NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

CONTENTS

CORPORATE INFORMATION

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Mr. Seymour Hodge, Director
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Ms. Anne Edwards

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of National Investment Company of Anguilla Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Investment Company of Anguilla Limited (the "Company"), which comprise:

- the statement of financial position as at December 31, 2019;
- the statements of profit or loss, comprehensive (loss)/income, changes in shareholders' equity and cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Anguilla, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Shareholder of National Investment Company of Anguilla Limited ***(continued)***

Report on the Audit of the Financial Statements *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Shareholder of National Investment Company of Anguilla Limited *(continued)*

Report on the Audit of the Financial Statements *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

BDO LLC

Chartered Accountants
21st of May 2020
The Valley
Anguilla
British West Indies

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Financial Position
As at 31 December 2019

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2019	2018
ASSETS			
Non-current assets			
Furniture and equipment - net	7	6,122	12,807
Investment properties - net	8	7,141,500	7,141,500
Investment securities	9	570,625	570,625
Total non-current assets		7,718,247	7,724,932
Current assets			
Receivables	10	24,188	126
Cash in bank	11	234,631	226,110
Total current assets		258,819	226,236
Total Assets		7,977,066	7,951,168
SHAREHOLDERS' EQUITY AND LIABILITY			
Shareholders' equity			
Share capital	12	4,700,205	4,700,205
Retained earnings		3,198,158	3,168,608
Fair value change of equity investments at FVOCI	9	50,920	-
Unrealized gain on available-for-sale investment securities	9	-	50,920
Total shareholders' equity		7,949,283	7,919,733
Current liability			
Trade and other payables		27,783	31,435
Total Shareholders' Equity and Liability		7,977,066	7,951,168

These financial statements were approved on behalf of the Board of Directors on May 21st 2020 by the following:

Seymour Hodge

Seymour Hodge
Chairman

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Profit or Loss
For the Year Ended 31 December 2019

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	**2019**	2018
Revenues	*8*	**81,000**	81,000
Expenses			
Professional fees	*14*	**(33,939)**	(28,941)
Repairs and maintenance	*8*	**(17,043)**	(20,251)
Depreciation	*7*	**(6,685)**	(5,491)
Government taxes and licenses		**(2,974)**	(2,924)
Recovery/(provision) for doubtful accounts	*10*	**(2,938)**	55
Advertising		**(2,655)**	-
Annual general meeting		**(150)**	-
Travel and entertainment		**(60)**	(40)
Loss on fair value change of investment properties	*8*	**-**	(756,000)
Other administrative expenses	*15*	**(1,141)**	(454)
		(67,585)	(814,046)
Income/(loss) from operating activities		**13,415**	(733,021)
Other income and expenses			
Interest Income	*11*	**1,135**	901
Dividend income	*16*	**15,000**	17,400
Net income/(loss) for the year		**29,550**	(714,720)
Attributable to the shareholders		**29,550**	(714,720)

The notes on pages 10 to 37 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Comprehensive (Loss)/Income
For the Year Ended 31 December 2019

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2019	2018
Net income/(loss) for the year		**29,550**	(714,720)
Other comprehensive income			
Fair value change of equity investments at FVOCI	9	**-**	-
Total comprehensive income/(loss) for the year		**29,550**	(714,720)
Attributable to the shareholders		**29,550**	(714,720)

The notes on pages 10 to 37 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2019

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	**2019**	2018
Share capital - EC$1 par value			
Authorized – 5,000,000 shares			
Issued and outstanding	*12*	**4,700,205**	4,700,205
Fair value change of equity investments at FVOCI			
Balance as at January 1		**-**	-
Effect of IFRS 9		**50,290**	-
Restated opening balance		**50,290**	-
Net change in fair value of equity investments at FVOCI		**-**	-
Balance as at December 31		**50,290**	-
Unrealized gain on available-for-sale investment securities			
Balance as at January 1		**50,290**	50,920
Effect of IFRS 9		**(50,290)**	-
Restated opening balance		**-**	50,920
Net change in fair values of available-for-sale investment securities	*9*	**-**	-
Balance as at December 31		**-**	50,920
Retained earnings			
Balance as at January 1		**3,168,608**	3,883,328
Net (loss)/income		**29,550**	(714,720)
Balance as at December 31		**3,198,158**	3,168,608
Total shareholders' equity		**7,949,283**	7,919,733
Book value per share	*13*	1.69	1.68

