

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



Annual Report and Accounts for 2005

# *Table of Contents*

<i>Board of Directors</i>	<i>2</i>
<i>Director's Report</i>	<i>3</i>
<i>Independent Auditor's Report</i>	<i>7</i>
<i>Balance Sheet</i>	<i>9</i>
<i>Statement of Operations</i>	<i>10</i>
<i>Statement of Changes in Shareholders' Equity</i>	<i>11</i>
<i>Statement of Cash Flows</i>	<i>12</i>
<i>Notes to the Financial Statements</i>	<i>13</i>

# ***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

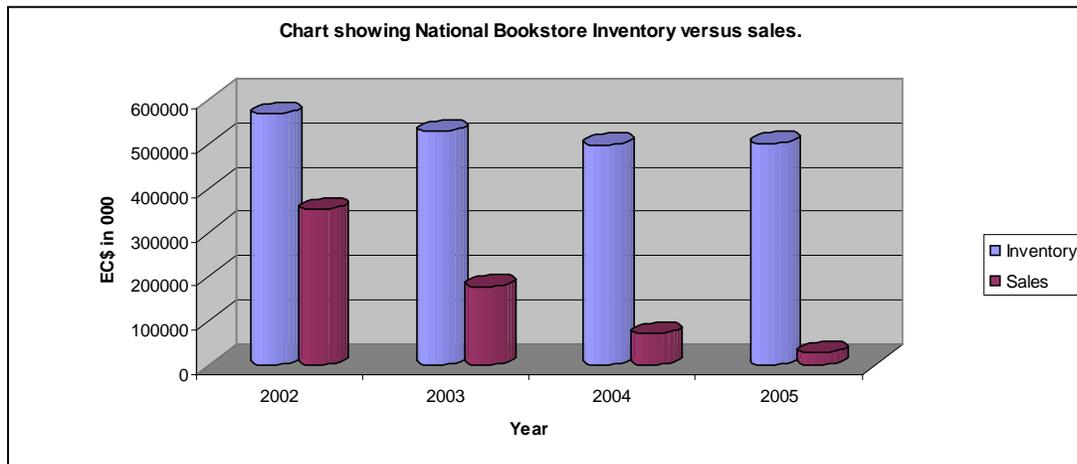
## DIRECTOR'S REPORT

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 ending 31 Dec., 2005.

The principal business activities of the company during 2005 were the operation of the National Bookstore, leasing of Sandy Ground warehouse property and the management of investment in marketable securities.

During 2005 the National Investment Company of Anguilla sustained further decline in overall performance. There was a reduction in Net loss of EC\$29,101 which was reflective of the many challenges faced by the Company during the year. Inventory in the National Bookstore, as illustrated in Figure 1.1, continued to increase, while sales for the Bookstore products and services declined. This situation was created when new authors flooded the book market with newer book titles; this changed demand, as older book titles which were already in stock at the National Bookstore became out of date. The frequent changes in demand for newer book titles limited the Bookstore's ability to meet demand, while at the same time it was increasing inventory and holding costs, since the books in stock were never purchased and could not be returned to the suppliers.

**Figure 1.1**



In 2005 NICA also incurred legal fees of EC \$79,408 in a lawsuit filed by two shareholders against the directors of NICA. The cost impacted the company's finances, leading to the net loss incurred during the year. Directors endeavoured to put measures in place, so that there would be transparency in NICA's operation, in order to avoid a re-occurrence in the future.

## ***Business Review***

During 2005 Gross Profit increased by a fraction of a percentage over the previous year because there was no Cost of Operating Revenue incurred. Sales from the National Bookstore products and services decreased by 61%, while income from leasehold rental property increased by 1%.

Operating Expenses decreased to EC \$213,882 (29%); Directors were able to decrease all other costs except Settlement Fees which was incurred as a result of an unexpected lawsuit. Professional Fees decreased by 48%, while all other expenses decreased marginally.

Finance Income and Expenses increased to EC\$39,876 (37%), showing an increase in Dividend Income from marketable securities of EC\$66,845, which was counterbalanced by an increase in Interest Expense of EC\$50,405. Interest Income decreased slightly to EC\$23,436, down EC\$529 from the previous year.

On the question of operating ratios, the return on Asset was (.68%) and the return on Equity was (.62%), down from (3.18%) and (2.88%) respectively in the previous year. NICA's earning per share at the end of the year was  $-\$.012$ , compared to  $-\$.057$  in the previous year.

NICA's cash and cash equivalent which included certificates of deposit stood at EC \$390,602 as at Dec. 31, 2005. There were no changes made to cash and cash equivalent during the year.

Accumulative deficit as at Dec. 31, 2005 increased by EC \$29,101 the net loss reported during the year.

