

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



Annual Report and Accounts for 2001

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# ***Board of Directors***

***Ms. Anne Edwards, BA, 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)***

***Mr. Kennedy W. Hodge, B. ENG, TELECOM***

***Mrs. Vida Lloyd, B.S.c Medicine***



# DIRECTORS' REPORT

*Directors' Report*

The Directors submitted 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) ending 31 Dec., 2001.

The (principle) principal business activities of the company during 2001 were the operation of the National Bookstore, leasing of Sandy Ground warehouse property and the management of investment in marketable securities.

During 2001, NICA operated (within) in an environment of economic uncertainty which was caused by the September 11<sup>th</sup> terrorist attacks in the USA. According to the UNCTAD 2002 'World Investment Report' in the aftermath of (Sep) the September 11 attacks, global investments plummeted by 51%. The business spending in the U.S and the EU plunged by 59% and 60% respectively; (while) spending in developing countries also declined, but at a much more modest pace (down 14%). However, despite this depressive economic environment, NICA recorded a net profit of EC \$90,884 and also increased its total assets by 7%. The company investment portfolio, coupled with its real estate and National Bookstore business entities, has once again demonstrated that NICA's diverse business portfolio is a profitable or economically wise venture. Directors are optimistic that when the international stock markets and spending (stabilises) stabilise, NICA will be in a better position to generate meaningful returns on shareholders' investments.

## **Business Review**

Gross Operating Revenue decreased during the year from EC\$488,575 to EC \$444,946 (9%), while Cost of Operating Revenue decreased to EC\$266,968 from EC \$293,199 in the year 2000. Rental Income increased by EC\$9,749, a 9% increase which is linked to (prior) previous negotiations on the renewal of the Sandy Ground property lease. As a result, Gross Profit decreased slightly from EC\$302,593 in 2000 to EC\$294,942 in 2001.

Operating Expenses decreased slightly (2%) in 2001; Directors were able to reduce most expenses other than Occupancy Cost which more than doubled as a result of the upgrading of the Bookstore facility. Overall, NICA reported an Operating Profit of EC\$70,226 in 2001, a less than desired outcome, given the increases in Sales and decreases in Expenses.

Finance Income and Expenses stood at EC\$20,618, a decrease of EC\$23,570 compared to (prior) the previous year. The decrease (points to) was a consequence of marginal increases in Interest Income and Interest Expense, and zero gain on the sale of investment securities. However, Dividend Income increased by EC\$7,959; the dividend income received is derived from investments in Solomon Smith Barney shares.

In terms of operating ratios, the Return on Assets was 2.04% and the Return on Equity was 1.93%, down from 2.81% and 2.48% respectively in the previous year. NICA's earnings per share at the end of the year was (\$.04), compared to \$.05 in the previous year.

NICA's Cash and Cash Equivalent, which include certificates of deposit and bank overdraft, stood at EC\$24,938 as at Dec. 31, 2001. This represents a decrease of EC\$263,942; an increase in bank overdraft facility used to finance investments in marketable securities.

Accumulative Deficit as at Dec. 31, 2001, was EC\$1,157,869, a decrease of EC \$90,844(;), the net profit reported during the year. Directors would like to see Accumulative Deficit reduced to below EC\$1,000,000 thereby increasing the company's shareholders' net equity.

**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 during 2001**

As at Dec 31, 2001, Directors of the company held/controlled the following shareholdings in NICA		
NAMES	TITLE	NO. OF SHARES
Anne Edwards	Secretary	1000
Cecil A. Niles	Chairman	1900
Fabian M. Fahie	Director	78000
Vivien A. Vanterpool	Director	3600
Kennedy W. Hodge	Director	54100
Viva C. Lloyd	Director	1600

There were no changes to the board of directors to be reported for 2001. All directors continued to serve the board (on a voluntary basis) voluntarily.