The notes on pages 10 to 37 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
As at 31 December 2019

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	**2019**	2018
Cash flows from operating activities			
Net income/(loss) for the year		**29,550**	(714,720)
Adjustments for:			
Depreciation	*7*	**6,685**	5,491
Provision for/(recovery of) doubtful accounts	*10*	**2,938**	(55)
Interest income	*11*	**(1,135)**	(901)
Dividend income	*16*	**(15,000)**	(17,400)
Loss on fair value change of investment properties	*8*	**-**	756,000
Operating income before working capital changes		**23,038**	28,415
(increase)/decrease in receivables		**(27,000)**	6,679
(Decrease)/increase in trade and other payables		**(3,652)**	6,989
Cash (used in)/provided by operating activities		**(7,614)**	42,083
Interest received		**1,135**	901
Net cash (used in)/provided by operating activities		**(6,479)**	42,984
Cash provided by investing activities			
Dividend received	*16*	**15,000**	17,400
Additions to property and equipment	*7*	**-**	(4,303)
Net cash from investing activities		**15,000**	13,097
Net increase in cash in bank		**8,521**	56,081
Cash in bank as at January 1	*11*	**226,110**	170,029
Cash in bank as at December 31	*11*	**234,631**	226,110

The notes on pages 10 to 37 form integral part of the financial statements.

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 27th January 1989.

The Company's primary focus is to carry and provide a wide range of financial, commercial, trading, professional and other services in Anguilla. Currently, the Company's principal activity is leasing of properties. The Company operated as a wholesale business and a bookstore in the past.

The registered office of the Company is at AXA Offshore Management Limited, The Law Building, The Valley, Anguilla, and its principal place of business is at Sandy Ground, Anguilla, British West Indies.

2. Basis of preparation

(a) Statement of compliance

The financial statements 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 of the Company have been prepared on the historical cost basis unless otherwise stated that fair value basis was used.

(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 otherwise indicated, all financial information presented in EC Dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

2. Basis of preparation *(continued)*

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6 to the financial statements.

(e) New standards, interpretations and amendments effective from 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of January 1, 2019:

- *IFRS 16 Leases (IFRS 16); and*

  Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease

  IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

- *IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)*

  IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

  - The Company to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
  - The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
  - If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

  IFRIC 23 is not relevant to the Company.

2. Basis of preparation *(continued)*

(f) New standards, amendments to standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, or these are not relevant to its operation. The most significant of these is are as follows, which are all effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

(a) Financial assets and financial liabilities

Date of recognition
The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and measurement
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Classification
The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial assets and liabilities at FVPL
Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2019, the Company does not have financial assets and liabilities at FVPL.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Financial assets at amortized cost
Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2019, the Company's cash and receivable are included under this category (see Note 5).

Financial assets at FVOCI
For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Financial assets at FVOCI *(continued)*

As at December 31, 2019, the Company's investments in shares with other companies included under investment account is classified under this category (see Note 9).

Financial liabilities at amortized cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Credit Union having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2019 the Company's liabilities arising from its trade and other payable is included under this category (see Note 5).

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI. For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Reclassification *(continued)*
In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of financial assets at amortized cost and FVOCI
The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities
Financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Credit Union could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Derecognition of financial assets and liabilities *(continued)*

Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of financial instrument between liability and equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derivative financial instruments and hedging

Freestanding derivatives
For the purpose of hedge accounting, hedges are classified as either:

(i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk);
(ii) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
(iii) hedges of a net investment in foreign operations.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Derivative financial instruments and hedging *(continued)*

Freestanding derivatives *(continued)*
At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedge
Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in the separate statements of income. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in the separate statements of income.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Company discontinues fair value hedge accounting if:
i. the hedging instrument expires, is sold, is terminated or is exercised;
ii. the hedge no longer meets the criteria for hedge accounting; or
iii. the Company revokes the designation.

