NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Financial Statements

December 31, 2017

(Expressed in Eastern Caribbean Dollars)

CONTENTS

CORPORATE INFORMATION

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Mr. Seymour Hodge, Director
Mr. Caryl Connor, Director

SECRETARY
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, 2017;
- the statements of income, comprehensive income, changes in shareholder's 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, 2017, 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
14 of June 2018
The Valley
Anguilla
British West Indies

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Financial Position
As at 31 December 2017

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2017	2016
ASSETS			
Non-current assets			
Property and equipment - net	*7*	**13,995**	23,362
Investment properties - net	*8*	**7,897,500**	7,897,500
Available-for-sale investment securities - net	*9*	**570,625**	570,625
Total non-current assets		**8,482,120**	8,491,487
Current assets			
Receivables		**6,750**	19,203
Cash in bank	*10*	**170,029**	89,304
Total current assets		**176,779**	108,507
Total Assets		**8,658,899**	8,599,994
SHAREHOLDERS' EQUITY AND LIABILITY			
Shareholders' equity			
Share capital	*11*	**4,700,205**	4,700,205
Retained earnings		**3,883,328**	3,826,785
Unrealized gain on available-for-sale investment securities	*9*	**50,920**	50,920
Total shareholders' equity		**8,634,453**	8,577,910
Current liability			
Trade and other payables		**24,446**	22,084
Total Shareholders' Equity and Liability		**8,658,899**	8,599,994

These financial statements were approved on behalf of the Board of Directors on June 14, 2018 by the following:

Seymour Hodge

Seymour Hodge
Director

The notes on pages 10 to 28 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Income
For the Year Ended 31 December 2017

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2017	2016
Revenues	8	81,000	81,000
Expenses			
Professional fees	13	(27,057)	(33,171)
Depreciation	7	(9,367)	(11,080)
Government taxes and licenses		(2,803)	(3,149)
Provision for doubtful accounts		(710)	-
Repairs and maintenance	8	-	(4,536)
Advertising and selling		-	(4,508)
Annual general meeting		-	(1,643)
Travel and entertainment		-	(162)
Other administrative expenses	14	(160)	(3,251)
		(40,097)	(61,500)
Income from operating activities		40,903	19,500
Finance income and expenses			
Interest Income	10	640	295
Dividend income	15	15,000	18,913
Net income for the year		56,543	38,708
Attributable to the shareholders		56,543	38,708

The notes on pages 10 to 28 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Comprehensive Income
For the Year Ended 31 December 2017

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2017	2016
Net income for the year		56,543	38,708
Other comprehensive income			
Net change in fair values of available-for-sale investment securities	9	-	205
Total comprehensive income for the year		-	205
Attributable to the shareholders		56,543	38,913

The notes on pages 10 to 28 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 2017

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2017	2016
Share capital – EC$1 par value			
Authorized – 5,000,000 shares			
Issued and outstanding	11	4,700,205	4,700,205
Unrealized gain on available-for-sale investment securities			
Balance as at January 1		50,920	50,715
Net change in fair values of available-for-sale investment securities	9	-	205
Balance as at December 31		50,920	50,920
Retained earnings			
Balance as at January 1		3,826,785	4,925,890
Net income		56,543	38,708
Balance as at December 31		3,883,328	3,826,785
		8,634,453	8,577,910
Book value per share	12	1.84	1.82

The notes on pages 10 to 28 are integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
As at 31 December 2017

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2017	2016
Cash flows from operating activities			
Net income for the year		56,543	38,708
Adjustments for:			
Dividend income	15	(15,000)	(18,913)
Interest income		640	(295)
Provision for doubtful accounts		710	-
Depreciation	7	9,367	11,080
Operating income before working capital changes		50,980	30,580
Decrease (increase) in receivables		11,743	(3,492)
Increase (decrease) in trade and other payables		2,362	(7,042)
Cash provided by operating activities		65,085	20,046
Interest received		640	295
Net cash provided by operating activities		65,725	20,341
Cash provided by investing activities			
Dividend received		15,000	18,913
Net increase in cash in bank		80,725	39,254
Cash in bank as at January 1	10	89,304	50,050
Cash in bank as at December 31	10	170,029	89,304

The notes on pages 10 to 28 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, except for available-for-sale securities and investment properties 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 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 2017

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, 2017:

- Amendments to IFRS 7 Statement of Cash Flows: Disclosure initiative

  The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

- Amendments to IFRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

  The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences. The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments apply retrospectively, with certain transition relief.

- Amendments to IFRS 2 Disclosures of Interests in Other Entities: Improvements to FRSs (December 2016)

  The amendments clarify the scope of IFRS 2 by specifying that disclosure requirements in the Standard, except for those in paragraphs B10-B16 (on summarised financial information), apply to any interests that are classified as held for sale, held for distribution to owners or discounted operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendments apply retrospectively.

