NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED

Financial Statements

December 31, 2013

(Expressed in Eastern Caribbean Dollars)

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE
Sandy Ground
Anguilla, British West Indies

DIRECTORS
Mr. Calvert Carty, Chairman
Ms. Clara Richardson, Director
Ms. Vida Lloyd-Richardson, Director
Mr. Seymour Hodge, Director
Mr. Caryl Connor, Director

SECRETARY
Ms. Anne Edwards

BANKER
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P.O. Box 44,
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British West Indies

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of National Investment Company of Anguilla Limited (the "Company"), which comprise the statement of financial position as at December 31 2013, and the related statements of comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO LLC, an Anguilla limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. Registered office: Kamilah House, P.O. Box 637, Rock Farm, AI-2640, Anguilla.

INDEPENDENT AUDITORS' REPORT *(continued)*

To the Board of Directors and Shareholders of
National Investment Company of Anguilla Limited *(continued)*

Basis for qualified opinion

Note 11 to the financial statements shows that as at December 31, 2013, the Company held $402,000 of available-for-sale investment in the National Bank of Anguilla Limited. In August 2013, the National Bank of Anguilla Limited was placed in Conservatorship. The outcome of this exercise may or may not have an impact on the recoverability of the Company's available-for-sale investments as at year-end. To date we are unable to satisfy ourselves on the recoverability and valuation of this available-for-sale investment as a result of the Conservatorship.

Qualified opinion

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Also, without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

BDO LLC

Chartered Accountants
July 16, 2015
The Valley
Anguilla, B.W.I

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Financial Position
As at 31 December 2013

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2013	2012 As restated - Note 21
Assets			
Non-current assets			
Property and equipment - net	8	66,797	81,772
Investment properties	9	8,667,000	8,667,000
Available-for-sale investment securities	10	960,075	945,779
		9,693,872	9,694,551
Current assets			
Receivables		1,404	2,121
Cash on hand and in bank	11	5,072	90,546
		6,476	92,667
Total Assets		9,700,348	9,787,218
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	4,700,205	4,700,205
Retained earnings		4,939,633	5,031,918
Unrealized gain on available-for-sale investment securities	10	38,370	24,074
		9,678,208	9,756,197
Current liabilities			
Trade and other payables		22,140	31,021
Total Shareholders' Equity and Liabilities		9,700,348	9,787,218

These financial statements were approved on behalf of the Board of Directors on July 16th 2015 by the following:

Calvert Carty
Chairman

Anne Edwards
Corporate Secretary

The notes on pages 9 to 30 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Operations
For the Year Ended 31 December 2013

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	**2013**	2012 As restated - Note 21
Revenues		**400**	-
Cost of sales		**-**	-
		400	-
Expenses			
Professional fees	*14*	**(30,220)**	(39,836)
Accounting fees		**(38,880)**	(38,880)
Depreciation	*8*	**(14,975)**	(14,975)
Personnel expenses		**(9,450)**	(6,750)
Annual general meeting		**(6,815)**	(1,619)
Repairs and maintenance		**(6,026)**	(2,534)
Advertising expense		**(2,327)**	-
Travel and entertainment		**(2,243)**	(7,022)
Government taxes and licenses		**(2,018)**	(2,144)
Other administrative expenses	*15*	**(5,783)**	(2,362)
		(118,737)	(116,122)
Loss from operating activities		**(118,337)**	(116,122)
Finance income and expenses			
Dividend income	*16*	**26,052**	33,552
Fair value adjustment	*9*	**-**	108,000
Interest income		**-**	279
		26,052	141,831
Net (loss)/income for the year		**(92,285)**	25,709
Attributable to the shareholders		**(92,285)**	25,709

The notes on pages 9 to 30 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Comprehensive Loss/(Income)
For the Year Ended 31 December 2013

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2013	2012 As restated - Note 21
Net (loss)/income for the year		**(92,285)**	25,709
Other comprehensive (loss)/income			
Net change in fair values of available-for-sale investment securities	*10*	**14,296**	(1,963)
Total comprehensive (loss)/income for the year		**(77,989)**	23,746
Attributable to the shareholders		**(77,989)**	23,746

The notes on pages 9 to 30 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2013

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2013	2012 As restated - Note 21
Share capital - EC$1 par value			
Authorized – 5,000,000 shares			
Issued and outstanding	*12*	**4,700,205**	4,700,205
Unrealized gain on available-for-sale investment securities			
Balance at beginning of year		**24,074**	26,037
Net change in fair values of available-for-sale investment securities	*10*	**14,296**	(1,963)
Balance at end of year		**38,370**	24,074
Retained earnings			
Balance at beginning of year		**5,031,918**	5,006,209
Net (loss)/income		**(92,285)**	25,709
Balance at end of year		**4,939,633**	5,031,918
		9,678,208	9,756,197
Book value per share	*13*	**2.06**	2.08

The notes on pages 9 to 30 are an integral part of these financial statements.