The Company has no outstanding derivatives accounted for as a fair value hedge as at December 31, 2019.

Cash flow hedge
Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and presented in the separate statements of changes in equity. The ineffective portion is immediately recognized in the separate statements of income.

If the hedged cash flow results in the recognition of an asset or a liability, all gains or losses previously recognized directly in the separate statements of changes in equity are transferred and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, gains or losses initially recognized in the separate statements of changes in equity are transferred to the separate statements of income in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affects the separate statements of income.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Derivative financial instruments and hedging *(continued)*

Cash flow hedge *(continued)*
When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in the separate statements of changes in equity is retained until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in the separate statements of changes in equity is recognized in the separate statements of income.

The Company has no outstanding derivatives accounted for as a cash flow hedge as at December 31, 2019.

Net investment hedge
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gain or loss relating to the ineffective portion is recognized in the separate statements of income. On disposal of a foreign operation, the cumulative value of any such gains and losses recorded in the separate statements of changes in equity is transferred to and recognized in the separate statements of income.

The Company has no hedge of a net investment in a foreign operation as at December 31, 2019.

Changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the separate statements of income.

Embedded derivatives
The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

(a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(c) the hybrid or combined instrument is not recognized as at FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

3. Significant accounting policies *(continued)*

(a) Financial assets and financial liabilities *(continued)*

Derivative financial instruments and hedging *(continued)*

Embedded derivatives *(continued)*
Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Company has not bifurcated any embedded derivatives as at December 31, 2019.

(b) Interest income and expense
Interest income and expense are recognized in the profit or loss for all instruments measured at amortized cost using the accrual method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future payment of receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability when calculated. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

(c) Foreign currency transactions
Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Company's functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the Company's functional currency at the exchange rate at the date the fair value was determined.

Foreign currency differences arising from re-translation are recognized in the profit or loss except for differences arising on re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. Significant accounting policies *(continued)*

(d) Furniture and equipment – net

Furniture and equipment are initially measured at cost and subsequently presented at cost less any subsequent accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent expenditures relating to an item of property and equipment such as additions, major improvements and renewals are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company and the cost of the item can be measured reliably. Expenditures for repairs and maintenance are charged to operating expenses in the Company's statement of profit or loss during the period in which these are incurred.

All cost that are directly and clearly associated with the construction of certain property and equipment, including borrowing costs, are capitalized, if any.

Depreciation commences once the asset is available for use and is computed by the straight-line method over the estimated useful lives of the depreciable assets.

Estimated useful lives of depreciable assets are as follows:

Furniture and fixtures	3-4 years
Office equipment	3-10 years

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made with respect to those assets.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment loss are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and carrying amount of the asset and is recognized in the Company's statement of profit or loss.

An asset's carrying amount is written-down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount of the Company's asset is higher between their fair values less cost of disposal and value in use.

3. Significant accounting policies *(continued)*

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The investment properties, principally comprising of land and building are held by the Company for capital appreciation and for rental. It is carried at fair market value. A gain or loss arising from a change in the fair market values of investment properties is recognized in the profit and loss for the period in which it arises. Investment properties are derecognized when it has either been disposed of or the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses from derecognition of investment properties are recognized in profit or loss in the year of derecognition.

Fair value is determined by reference to market-based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The most recent revaluations were conducted on May 14, 2019. It is the Company's policy to update its valuation with an interval of three (3) years.

(f) Leases

Payments made under operating leases are recognized in the profit or loss on a straight-line basis over the term of the lease unless otherwise a systematic basis is more representative of the time pattern of the Company's benefits.

(g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Is assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies *(continued)*

(h) Shareholders' equity

Share capital
Share capital is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as share premium.