## **Dividends**

No dividend was declared during the year and share capital remained at 100000 \$1 founders' shares and 46000205 \$1 ordinary shares; this decision enabled the company to retain sufficient funds for the following year.

## **Chart showing the No. of Shares held by Directors during 2005.**

<b>As at Dec. 31, 2005, Directors of the company held/controlled the following shareholdings in NICA</b>		
<b>NAMES</b>	<b>TITLE</b>	<b>NO. OF SHARES</b>
Anna Richardson	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 in 2005. All Directors continued to serve the board voluntarily.

Signed by,

.....  
Directors



**AUDITED  
FINANCIAL  
STATEMENTS  
(KPMG)**



**KPMG LLC**  
Caribbean Commercial Centre  
P.O. Box 136  
The Valley AI-2640  
Anguilla

Telephone 264 497 5500  
Fax 264 497 3755  
e-Mail cvromney@kpmg.ai

## **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 2005 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 International Financial Reporting Standards. 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\$502,270 and EC\$497,380 as at 31 December 2005 and 2004. We were unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 2005 and 2004. 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, inventory obsolescence and net loss 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\$27,941, EC\$116,964, EC\$29,140 and EC\$19,247, 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 loss 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 2005

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

	<i>Notes</i>	2005	2004
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment – net	4	\$ 6,320	\$2,005,156
Investment properties – net	5	1,969,190	-
Available-for-sale investment securities – net	6	1,313,067	1,305,448
		<b>3,288,577</b>	<b>3,310,604</b>
<b>Current assets</b>			
Inventories		502,270	497,380
Prepayments		1,400	1,400
Receivables		80,847	40,464
Cash in bank	7	390,602	390,602
		<b>975,119</b>	<b>929,846</b>
		<b>\$4,263,696</b>	<b>\$4,240,450</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	8	\$4,700,205	\$4,700,205
Fair value reserve		136,156	128,537
Accumulated deficit		(1,393,076)	(1,363,975)
		<b>3,443,285</b>	<b>3,464,767</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses		362,691	323,436
Bank overdraft	7	457,720	452,247
		<b>820,411</b>	<b>775,683</b>
		<b>\$4,263,696</b>	<b>\$4,240,450</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 Operations

For the Year Ended 31 December 2005

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

	<i>Notes</i>	<b>2005</b>	2004
<b>Gross operating revenue</b>		<b>\$27,941</b>	\$71,080
<b>Cost of operating revenue</b>		-	(128,461)
		<b>27,941</b>	57,381
<b>Other income</b>	9	<b>116,964</b>	115,816
		<b>144,905</b>	58,435
<b>Expenses</b>			
Settlement fees	10	(79,408)	-
Professional fees	11	(35,910)	(68,785)
Depreciation	4, 5	(29,646)	(30,045)
Personnel		(29,140)	(35,521)
Occupancy		(19,247)	(22,512)
Stationery and printing		-	(28,402)
Other administrative expenses		(20,531)	(32,328)
		<b>(213,882)</b>	(217,593)
		<b>(68,977)</b>	(159,158)
<b>Finance income and expenses</b>			
Dividend income		<b>66,845</b>	59,420
Interest income		<b>23,436</b>	23,965
Interest expense		<b>(50,405)</b>	(54,198)
		<b>39,876</b>	29,187
<b>Net loss</b>		<b>(\$29,101)</b>	(\$129,971)

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**

Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2005

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

	<i>Notes</i>	<b>2005</b>	2004
<b>Share capital</b>			
Issued and outstanding	8	<b>\$4,700,205</b>	\$4,700,205
<b>Fair value reserve</b>			
Balance at beginning of year		<b>128,537</b>	96,264
Fair value movement during the year	6	<b>7,619</b>	32,273
Balance at end of year		<b>136,156</b>	128,537
<b>Accumulated deficit</b>			
Balance at beginning of year		<b>(1,363,975)</b>	(1,234,004)
Net loss		<b>(29,101)</b>	(129,971)
Balance at end of year		<b>(1,393,076)</b>	(1,363,975)
		<b>\$3,443,285</b>	\$3,464,767

## NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

### Statement of Cash Flows

For the Year Ended 31 December 2005

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

	<i>Notes</i>	<b>2005</b>	2004
<b>Cash flows from operating activities</b>			
Net loss		<b>(\$29,101)</b>	(\$129,971)
Adjustments for:			
Interest expense		<b>50,405</b>	54,198
Inventory obsolescence		-	85,150
Depreciation	4, 5	<b>29,646</b>	30,049
Interest income		<b>(23,436)</b>	(23,965)
Operating income before working capital changes		<b>27,514</b>	15,461
(Increase)/decrease in:			
Inventories		<b>(4,890)</b>	(54,042)
Receivables		<b>(16,947)</b>	(44,668)
Increase/(decrease) in accounts payable and accrued expenses		<b>39,255</b>	(19,705)
Cash provided by/(used in) operating activities		<b>44,932</b>	(102,954)
Interest received		-	73,485
Interest paid		<b>(50,405)</b>	(54,198)
<b>Net cash used in operating activities</b>		<b>(5,473)</b>	(83,667)
<b>Net decrease in cash and cash equivalents</b>		<b>(5,473)</b>	(83,667)
<b>Cash and cash equivalents at beginning of year</b>	7	<b>(61,645)</b>	22,022
<b>Cash and cash equivalents at end of year</b>	7	<b>(\$67,118)</b>	(\$61,645)

