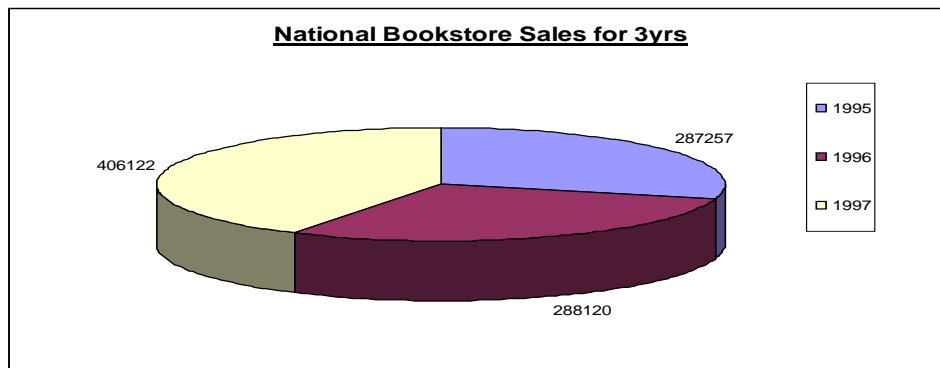
## ***DIRECTORS' REPORT***

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 1997.

The principle business activity of the company during 1997 was the continued operation of the National Bookstore and the administration and monitoring of the company's marketable investment securities. During 1997 Directors focused on improving the National Bookstore operation with the aim of making it a financially self-sustainable business. With this aim achieved, Directors believe that NICA would be in a more favourable position to pursue its revised strategy and objectives; involving its housing development Project.

The increase in sales over the last three years, as is shown in figure 1.1, has been in line with sales projection and strategic planning efforts to efficiently utilise resources to aid in continual investment.

**Figure 1.1**



### **Business Review**

NICA's gross profit increased by 21% as compared to 1995. This is a result of marketing efforts to increase sales by offering a variety of reading books. Sales and cost of sales recorded increases of 41% and 49% respectively. Expenses decreased by 18 % during the year. This result further reemphasizes Directors' continued efforts to minimize cost; thereby generating more profit. Finance income also decreased by 20%, when compared to 1996. This was attributable to a decrease in Finance Income of 11% and an increase in Interest Expense of 14%. NICA's net profit increased from \$11,483 to 82,878 during 1996. This increase in profit points to the company's strict operating policy, and the continual investment in securities and term deposits. These investments yield additional revenue in the form interest income.

Accounts receivable decreased by \$23,000 when compared to prior years; this is attributable to Bank Interest received. Accounts payable increase from \$89,781 in 1996 to \$131,724 in 1997, an increase of 46% over prior year. Bank Overdraft also

increased from \$152,164 to \$186,729. This was as a result of the increase investment of marketable securities in Solomon Smith Barney.

In relation to Operating ratios, Return on Asset was 2.16% and Return on Equity was 1.76%, an increase of 2.22% and 1.52% respectively from the prior financial year. These increases resulted from the increase in net profit in 1997. Earning per share stood at \$.035, an increase of \$.031 from prior year.

NICA's cash and cash equivalent which include cash on hand/ in bank and certificated of deposit stood at \$500,000 as at Dec31, 1997. This represents a 12% decrease from prior year position. The fall in cash and cash equivalent was due mainly to funding of investment in Solomon Smith Barney.

Accumulative deficit as at Dec 31, 1997 decreased for the second year running by 6.4%; this decrease was achieved by a net profit of \$82,878 generated during the year.

### **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 1997.**

<b>As at Dec 31 1997, 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 1997. 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 1997 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\$231,204 and EC\$188,788 as at 31 December 1997 and 1996. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 1997 and 1996, 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 accounts payable, sales, other income, personnel expenses and occupancy expenses amounting to EC\$131,724, EC\$406,122, EC\$90,477, EC\$49,810 and EC\$20,065 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 accounts payable, sales, 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**

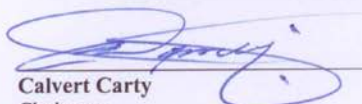
Balance Sheet

As at 31 December 1997

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

	<i>Notes</i>	1997	1996
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment - net	3	\$2,229,802	\$2,269,211
Investment securities - net	4	841,554	565,038
		<b>3,071,356</b>	<b>2,834,249</b>
<b>Current assets</b>			
Accounts receivable		32,500	59,839
Inventories		231,204	188,788
Prepayments		5,851	-
Cash and cash equivalents	5	500,000	567,930
		<b>769,555</b>	<b>816,557</b>
		<b>\$3,840,911</b>	<b>\$3,650,806</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	6	\$4,700,205	\$4,700,205
Unrealized gain		37,584	9,865
Accumulated deficit		(1,218,331)	(1,301,209)
		<b>3,519,458</b>	<b>3,408,861</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses		131,724	89,781
Bank overdraft		189,729	152,164
		<b>321,453</b>	<b>241,945</b>
		<b>\$3,840,911</b>	<b>\$3,650,806</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 1997