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 2001 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\$604,052 and EC\$471,791 as at 31 December 2001 and 2000. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 2001 and 2000. 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 operations and the net cash flows used in 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, other income, personnel expenses and occupancy expenses amounting to EC\$444,946, EC\$116,964, EC\$60,395 and EC\$38,394, 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 and accrued expenses, gross operating revenue, other income, personnel expenses, occupancy expenses, 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 2001

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

	<i>Notes</i>	<b>2001</b>	<b>2000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment – net	3	\$2,104,531	\$2,131,676
Investment securities – net	4	1,308,190	1,026,931
		<b>3,412,721</b>	<b>3,158,607</b>
<b>Current assets</b>			
Inventories		604,052	471,791
Prepayments		1,400	1,400
Accounts receivable		35,527	3,027
Cash and cash equivalents	6	500,000	517,659
		<b>1,140,979</b>	<b>993,877</b>
		<b>\$4,553,700</b>	<b>\$4,152,484</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' Equity</b>			
Share capital	7	\$4,700,205	\$4,700,205
Unrealized gain	4	178,365	242,376
Accumulated deficit		(1,157,869)	(1,248,713)
		<b>3,720,701</b>	<b>3,693,868</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses		264,937	229,837
Subscription payable	8	93,000	-
Bank overdraft	6	475,062	228,779
		<b>832,999</b>	<b>458,616</b>
		<b>\$4,553,700</b>	<b>\$4,152,484</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 2001

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

	<i>Notes</i>	<b>2001</b>	2000
<b>Gross operating revenue</b>		<b>\$444,946</b>	\$488,575
<b>Cost of operating revenue</b>		<b>(266,968)</b>	(293,199)
		<b>177,978</b>	195,376
<b>Other income</b>	9	<b>116,964</b>	107,217
		<b>294,942</b>	302,593
<b>Expenses</b>			
Personnel		<b>(60,395)</b>	(69,343)
Occupancy		<b>(38,394)</b>	(16,953)
Depreciation	3	<b>(35,388)</b>	(35,794)
Professional fees	10	<b>(35,100)</b>	(40,452)
Other administrative expenses		<b>(55,439)</b>	(67,500)
		<b>(224,716)</b>	(230,042)
		<b>70,226</b>	72,551
<b>Finance income and expenses</b>			
Interest income		<b>32,514</b>	31,365
Dividend income		<b>22,959</b>	15,000
Realized gain on investment securities	4	-	31,124
Interest expense		<b>(34,855)</b>	(33,301)
		<b>20,618</b>	44,188
<b>Net income</b>		<b>\$90,844</b>	\$116,739

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**

Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2001

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

	<i>Notes</i>	<b>2001</b>	2000
<b>Share capital</b>			
Issued and outstanding	7	<b>\$4,700,205</b>	\$4,700,205
<b>Unrealized gain</b>			
Balance at beginning of year		<b>242,376</b>	329,720
Fair value movement during the year	4	<b>(64,011)</b>	(87,344)
Balance at end of year		<b>178,365</b>	242,376
<b>Accumulated deficit</b>			
Balance at beginning of year		<b>(1,248,713)</b>	(1,365,452)
Net income		<b>90,844</b>	116,739
Balance at end of year		<b>(1,157,869)</b>	(1,248,713)
		<b>3,720,701</b>	\$3,693,868

## NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

### Statement of Cash Flows

For the Year Ended 31 December 2001

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

	<i>Notes</i>	<b>2001</b>	2000
<b>Cash flows from operating activities</b>			
Net income		<b>\$90,844</b>	\$116,739
Adjustments for:			
Depreciation	3	<b>35,388</b>	35,794
Interest expense		<b>34,855</b>	33,301
Interest income		<b>(32,514)</b>	(31,365)
Realized gain on investment securities	4	-	(31,124)
Cash dividend		-	(15,000)
Operating income before working capital changes		<b>128,573</b>	108,345
(Increase)/decrease in:			
Inventories		<b>(132,261)</b>	(145,719)
Accounts receivable		<b>(32,500)</b>	34,113
Increase in accounts payable and accruals		<b>35,100</b>	38,340
Cash (used in)/provided by operating activities		<b>(1,088)</b>	35,079
Interest received		<b>32,514</b>	31,365
Interest paid		<b>(34,855)</b>	(33,301)
<b>Net cash (used in)/provided by operating activities</b>		<b>(3,429)</b>	33,143
<b>Cash flows from investing activities</b>			
Acquisition of investment securities	4	<b>(372,000)</b>	-
Withdrawal of investment securities	4	<b>26,730</b>	-
Cash dividend		-	15,000
Acquisition of property and equipment	3	<b>(8,243)</b>	(15,042)
Increase in subscription payable	8	<b>93,000</b>	-
<b>Net cash used in investing activities</b>		<b>(260,513)</b>	(42)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(263,942)</b>	33,101
Cash and cash equivalents at beginning of year	6	<b>288,880</b>	255,779
<b>Cash and cash equivalents at end of year</b>	6	<b>\$24,938</b>	\$288,880

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements**  
**31 December 2001**

[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 provisions 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.