NATIONAL INVESTMENT COMPANY OF ANGUILLA LIMITED
Statement of Cash Flows
As at 31 December 2013

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2013	2012 As restated - Note 21
Cash flows from operating activities			
Net (loss)/income for the year		**(92,285)**	25,709
Adjustments for:			
Fair value adjustment		**-**	(108,000)
Dividend income	*16*	**(26,052)**	(33,552)
Depreciation	*8*	**14,975**	14,975
Interest income		**-**	(279)
Operating loss before working capital changes		**(103,362)**	(101,147)
Decrease/(increase) in:			
Receivables		**717**	(1,731)
(Decrease)/increase in:			
Trade and other payables		**(8,881)**	3,871
Cash used in operating activities		**(111,526)**	(99,007)
Interest received		**-**	266
Net cash used in operating activities		**(111,526)**	(98,741)
Cash provided by investing activities			
Dividend received		**26,052**	33,552
Acquisition of property and equipment	*7*	**-**	(2,532)
Net cash provided by investing activities		**26,052**	31,020
Net decrease in cash on hand and in bank		**(85,474)**	(67,721)
Cash on hand and in bank at beginning of year	*11*	**90,546**	158,267
Cash on hand and in bank at end of year	*11*	**5,072**	90,546

The notes on pages 9 to 30 form an 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. 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. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company commenced operations in 1989 with the intention of developing 38 acres of land purchased. The concept to develop the land was drawn up but little has progressed since then. Instead the Company operated a wholesale business and a bookstore which were closed in 1994 and 2006, respectively, due to continued operating losses. After this, the Company's main source of income has been the leasing of its investment properties. However, the lease of the Company's building was terminated by the lessor on 31 October 2010. Effective January 2015, a new lessor is renting the property for a monthly rental of $6,750.

The Company incurred a net loss of $92,285 (2012: $82,291) for the year ended 31 December 2013 resulting in accumulated deficit of $1,856,117 (2012: $1,763,832) and net cash outflows from operations of $111,526 (2012: $98,741). The net loss and the accumulated deficit are net of the fair value adjustments on investment property detailed as follows:

		Net loss		**Accumulated deficit**	
	Note	**2013**	2012	**2013**	2012
Balance per financial statement		**(92,285)**	25,709	**4,939,633**	5,031,918
Less fair value adjustment	9	**-**	(108,000)	**(6,795,750)**	(6,795,750)
		(92,285)	(82,291)	**(1,856,117)**	(1,763,832)

As a result of the continuous accumulated deficit, the Company has temporarily suspended its operations.

As stated in note 20, the Board of Directors agreed to propose to the shareholders, the winding-up of the operations of the Company in the annual general meeting scheduled later this year.

2. Going concern *(continued)*

The Board of Directors is of the view that in the event, that the shareholder will not approve the winding-up, the Company will continue as at present with minimal operations administered directly by the Board. These financial statements do not reflect adjustments that would be necessary if the going concern assumption is not appropriate. If the going concern assumption is not appropriate for these financial statements, then adjustments would be required to the carrying values of assets and liabilities and reported expenses and the balance sheet classification used.

3. 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 Dollars), 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 and in any future periods affected.

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.

3. Basis of preparation *(continued)*

(e) Change in accounting policies and disclosures

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 1 January 2013:

- IFRS 13, *Fair Value Measurement*
- IAS 19, *Employee Benefits (Revised)*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- *Amendments to IFRS 10, IFRS 11, IFRS 12*
- *Amendments to IAS 27, Separate Financial Statements*
- *Amendments to IAS 28, Investments in Associates and Joint Ventures*
- *Improvements to IFRS's, Clarification of Requirements for Comparative Information*
- *Improvements to IFRS's, Property, Plant and Equipment*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

4. 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.

3. Significant accounting policies *(continued)*

(b) Financial instruments

i. Non-derivative financial instruments

Non-derivative financial instruments comprise cash on hand and in bank, available-for-sale investment securities, receivables, and 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 on hand and in bank
Cash on hand and in bank comprise cash balances on hand and in bank.