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements**  
**31 December 2005**

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

---

**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<sup>th</sup> 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. Basis of preparation**

**a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

**b) Basis of measurement**

The financial statements are prepared under the historical cost basis except for available-for-sale investment securities which are measured at fair value.

**c) Functional and presentation currency**

These financial statements are presented in Eastern Caribbean Dollars (EC\$) which is the Company's functional and presentation currency. Except as indicated, financial information presented in EC\$ has been rounded to the nearest dollar.

**d) Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** (*continued*)  
**31 December 2005**

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

---

**2. Basis of preparation** (*continued*)

**d) Use of estimates** (*continued*)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**3. Significant accounting policies**

The accounting policies set out below except for investment properties have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

**a) Property and equipment**

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the assets to their working condition and location for their intended use. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged to the statement of operations during the financial period in which they were incurred.

Depreciation is charged to the statement of operations on the straight line basis over the estimated useful lives of items of property and equipment. Land is carried at cost, less any impairment in value.

The estimated useful lives are as follows:

Building and improvements	3.33% - 10.00%
Furniture and equipment	6.67% - 33.33%

The assets' useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of operations in the year the item is derecognised.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** (*continued*)  
**31 December 2005**

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

---

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

**b) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both. The investment property, principally comprising of land and building, is held by the Company for capital appreciation and for rental. It is carried at cost less accumulated depreciation and impairment losses, if any. Any change in the impairment therein is recognized in the statement of operations. Investment property is derecognized when it has either been disposed of or the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Depreciation is charged to the statement of operations on the straight line basis over the estimated useful lives of items of investment property. The estimated useful lives of the building and improvements ranges from 10-30 years

The assets' useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

**c) 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.

**d) Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances in bank that have maturities of less than 3 months and are not subject to a significant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2005**

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

---

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

**e) Financial assets**

*a. Classification*

Financial assets are recognized initially at fair value, including transaction costs except when the instrument is classified at fair value through profit and loss.

Subsequent to initial recognition, financial assets are classified into the following categories: financial asset at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date. The Company's financial assets are loans and receivables and available-for-sale investments.

Available-for-sale investments are non-derivative investments that are either designated in this category or not classified in any of other categories.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

*b. Recognition*

The Board recognises a financial asset in the balance sheet when it becomes a party to the contractual provisions of the instrument.

Subsequent to initial recognition, available-for-sale investments are carried at fair value in the balance sheet. Changes in the fair value of such assets are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statement of operations.

Loans and receivables are carried at cost or amortized cost in the balance sheet. Amortization is determined using the effective interest rate method. Gains and losses are recognized in statement of operations when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2005**

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

---

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

**e) Financial assets** *(continued)*

*c. Derecognition*

A financial asset is derecognised when it no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed to an independent party. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using the settlement date accounting.

*d. Fair value measurement principles*

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques where feasible.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is at market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

**f) Accounts payable and accrual**

Accounts payable and accruals are stated at cost.

**g) Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of operations.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2005**

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

---

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

**h) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*Revenue from sale of books*

Revenue from sales of books are recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of goods sold.

*Revenue from rental*

Revenue from rental of premises is recognized when the services are rendered.

*Interest income*

Revenue is recognized as interest accrues and takes into account the effective yield on the assets.

*Dividend income*

Revenue is recognized when the Company's right to receive payment is established.

**i) Taxation**

No provision is made for income tax since Anguilla does not have any form of income tax.