Retained earnings
Retained earnings represent accumulated earnings of the Company less dividends declared, if any, and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively. It includes the accumulated equity in undistributed earnings of the Company. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

(i) Cost and expense recognition

Cost and expenses are recognized in the Company's statement of profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the Company's statement of profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the Company's statement of financial position as an asset.

Costs and expenses in the Company's statement of profit or loss are presented using the nature of expense method. Cost of services is recognized as expense when the related service was rendered. General and administrative expenses constitute costs of administering the business and are expensed as incurred.

(j) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and benefits of ownership of the assets to the lessee. All other leases are classified as operating leases. The Company does not have any lease under finance lease.

Operating lease payments are recognized as an income on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. The Company's operating lease is disclosed in Note 8.

3. Significant accounting policies *(continued)*

(k) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Subsequent events

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Financial risk management

The Board of Directors overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits and controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board also ensures that every individual involved in the management or running of the Company have necessary skills and training to carry out their functions effectively. The general policies and managerial frameworks including accounting related policies and guidance, aims to develop a disciplined and constructive control environment in which employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investment securities and receivables.

Investment securities

The Company limits its exposure to credit risk by only investing in liquid equity securities on various investment companies in the Caribbean. Management does not expect the related counterparty to fail to meet its obligations except for its investment with the National Bank of Anguilla.

4. Financial risk management *(continued)*

(a) Credit risk *(continued)*

Receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables and investment securities. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure of the Company. The maximum exposure to credit risk as at December 31, 2019 and 2018 are as follows:

	Notes	2019	2018
Investments equity at fair value through OCI	9	**570,625**	-
Available-for-sale investment securities	9	**-**	570,625
Receivables		**24,188**	126
Cash in bank	10	**234,631**	226,110
		829,444	796,861

The maximum exposure to credit risks by geographical region is as follows:

	2019	2018
Caribbean Region	**778,419**	745,836
Others	**51,025**	51,025
	829,444	796,861

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

4. Financial risk management *(continued)*

(b) Liquidity risk *(continued)*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		2019		
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**
Trade and other payables	**27,783**	**27,783**	**27,783**	-

		2018		
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	31,435	31,435	31,435	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

All of the Company's transactions are denominated either in EC Dollars or US Dollars, the EC Dollar being the Company's functional currency. As such, the Company does not have exposure to foreign currency risk in respect of the US Dollars because it is pegged at US$1 for EC$2.70

Market price risk

The Company's investment securities pertain to investment in equity securities on various companies in the Caribbean which are not subject to market price changes except for the Company's investment in Cable and Wireless Communication Plc. The Company is only exposed to market price risk with regards to these investments. As at December 31, 2019, this investment amounted to $51,025.

Sensitivity analysis

A ten percent (10%) increase in the market price of the Company's investment securities at 31 December would have increased equity by EC$5,102 (2018:EC$5,102). This analysis assumes that all other variables remain constant.

A ten percent (10%) decrease in the market price of the Company's investment securities at 31 December would have had an equal but opposite effect on the same investment securities, on the basis that all other variables remain constant.

4. Financial risk management *(continued)*

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors return on equity, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

5. Determination of fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used as the best evidence of the fair value of a financial instrument. Where no market price is available, the fair values presented have been estimated using the present value or the other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. These are discussed below:

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market for an identical measurement.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

5. Determination of fair values *(continued)*

Financial assets and liabilities measured at fair value. The Company's financial assets and liabilities as disclosed in the statement of financial position approximate their fair value and are classified as follows:

	2019		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Investments equity at fair value through OCI	**570,625**	**570,625**	-	-
Available-for-sale investment securities	**-**	**-**	570,625	570,625
Receivables	**24,188**	**24,188**	126	126
Cash in bank	**234,631**	**234,631**	226,110	226,110
Trade and other payables	**(27,783)**	**(27,783)**	(31,435)	(31,435)
	231,036	**231,036**	765,426	765,426

Fair value measurement of investment equity at fair value through OCI (2019) and AFS (2018)
Details of available-for-sale investment securities measured at fair value are as follows:

	Level 1		**Level 2**		**Level 3**	
	2019	2018	**2019**	2018	**2019**	2018
Quoted equity	**51,025**	51,025	**-**	-		-
Unquoted equity	**-**	-	**-**	-	**529,600**	529,600
	51,025	51,025	**-**	-	**529,600**	529,600

6. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical estimates and judgments used in applying accounting policies that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year and/or in future periods:

(a) Allowance for impairment losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3.