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.

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)/income 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)/income 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.

4. Significant accounting policies *(continued)*

(c) Property and equipment

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.

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. 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 are reviewed at each financial year-end and adjusted if appropriate.

4. Significant accounting policies *(continued)*

(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 September 17, 2013.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the periodic method on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Allowance is made for obsolete and slow moving items.

(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

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.

4. Significant accounting policies *(continued)*

(g) Impairment

i. Financial assets (continued)

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)/income, 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)/income.

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.

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.

4. Significant accounting policies *(continued)*

(h) 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.

(i) Revenues

Revenue from goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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

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

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

(j) 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.

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

(l) 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 31 December 2013 or not relevant to the Company's operations. These are as follows:

- *Amendments to IFRS 10, Investment Entities effective January 1, 2014*
- IFRS 9, *Financial Instruments effective January 1, 2015*
- *Amendments to IAS 32, Financial Instruments: Presentation effective January 1, 2014*
- *Amendments to IFRS 9, Financial Instruments, effective January 1, 2015*
- *Amendments to IFRS 7, Financial Instruments: Disclosures – Transition Disclosures, effective January 1, 2015*

5. 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.

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

(d) Cash on hand and in bank
Due to the short-term nature of the transactions, the fair values of cash on hand and 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.

6. 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.

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.

6. Financial risk management *(continued)*

(b) 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.

(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.

6. 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.

7. 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 (h) (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 15.

(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.

8. Property and equipment - net

	Building and improvements	Furniture and equipment	Total
Cost			
31 December 2011	77,919	292,546	370,465
Additions	-	2,532	2,532
31 December 2012	77,919	295,078	372,997
Additions	-	-	-
31 December 2013	**77,919**	**295,078**	**372,997**
Accumulated depreciation			
31 December 2011	30,353	245,897	276,250
Depreciation	7,792	7,183	14,975
31 December 2012	38,145	253,080	291,225
Depreciation	7,792	7,183	14,975
31 December 2013	**45,937**	**260,263**	**306,200**
Net book values			
31 December 2012	39,774	41,998	81,772
31 December 2013	**31,982**	**34,815**	**66,797**

9. Investment properties

Details of the investment properties follow:

	2013	2012
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
	6,795,750	6,795,750
	8,667,000	8,667,000

9. Investment properties *(continued)*

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.

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

a. Gibbons estate is composed 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 historical sales of properties within the vicinity of the investment properties.

b. The property in Sandy Ground is composed of 2.0 acres of land with a commercial building thereon. Based on the report of the valuer, the method was a combination of income, comparable and contractor's method considering that the properties have potential for rental or commercial development.

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 2013, there is no lessor occupying the Company's properties as the lease of the Company's building was terminated by the previous lessor on 31 October 2010.

10. Available-for-sale investment securities

	2013	2012
National 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	**38,475**	24,179
	1,005,075	990,779
Less allowance for decline in value	**(45,000)**	(45,000)
	960,075	945,779

10. Available-for-sale investment securities *(continued)*

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

	Notes	2013	2012
Fair value at beginning of year		**945,779**	947,742
Fair value at end of year		**960,075**	945,779
Change in fair value		**14,296**	(1,963)

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:

	2013	2012
Unrealized gain beginning of year	**24,074**	26,037
Change in fair value	**14,296**	(1,963)
Unrealized gain end of year	**38,370**	24,074

11. Cash on hand and in bank

	2013	2012
Cash in bank	**4,828**	90,234
Petty cash fund	**244**	312
	5,072	90,546

12. Share capital

	2013	2012
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. 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	2013	2012
Net loss for the year		**(92,285)**	(82,291)
Weighted average number of shares	*12*	**4,700,205**	4,700,205
		(0.0196)	(0.0175)

(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	2013	2012
Shareholders' equity		**9,678,208**	9,756,197
Total number of shares	*12*	**4,700,205**	4,700,205
		2.06	2.08

14. Professional fees

	2013	2012
Consultancy fee	**17,903**	**-**
Audit fee	**12,317**	**30,500**
Legal fee	**-**	**1,911**
Property valuation fee	**-**	**2,546**
Other	**-**	**4,879**
	30,220	**39,836**

15. Other administrative expenses

	Note	**2013**	2012
Utilities and occupancy		**1,686**	346
Office supplies		**1,209**	164
Other		**2,888**	1,852
		5,783	2,362