None of the amendments to Standards and interpretations that are effective from that date had a significant effect on the Company's financial statements.

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) 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.

(b) Financial instruments

i. Non-derivative financial instruments
Non-derivative financial assets comprise cash in bank, available-for-sale investment securities and receivables. Non-derivative financial liability comprises of trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments that are not fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash in bank
Cash in bank comprise cash under demand deposit.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

i. Non-derivative financial instruments (continued)

Available-for-sale investment securities
Available-for-sale investment securities are non-derivative investments that are not designated as another category of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign currency differences on available-for-sale equity instruments, if any, are recognized directly in other comprehensive loss and presented within the statement of changes in shareholder's equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive loss is transferred to the profit or loss.

Other
Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

ii. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

(c) Property and equipment - net

i. Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal within the carrying amount of property and equipment and are recognized net in profit or loss.

3. Significant accounting policies (continued)

(c) Property and equipment – net (continued)

ii. Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii. Depreciation and amortization

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold improvements are amortized over the shorter of the lease term and their estimated useful lives. Depreciation commences once the asset is available for use in the operation. The estimated useful lives for the current and comparative years are as follows:

Furniture and fixtures	3-4 years
Office equipment	3 years

Depreciation methods, useful lives and residual values, if any, are reviewed at each financial year-end and adjusted if appropriate.

Fully depreciated assets are retained in the accounts unless derecognize and remove from the books if no future benefit can be obtained upon ultimate disposal.

(d) 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 June 17, 2016. It is the Company’s policy to update its valuation with an interval of three (3) years.

3. Significant accounting policies (continued)

(e) 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.

(f) Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive loss, and presented in the fair value reserve in the statement of changes in shareholder's equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive loss.

ii. 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.

3. Significant accounting policies (continued)

(f) Impairment (continued)

ii. Non-financial assets (continued)

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.

(g) 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.

(h) Revenues

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured.

The following specific criteria must also be met before revenue is recognized in the financial statements:

Revenue from rental
Revenue from rental of premises is recognized at the time the right to receive payment is established.

Interest income
Income is recognized as interest accrues and takes into account the effective yield on the assets.

Dividend income
Income is recognized when the Company's right to receive payment is established.

(i) 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.

3. Significant accounting policies (continued)

(j) 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.

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

A number of new standards, amendments to standards and interpretations that have been issued but are not yet effective as at December 31, 2017 or not relevant to the Company's operations. These are as follows:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers (with clarifications issued)
- IFRS 16 Leases
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Amendments to IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Improvements to IFRSs (December 2016)

The adoption of these amendments to standards and interpretations will not have any significant impact on the College's financial statements except for IFRS 9, which management believes will impact the Company's financial statements as at and for the year ending December 31, 2018.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Investment properties
The fair value of investment properties is recognized based on market values. The market value of the property is the estimated amount for which a property 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.

(b) Available-for-sale investment securities
The fair value of available-for-sale investment securities is determined by reference to their quoted market price at the reporting date.

4. Determination of fair values (continued)

(c) Receivables
The fair values of receivables approximate their carrying amounts due to the short-term nature of the related transactions.

(d) Cash in bank
Due to the short-term nature of the transactions, the fair values of cash in bank approximate their carrying amounts as at reporting date.

(e) Trade and other payables
Due to the short-term nature of the related transactions, the fair values of trade and other payables approximate their carrying amounts as at reporting date.

5. Financial risk management

(a) Overview
The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in the relation to the risks faced by the Company.

(b) 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 available-for-sale investment securities and receivables.

5. Financial risk management (continued)

(b) Credit risk (continued)

Available-for-sale 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.

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.

(c) 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.

(d) 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.

5. Financial risk management (continued)

(e) 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.

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 (f) (i).

(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 4. The carrying and fair values of financial are presented in Note 16.

(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. Property and equipment - net

	Furniture and fixture	Equipment	Total
Cost			
As at 31 December 2015	141,726	211,636	353,362
Disposal	-	-	-
As at 31 December 2016	141,726	211,636	353,362
Additions	-	-	-
As at 31 December 2017	141,726	211,636	353,362
Accumulated depreciation			
As at 31 December 2015	131,018	187,902	318,920
Depreciation	5,950	5,130	11,080
As at 31 December 2016	136,968	193,032	330,000
Depreciation	4,237	5,130	9,367
As at 31 December 2017	141,205	198,162	339,367
Net book values			
As at 31 December 2016	5,876	17,486	23,362
As at 31 December 2017	521	13,474	13,995

8. Investment properties

Details of the investment properties follow:

	2017	2016
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)
	6,026,250	6,026,250
	7,897,500	7,897,500

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.

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.

8. Investment properties (continued)

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.

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.

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.