(b) Determination of fair values
The fair values of financial and non-financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the methods described in Note 3 (a). The carrying and fair values of financial are presented in Note 5.

6. Critical accounting estimates and judgments *(continued)*

(c) Investment properties

The fair values of investment properties are recognized based on market values. The market values of the properties are the estimated amount for which such properties could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

7. Furniture and equipment - net

	Furniture and fixture	Equipment	Total
Cost			
As at 31 December 2017	141,726	211,636	353,362
Disposal	-	4,303	4,303
As at 31 December 2018	141,726	215,939	357,665
Additions	-	-	-
As at 31 December 2019	141,726	215,939	357,665
Accumulated depreciation			
As at 31 December 2017	141,205	198,162	339,367
Depreciation	121	5,370	5,491
As at 31 December 2018	141,326	203,532	344,858
Depreciation	121	6,564	6,685
As at 31 December 2019	141,447	210,096	351,543
Net book values			
As at 31 December 2018	400	12,407	12,807
As at 31 December 2019	**279**	**5,843**	**6,122**

Management believes that there are no indications of impairment in the remaining assets of the Company as at December 31, 2019.

8. Investment properties

Details of the investment properties follow:

	2019	2018
Land Gibbons Estate	**1,253,404**	1,253,404
Land Sandy Ground	**284,029**	284,029
Gibbons Estate improvement	**69,820**	69,820
Sandy Ground building and improvement	**263,997**	263,997
	1,871,250	1,871,250
Fair value adjustments 2009	**6,687,750**	6,687,750
Fair value adjustments 2012	**108,000**	108,000
Fair value adjustments 2015	**(769,500)**	(769,500)
Fair value adjustments 2018	**(756,000)**	(756,000)
	5,270,250	5,270,250
	7,141,500	7,141,500

As at 1 January 2009, the Company changed its accounting policy for the measurement of investment properties to the fair value model. The Company engaged Richards Architecture Development and Survey Co. Ltd., an accredited independent valuer, to determine the fair value of the investment properties. This change resulted to an increase in the value of the investment property amounting to $6,687,750. Subsequently, every three years, the properties are being revalued and fair value adjustment is being recognized.

As at 31 December 2012, the fair values of the Company's investment properties were assessed again by Richards Architecture Development and Survey Co. Ltd. on September 17, 2013. The new valuation resulted to an increase in the value of the investment property amounting to $108,000.

As at 31 December 2015, the fair values of the Company's investment properties were assessed again by Richards Architecture Development and Survey Co. Ltd. on June 17, 2016. The new valuation resulted in a decrease in the value of the investment property amounting to $769,500.

As at 31 December 2018, the fair values of the Company's investment properties were assessed again by Richards Architecture Development and Survey Co. Ltd. on May 14, 2019. The new valuation resulted in a further decline in the value of the investment property amounting to $756,000.

Details of the properties and the methods used in determining the fair value follows:

a. Gibbons estate is comprised of 36.70 acres of land located in Lockrum estate. The location of these parcels of land is conducive for housing development. Based on the report of the valuer, the method used was the comparable method where he based the market price on the prices being realized for similar properties.

b. The property in Sandy Ground is comprised of 2.0 acres of land with a commercial building thereon. Based on the report of the valuer, the method used was the comparable method where he based the market price on the prices being realized for similar properties.

8. Investment properties *(continued)*

The methods used in determining the fair values are the same in the latest and initial valuation which is categorized under level 3 of the fair value hierarchy.