16. Dividend income

	2013	2012
Cash dividend		
Eastern Caribbean Home Mortgage Bank	**20,000**	20,000
Anguilla Mortgage Company	**6,000**	7,500
Cable & Wireless PLC Limited	**35**	1,103
Anguilla Electricity Company Limited	**-**	4,800
Others	**17**	149
	26,052	33,552

17. 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 31 December 2013 and 2012 are as follows:

	Notes	**2013**	2012
Available-for-sale investment securities	*9*	**960,075**	945,779
Receivables		**1,404**	2,121
Cash on hand and in bank	*11*	**4,828**	90,234
		966,307	1,038,134

17. Financial instruments *(continued)*

(a) Credit risk *(continued)*

Exposure to credit risk (continued)

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

	2013	2012
Caribbean region	**927,832**	1,013,955
Others	**38,475**	24,179
	966,307	1,038,134

(b) Liquidity risk

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

	2013			
	Carrying amount	**Contractual cash flows**	**6 months or less**	**6-12 months**
Trade and other payables	22,140	22,140	22,140	-
	22,140	22,140	22,140	-

	2012			
	Carrying amount	Contractual cash flows	6 months or less	6-12 months
Trade and other payables	31,021	31,021	31,021	-
	31,021	31,021	31,021	-

17. Financial instruments *(continued)*

(c) Market risk

Market risk consists of interest and foreign exchange risks.

Interest risk
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 on hand and in bank.

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 31 December 2013 amounted to EC$38,475 (2012: EC$24,179).

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$3,848 (2012: EC$2,422). 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.

17. Financial instruments *(continued)*

(c) Fair values

As at 31 December 2013 and 2012, the fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2013		2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Available-for-sale investment securities	**960,075**	**960,075**	945,779	945,779
Receivables	**1,404**	**1,404**	2,121	2,121
Cash on hand and in bank	**5,072**	**5,072**	90,546	90,546
Trade and other payables	**(22,140)**	**(22,140)**	(31,021)	(31,021)
	944,411	**944,411**	1,007,425	1,007,425

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.

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.

17. Financial instruments *(continued)*

(d) Fair values

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**	
	2013	2012	**2013**	2012	**2013**	2012
Quoted equity	**38,475**	24,179	**-**	-	**-**	-
Unquoted equity	**-**	-	**-**	-	**921,600**	921,600
	38,475	24,179	**-**	-	**921,600**	921,600

18. Commitments and guarantees

The Company does not have any outstanding commitments and guarantees as at 31 December 2013 and 2012.

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.

20. Subsequent event

During the March 25, 2015 Board of Directors meeting, the directors agreed to propose to the shareholders in the annual general meeting to wind-up the operations of the company due to the following:

a. Given the economic atmosphere on the island, it would be difficult to obtain capital for investment;
b. The fact that there is no current revenue stream, the repayment of long-term financing would be challenging and cause the company further financial hardship.

20. Subsequent event *(continued)*

The directors also concurred that the following should be done:

a. Complete the audit of the financial statements for 2013/2014;

b. Establish the best opinions for liquidation of the company summarized as follows:

    i. Continuing as at present with minimal operations administered directly by the Board;
    ii. Voluntary winding up;
    iii. Sale of Company shares over the counter by those wishing to do so;
    iv. Outright sale of the Company to investors willing to buy out all shareholders; and
    v. Sale of a majority of the equity and surrender of control to an investor or investor group.

c. Arrange an Annual General Meeting; and

d. Liquidate the company based on the option voted upon at the Annual General Meeting

The directors also agreed that in the event, that the shareholder will not approve the winding-up, the Company will continue as mentioned in item b (i).

21. Comparatives

The comparative figures in respect of 2012 financial statements were reclassified to reflect the reclassification resulting from the error in presenting the December 2009 and December 2012 fair value adjustments of the investment property amounting to $6,687,750 and $108,000 respectively. The $6,687,750 should have been adjusted under the beginning balance of retained earnings instead of adjusting it as part of revaluation surplus and the $108,000 should have been presented under the profit and loss and retained earnings instead of presenting it under the statement of comprehensive loss and revaluation surplus. The effect of the reclassification is as follows:

	Net loss	Revaluation surplus	Retained earnings
As previously reported	**(82,291)**	**6,795,750**	**(1,681,541)**
Effect of reclassification	**108,000**	**(6,795,750)**	**6,687,750**
As reclassified	**25,709**	**-**	**5,006,209**