**e) Investment securities**

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

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements (continued)**  
**31 December 2001**

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

**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 1999	1,607,253	760,931	213,484	2,581,668
Additions	-	-	15,042	15,042
31 December 2000	1,607,253	760,931	228,526	2,596,710
Additions	-	-	8,243	8,243
<b>31 December 2001</b>	<b>1,607,253</b>	<b>760,931</b>	<b>236,769</b>	<b>2,604,953</b>
<b>Accumulated depreciation</b>				
31 December 1999	-	250,163	179,077	429,240
Depreciation	-	26,408	9,386	35,794
31 December 2000	-	276,571	188,463	465,034
Depreciation	-	24,485	10,903	35,388
<b>31 December 2001</b>		<b>301,056</b>	<b>199,366</b>	<b>500,422</b>
<b>Net book values</b>				
31 December 2000	1,607,253	484,360	40,063	2,131,676
<b>31 December 2001</b>	<b>1,607,253</b>	<b>459,875</b>	<b>37,403</b>	<b>2,104,531</b>

**4. Investment securities - net**

	<b>2001</b>	<b>2000</b>
Solomon Smith Barney	<b>562,513</b>	653,254
National Bank of Anguilla Limited	<b>402,000</b>	30,000
Eastern Caribbean Home Mortgage Bank	<b>200,000</b>	200,000
Anguilla National Insurance Company Limited	<b>150,000</b>	150,000
Anguilla Mortgage Company Limited	<b>30,000</b>	30,000
Cable and Wireless Anguilla Limited	<b>8,677</b>	8,677
	<b>1,353,190</b>	1,071,931
Less allowance for decline in value	<b>(45,000)</b>	(45,000)
	<b>1,308,190</b>	1,026,931

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2001**

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

**4. Investment securities - net** *(continued)*

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

	<b>2001</b>	2000
Fair value at beginning of year	<b>1,071,931</b>	1,429,104
Acquisition of investment securities	<b>372,000</b>	-
Withdrawal of investment securities	<b>(26,730)</b>	-
Written off investment securities	5	-
Realized gain	-	(300,953)
Should be fair value	<b>1,417,201</b>	31,124
Fair value at end of year	<b>1,353,190</b>	1,159,275
Changes in fair value recognized in equity	<b>(64,011)</b>	(87,344)

**5. Allowance for impairment losses**

The movement of the allowance for impairment losses follow:

	<b>2001</b>	2000
Balance at beginning of year		
Investment securities	<b>45,000</b>	345,953
Accounts receivable	<b>27,640</b>	27,640
	<b>72,640</b>	373,593
Write-off during the year		
Investment securities	-	300,953
	-	300,953
Balance at end of year		
Investment securities	<b>45,000</b>	45,000
Accounts receivable	<b>27,640</b>	27,640
	<b>72,640</b>	72,640



**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements (continued)**  
**31 December 2001**

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

**6. Cash and cash equivalents**

	<b>2001</b>	2000
Fixed deposit	<b>500,000</b>	500,000
Cash in bank	-	17,659
	<b>500,000</b>	517,659
Less bank overdraft	<b>(475,062)</b>	(228,779)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>24,938</b>	288,880

Cash and cash equivalents are composed of certificates of deposit held with National Bank of Anguilla that earns an interest rate of 6% to 6.50% per annum. The Company also maintains unsecured overdraft facilities with the said Bank.

**7. Share capital**

	<b>2001</b>	2000
<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

**8. Subscription payable**

This account pertains to the Company's outstanding payable with National Bank of Anguilla for the unpaid portion of investment in shares subscribed during the year.

**9. Other income**

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

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2001**

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

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**10. Professional fees**

	<b>2001</b>	2000
Audit fee	<b>27,000</b>	27,000
Accounting fee	<b>8,100</b>	13,452
	<b>35,100</b>	40,452

**11. Commitments and guarantees**

The Company does not have any outstanding commitments and guarantees as at 31 December 2001 and 2000.

**12. Approval of financial statements**

The Company's financial statements as at and for the year ended 31 December 2001 were approved and authorized for issue by the Board of Directors on 17 October 2010.