As at 31 December 2015, there is a lessor occupying the Company's properties which commenced February 2015 for a period of one year and renewable on an annual basis. The lease term is being renewed annually. Total rental income earned as at December 31, 2018 and 2017 amounted to $81,000. The Company incurred $17,043 (2018: $20,251) for the repairs and maintenance of the properties.

9. Investment securities - net

	Notes	**2019**	2018
Investments at fair value through other comprehensive income (FVOCI)	*9.1*	**570,625**	-
Available for sale securities (until December 31, 2018)	*9.2*	**-**	570,625
		570,625	570,625

9.1 Investments at FVOCI

	Notes	**2019**	2018
Anguilla National Insurance Company Limited	*9.1a*	**169,600**	-
Eastern Caribbean Home Mortgage Bank		**200,000**	-
Anguilla Electricity Company Limited		**120,000**	-
Anguilla Mortgage Company Limited		**30,000**	-
Cable and Wireless Communications Plc		**51,025**	-
National Commercial Bank of Anguilla Limited	*9.1b*	**-**	-
		570,625	-

9.1a. Anguilla National Insurance Company Limited

The Company owns a total of $214,600 consisting of 16,960 shares with Anguilla National Insurance Company Limited (ANICO). The original value per share is around $12.65, however, when merger of ANICO and Malliouhana Anico Insurance Company (MAICO) was made in 2017, a decline in the value of shares was noted which is around $2.65 or rounded amount of $45,000. This was recorded as allowance for decline in value in year 2018. Due to adoption of IFRS 9 in 2018, this was netted in the original cost of the investments from $214,600 to $169,600 net of decline. The $169,600 is deemed by the management to be the fair market value of the investment as at December 31, 2019.

9. Investment securities – net *(continued)*

9.1 Investments at FVOCI (continued)

9.1b. National Commercial Bank of Anguilla Limited

The Company owns a total of 10,050 shares at P40 per share for total of $402,000 with National Bank of Anguilla Limited (NBA). On August 12, 2013, NBA and Caribbean Commercial Bank (CCB) were placed in Conservatorship. This Conservatorship ended on April 22, 2016. The inclusion of the Conservatorship is a consequential effect of the passing of the Bank Resolution Obligations Act, 2016 (the "Act") by the Government of Anguilla on March 30, 2016. The passing of the Act resulted in the transfer of the Company's deposit to the newly established bank: The National Commercial Bank of Anguilla Ltd ("NCBA"). The Company was not able to recover the value of its investments from the said bank even up to this this date. Thus, Company believes that the fair value of their investments in NBA is **nil** as at December 31, 2019 due to the uncertainty on the result and outcome of the receivership and the Company's position in the hierarchy of claims.

The changes in the fair values of investment securities at FVOCI are as follows:

	2019	2018
Fair value as at January 1	**570,625**	-
Fair value as at December 31	**570,625**	-
Change in fair value	**-**	-

The movements of the "Fair Value Change of Equity Investments at FVOCI" account presented under equity as a result of changes in the fair values of these investments are as follows:

	2019	2018
Fair value change, January 1	**50,920**	-
Change in fair value during the year	**-**	-
Fair value change, December 31	**50,920**	-

9. Investment securities – net *(continued)*

9.2 Available for sale investment securities (until December 31, 2018)

	2019	2018
National Commercial Bank of Anguilla Limited	-	402,000
Anguilla National Insurance Company Limited	-	214,600
Eastern Caribbean Home Mortgage Bank	-	200,000
Anguilla Electricity Company Limited	-	120,000
Anguilla Mortgage Company Limited	-	30,000
Cable and Wireless Communications Plc	-	51,025
	-	1,017,625
Less allowance for decline in value	-	(45,000)
	-	972,625
Less allowance for impairment losses	-	(402,000)
	-	570,625