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

	<i>Notes</i>	<b>1997</b>	1996
<b>Gross operating revenue</b>		<b>\$406,122</b>	\$288,120
<b>Cost of operating revenue</b>		<b>(262,049)</b>	(175,140)
		<b>144,073</b>	112,980
<b>Other income</b>	7	<b>90,477</b>	81,000
		<b>234,550</b>	193,980
<b>Expenses</b>			
Personnel		<b>(49,810)</b>	(33,886)
Depreciation	3	<b>(39,409)</b>	(39,993)
Professional fees	8	<b>(38,340)</b>	(38,340)
Occupancy		<b>(20,065)</b>	(48,560)
Other administrative expenses		<b>(21,145)</b>	(44,535)
		<b>(168,769)</b>	(205,314)
		<b>65,781</b>	(11,334)
<b>Finance income and expenses</b>			
Interest income		<b>32,677</b>	36,513
Interest expense		<b>(15,580)</b>	(13,696)
		<b>17,097</b>	22,817
<b>Net income</b>		<b>\$82,878</b>	\$11,483

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**

Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 1997

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

	<i>Note</i>	<b>1997</b>	1996
<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		<b>9,865</b>	-
Fair value movement during the year	4	<b>27,719</b>	9,865
Balance at end of year		<b>37,584</b>	9,865
<b>Accumulated deficit</b>			
Balance at beginning of year		<b>(1,301,209)</b>	(1,312,692)
Net income		<b>82,878</b>	11,483
Balance at end of year		<b>(1,218,331)</b>	(1,301,209)
		<b>\$3,519,458</b>	\$3,408,861

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**

## Statement of Cash Flows

For the Year Ended 31 December 1997

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

	<i>Notes</i>	<b>1997</b>	1996
<b>Cash flows from operating activities</b>			
Net income		<b>\$82,878</b>	\$11,483
Adjustments for:			
Depreciation	3	<b>39,409</b>	39,993
Interest expense		<b>15,580</b>	13,696
Interest income		<b>(32,677)</b>	(36,513)
Operating income before working capital changes		<b>105,190</b>	28,659
(Increase)/decrease in:			
Accounts receivable		<b>27,339</b>	(4,007)
Inventories		<b>(42,416)</b>	(4,627)
Prepayments		<b>(5,851)</b>	
Increase in:			
Accounts payable and accrued expenses		<b>41,943</b>	16,688
Net cash from operating activities		<b>126,205</b>	36,713
Interest income received		<b>32,677</b>	36,513
Interest paid		<b>(15,580)</b>	(13,696)
<b>Net cash provided by operating activities</b>		<b>143,302</b>	59,530
<b>Cash flows from investing activities</b>			
Additions to investment securities	4	<b>(248,797)</b>	(116,850)
<b>Net decrease in cash and cash equivalents</b>		<b>(105,495)</b>	(57,320)
Cash and cash equivalents at beginning of year	5	<b>415,766</b>	473,086
<b>Cash and cash equivalents at end of year</b>	5	<b>\$310,271</b>	\$415,766

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 1997**

[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%
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)**  
**For the Year Ended 31 December 1997**

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

**2. Significant accounting policies**

**e) Investments**

Investments are stated at fair value 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 1995	1,607,253	760,931	213,484	2,581,668
Additions	-	-	-	-
31 December 1996	1,607,253	760,931	213,484	2,581,668
Additions	-	-	-	-
<b>31 December 1997</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 1995	-	141,961	130,503	272,464
Depreciation	-	27,050	12,943	39,993
31 December 1996	-	169,011	143,446	312,457
Depreciation	-	27,050	12,359	39,409
<b>31 December 1997</b>	<b>-</b>	<b>196,061</b>	<b>155,805</b>	<b>351,866</b>
<b>Net book values</b>				
31 December 1996	1,607,253	591,920	70,038	2,269,211
<b>31 December 1997</b>	<b>1,607,253</b>	<b>564,870</b>	<b>57,679</b>	<b>2,229,802</b>

## NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Notes to the Financial Statements *(continued)*

For the Year Ended 31 December 1997

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

### 4. Investment securities - net

	1997	1996
Solomon Smith Barney	468,877	192,361
Eastern Caribbean Home Mortgage Bank	200,000	200,000
Anguilla National Insurance Company Limited	125,000	125,000
Investment in partnership	54,000	54,000
Anguilla Mortgage Company Limited	30,000	30,000
Cable and Wireless Anguilla Limited	8,677	8,677
	886,554	610,038
Less allowance for decline in value	(45,000)	(45,000)
	841,554	565,038

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

	1997	1996
Fair value at beginning of year	610,038	438,323
Additional investments	248,797	116,850
Should be fair value	858,835	555,173
Fair value at end of year	886,554	565,038
Fair value movements during the year	27,719	9,865

### 5. Cash and cash equivalents

	1997	1996
Cash on hand and in bank	-	67,930
Certificates of deposit	500,000	500,000
Bank overdraft	(189,729)	(152,164)
Cash and cash equivalents in the statement of cash flow	310,271	415,766

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)*  
**For the Year Ended 31 December 1997**

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

**6. Share capital**

	1997	1996
<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**

	1997	1996
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 1997 and 1996.

**10. Approval of financial statements**

The Company's financial statements as at and for the year ended 31 December 1997 were approved and authorized for issue by the Board of Directors on 17 October 2010.