It is a Company's policy to update its valuation every three (3) years. There is no adjustment made in the fair value of the investment properties as at December 31, 2017.

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 was renewed for another year in 2016 and in 2017. Total rental income earned as at December 31, 2017 and 2016 amounted to $81,000. The Company incurred $4,536 for the repairs and maintenance of the properties in 2016 but nil in 2017.

9. Available-for-sale investment securities - net

	2017	2016
National Commercial Bank of Anguilla Limited	402,000	402,000
Anguilla National Insurance Company Limited	214,600	214,600
Eastern Caribbean Home Mortgage Bank	200,000	200,000
Anguilla Electricity Company Limited	120,000	120,000
Anguilla Mortgage Company Limited	30,000	30,000
Cable and Wireless Communications Plc	51,025	51,025
	1,017,625	1,017,625
Less allowance for decline in value	(45,000)	(45,000)
	972,625	972,625
Less allowance for impairment losses	(402,000)	(402,000)
	570,625	570,625

9. Available-for-sale investment securities – net (continued)

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, 2017 and 2016 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:

	2017	2016
Fair value as at January 1	972,625	972,420
Fair value as at December 31	972,625	972,625
Change in fair value	-	205

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:

	2016	2015
Unrealized gain beginning of year	50,920	50,715
Change in fair value	-	205
Unrealized gain end of year	50,920	50,920

10. 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 $640 and $295 for the years ended December 31, 2017 and 2016, respectively.

11. Share capital

	2017	2016
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

12. Earnings and book value per share

(a) Earnings 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	2017	2016
Net loss for the year		56,543	38,708
Weighted average number of shares	11	4,700,205	4,700,205
		0.0120	0.0082

(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	2017	2016
Shareholders' equity		8,634,453	8,577,910
Total number of shares	11	4,700,205	4,700,205
		1.84	1.83

13. Professional fees

	2017	2016
Bookkeeping/administrative fees	15,660	19,705
Audit fee	10,722	8,708
Legal fee	675	2,193
Property valuation fee	-	2,565
	27,057	33,171

14. Other administrative expenses

	2017	2016
Postage	100	100
Other	60	61
Office supplies	-	2,608
Utilities	-	482
	160	3,251

15. Dividend income

	2017	2016
Cash dividend from:		
Eastern Caribbean Home Mortgage Bank	15,000	15,000
Anguilla Electricity Company Limited	-	3,840
Cable & Wireless PLC Limited	-	73
	15,000	18,913

16. Financial instruments

(a) Credit risk

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, 2017 and 2016 are as follows:

	Notes	2017	2016
Available-for-sale investment securities	9	570,625	570,420
Receivables		6,750	19,203
Cash in bank	10	170,029	89,304
		747,404	679,132

16. Financial instruments (continued)

(a) Credit risk (continued)

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

	2017	2016
Caribbean Region	628,107	628,107
Others	51,025	51,025
	679,132	679,132

(b) Liquidity risk

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

	2017			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	24,446	24,446	24,446	-

	2016			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	22,084	22,084	22,084	-

(c) Market risk

Market risk consists of interest and foreign exchange risks.

Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. The Company's financial instruments are not exposed to interest rate risk since interest is earned from fixed rate time deposit which is included in cash in bank.

(c) Market risk (continued)

Price risk

The Company's financial assets are not exposed to price risk because prices are at pre-agreed rates except for available-for-sale investment securities held with trading companies. Total available-for-sale investment securities that are exposed to price risk as at December 31, 2017 and 2016 amounted to EC$51,025.

16. Financial instruments (continued)

(c) Market risk (continued)

Sensitivity analysis
A ten percent (10%) increase in the market price of the Company's available-for-sale investment securities at 31 December would have increased equity by EC$5,102 (2016: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 available-for-sale 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.

Foreign exchange risk
The Company is not exposed to any significant foreign exchange risk since most of the Company's transactions are in EC Dollars and United States Dollars (US Dollars). EC Dollar is fixed to US Dollar at the rate of EC$2.70.

(d) Fair values

As at 31 December 2017 and 2016, the fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Available-for-sale investment securities	570,625	570,625	570,625	570,625
Receivables	6,750	6,750	19,203	19,203
Cash in bank	170,029	170,029	89,304	89,304
Trade and other payables	(24,446)	(24,446)	(22,084)	(22,084)
	722,958	722,958	657,048	657,048

The Company measures fair values of available-for-sale investment securities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

16. Financial instruments (continued)

(d) Fair values (continued)

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the observable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads used in estimating discount rates, bond and equity prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

Fair value measurement of available-for-sale investment securities
Details of available-for-sale investment securities measured at fair value are as follows:

	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
Quoted equity	51,025	51,025	-	-		-
Unquoted equity	-	-	-	-	529,600	529,600
	51,025	51,025	-	-	529,600	529,600

18. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2017 and 2016.

19. 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.