On August 12, 2013, the National Bank of Anguilla Limited (NBA) and Caribbean Commercial Bank (Anguilla) Limited (CCB) were placed in Conservatorship. This Conservatorship ended on April 22, 2016. The inclusion of the Conservatorship is a consequential effect of the passing of the Bank Resolution Obligations Act, 2016 (the “Act”) by the Government of Anguilla on March 30, 2016. The passing of the Act resulted in the transfer of the Company’s deposit to the newly established bank: The National Commercial Bank of Anguilla Ltd (“NCBA”). Thus, Company believes that the value of their investments in the National Bank of Anguilla Limited is nil as at December 31, 2018 due to the uncertainty on the result and outcome of the receivership and the Company’s position in the hierarchy of claims.

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

	2019	2018
Fair value as at January 1	-	972,625
Fair value as at December 31	-	972,625
Change in fair value	-	-

The movements of the “Unrealized gain on available-for-sale investment securities” account as a result of changes in the fair values of these investments are as follows:

	2019	2018
Unrealized gain beginning of year	-	50,920
Change in fair value	-	-
Unrealized gain end of year	-	50,920

10. Accounts receivable – net

	2019	2018
Rental	**27,000**	-
Others	**28,422**	28,422
	55,422	28,422
Allowance for doubtful accounts	**(31,234)**	(28,296)
Net carrying value of receivables	**24,188**	126

Movements of allowance for doubtful accounts are as follow:

	2019	2018
Balance, January 1	**28,296**	28,351
Provision	**2,938**	-
Recovery	**-**	(55)
Balance, December 31	**31,234**	28,296

Allowance for doubtful accounts are broken down as follows:

	2019	2018
Rental	**28,296**	28,351
Others	**2,938**	-
	31,234	28,296

Management has developed provision matrix for the calculation of expected credit loss (ECL) in accordance with IFRS 9 requirement of its rental receivables as at December 31, 2019 as follows:

Time bucket of receivables	Provision rates
Current	4%
1-30 days	6%
31-60 days	7%
61-90 days	13%
	13%

The rates above are being reviewed annually by management to ensure that these are appropriate and updated and adjusted by the economic factors affecting the credit standing of the obligator.

Other receivables are long outstanding accounts and are fully impaired. The management are currently assessing this account for write-off.

11. Cash in bank

The cash in bank includes demand deposit which earns interest at prevailing market interest rates. Cash in bank is unrestricted and available for use in the operation. Total interest income earned from such deposit amounted to $1,135 and $901 for the years ended December 31, 2019 and 2018, respectively.

12. Share capital

	2019	2018
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
	5,000,000	5,000,000
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

13. (Loss)/Earnings and book value per share

(a) Earnings/(loss) per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Note	2019	2018
Net income/(loss) for the year		**29,550**	(714,720)
Weighted average number of shares	*11*	**4,700,205**	4,700,205
		0.0063	(0.1521)

(b) Book value per share

The Company also presents book value per share data for its ordinary shares. Book value per share is calculated by dividing the total shareholders' equity by the total number of ordinary shares outstanding during the period.

	Note	2019	2018
Shareholders' equity		**7,949,283**	7,919,733
Total number of shares	*11*	**4,700,205**	4,700,205
		1.69	1.68

14. Professional fees

	2019	2018
Bookkeeping/administrative fees	**19,690**	15,640
Audit fee	**9,578**	9,596
Consultant expenses	**3,321**	-
Legal fee	**1,350**	735
Property valuation fee	**-**	2,970
	33,939	28,941

15. Other administrative expenses

	2019	2018
Office supplies	**987**	527
Postage	**100**	100
Conversion difference	**(191)**	(144)
Other	**245**	(29)
	1,141	454

16. Dividend income

	2019	2018
Cash dividend from:		
Eastern Caribbean Home Mortgage Bank	**15,000**	**15,000**
Anguilla Electricity Company Limited	**-**	**2,400**
	15,000	**17,400**

17. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2019 and 2018.

18. Income tax

Income tax has not been provided for in these financial statements as there is no income, profit or other forms of direct taxation in Anguilla.