**j) Subsequent events**

Post year-end events that provide additional information about the Company's position at balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes when material.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2005**

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

**4. 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 2003	1,607,253	760,931	236,769	2,604,953
Additions	-	-	-	-
31 December 2004	1,607,253	760,931	236,769	2,604,953
Reclassified to investment properties	(1,607,253)	(760,931)	-	(2,368,184)
<b>31 December 2005</b>	<b>-</b>	<b>-</b>	<b>236,769</b>	<b>236,769</b>
<b>Accumulated depreciation</b>				
31 December 2003	-	350,025	219,727	569,752
Depreciation	-	24,485	5,560	30,045
31 December 2004	-	374,510	225,287	599,797
Reclassified to investment properties	-	(374,510)	-	(374,510)
Depreciation	-	-	5,162	5,162
<b>31 December 2005</b>	<b>-</b>	<b>-</b>	<b>230,449</b>	<b>230,449</b>
<b>Net book values</b>				
31 December 2004	1,607,253	386,421	11,482	2,005,156
<b>31 December 2005</b>	<b>-</b>	<b>-</b>	<b>6,320</b>	<b>6,320</b>

On 1 January 2005, IAS 40, Investment Property become mandatory for all financial statements as at and for the year ended 31 December 2005. As a result, the Company reclassified its land and building that qualify as investment properties from property and equipment to investment properties.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements (continued)**  
**31 December 2005**

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

**5. Investment properties - net**

	<b>Land</b>	<b>Building and improvements</b>	<b>Total</b>
<b>Cost</b>			
31 December 2004	-	-	-
Reclassified from property and equipment	1,607,253	760,931	2,368,184
<b>31 December 2005</b>	<b>1,607,253</b>	<b>760,931</b>	<b>2,368,184</b>
<b>Accumulated depreciation</b>			
31 December 2004	-	-	-
Reclassified from property and equipment	-	374,510	374,510
Depreciation	-	24,484	24,484
<b>31 December 2005</b>	<b>-</b>	<b>398,994</b>	<b>398,994</b>
<b>Net book values</b>			
31 December 2004	-	-	-
<b>31 December 2005</b>	<b>1,607,253</b>	<b>361,937</b>	<b>1,969,190</b>

**6. Available-for-sale investment securities - net**

	<b>2005</b>	<b>2004</b>
Solomon Smith Barney	<b>447,390</b>	439,771
National Bank of Anguilla Limited	<b>402,000</b>	402,000
Eastern Caribbean Home Mortgage Bank	<b>200,000</b>	200,000
Anguilla National Insurance Company Limited	<b>150,000</b>	150,000
Anguilla Electricity Company Limited	<b>120,000</b>	120,000
Anguilla Mortgage Company Limited	<b>30,000</b>	30,000
Cable and Wireless Anguilla Limited	<b>8,677</b>	8,677
	<b>1,358,067</b>	1,350,448
Less allowance for decline in value	<b>(45,000)</b>	(45,000)
	<b>1,313,067</b>	1,305,448

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements (continued)**  
**31 December 2005**

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

**6. Available-for-sale investment securities - net (continued)**

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

	2005	2004
Fair value at beginning of year	1,350,448	1,318,175
Acquisition of investment securities	-	-
Should be fair value	1,350,448	1,318,175
Fair value at end of year	1,358,067	1,350,448
Changes in fair value recognized in equity	7,619	32,273

**7. Cash and cash equivalents**

	2005	2004
Cash in bank	390,602	390,602
Less bank overdraft	(457,720)	(452,247)
Cash and cash equivalents in the statement of cash flows	(67,118)	(61,645)

Cash in bank is composed of certificates of deposit held with National Bank of Anguilla that earn an interest rate of 6% to 6.50% per annum. The Company also maintains unsecured overdraft facilities with the said Bank.

**8. Share capital**

	2005	2004
<b>Authorized</b>		
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
	5,000,000	5,000,000
<b>Issued</b>		
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

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements (continued)**  
**31 December 2005**

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

---

**9. Other income**

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

**10. Settlement fees**

Settlement fees amounting to \$79,408 pertains to legal fees paid by the Company to Caribbean Associated Attorneys, for a case brought before the court by Johnny Rogers and Caryle Rogers (the "Claimants"). This payment was enforced by the Eastern Caribbean Supreme Court as final settlement to the claimants' legal representative.

**11. Professional fees**

	<b>2005</b>	2004
Audit fee	<b>27,000</b>	27,000
Accounting fee	<b>8,910</b>	30,318
Legal fee	-	11,467
	<b>35,910</b>	68,785

**12. Financial instrument risks**

*(a) Currency risk*

All transactions are made in Eastern Caribbean Dollars and United States Dollars. The EC Dollar is fixed to the US Dollar at the rate of 2.70. The Company is not exposed to any significant currency risk.

*(b) Credit risk*

The maximum exposure to the credit risk is represented by the carrying value of financial asset in the balance sheet.

*(c) Fair value*

The fair values of all financial instruments approximate their carrying values reflected in the balance sheet.

**NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED**  
**Notes to the Financial Statements** *(continued)*  
**31 December 2005**

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

---

**13. Commitments and guarantees**

The Company does not have any outstanding commitments and guarantees as at 31 December 2005 and 2004.

**14. Approval of financial statements**

The Company's financial statements as at and for the year ended 31 December 2005 were approved and authorized for issue by the Board of Directors on 17 October 2010.