



## OUR MISSION

To regulate and build a strong and credible horse racing industry which ensures honesty and integrity through the promulgation of rules to govern the conduct of licensed personnel, promoters and race meetings, thereby protecting the interest of the racing public.

**THE JAMAICA RACING COMMISSION  
ANNUAL REPORT  
2004/2005**

TO: Dr. The Hon. Omar Davies  
Minister of Finance and Planning  
Ministry of Finance and Planning  
30 National Heroes Circle  
Kingston 4

This report summarizes, in terms of Section 12 of the Jamaica Racing Commission Act, the activities of the Jamaica Racing Commission, in the Financial Year 2004/2005, in fulfilling the regulatory, financial, judicial and administrative functions assigned by the Act.

The report also presents data indicating performances and trends in the horse racing industry and the audited financial statements of the Commission.

**THE JAMAICA RACING COMMISSION ACT  
(ACT 3 OF 1972 AMENDED BY ACT 4 OF 1979)**

The Jamaica Racing Commission was established under the Jamaica Racing Commission Act, 1972:

- to regulate and control horseracing and the operation of racecourses in the island;
- to grant such licences and permits as may be required by virtue of the provisions of the Act;
- to recommend to the Minister the method of utilizing sums, under the Betting, Gaming and Lotteries Act, for assistance to breeders of horses and horse racing generally;
- to introduce and implement, or to assist in or undertake the implementation of any scheme for the development of the horse racing industry.

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## CHAIRMAN'S STATEMENT

The year under review saw a decline in the total number of racedays, from 87 in the previous year, to 80, with the consequence that the total number of races offered also declined from 889 to 854. Notwithstanding this, the average number of starters per race rebounded somewhat from the 9.44 achieved in the previous year, to 9.56. The promoting company, Caymanas Track Limited, saw marginal increases in both its sales on local racing and on simulcast. However, a worrying trend is the continued decline in the total number of horses competing. The five (5) year historical information presented in this report demonstrates quite clearly that the total number of horse starts declined by over two thousand in the five year period 2000-2005.

In the year under review the Commission continued to monitor and evaluate the progress of its introduction of Salix (Furosemide) as a permitted raceday medication, while ensuring that the Racing Rules were suitably amended where there was need to do so. Overall, while the Commission had a good year, it must be emphasized that consistent and effective regulation must be supported by adequate and timely financial resources as per approved budgets. Where this does not occur, the overall regulatory effect will always be less than anticipated, or intended.

*R. E. A. Muir*

**Rudolph E. A. Muir**  
**Chairman**

### **COMMISSIONERS:**

Rudolph Muir, B.Sc. (Econ), LLB	-	CHAIRMAN
Walter Campbell		
Dr. Michael Coore		
Robert Gore		
Hugh Levy		
Andrew Mighty		
Derrick White		

### **OFFICIALS:**

Ruth A. Smith-Sutherland, B.Sc.	-	General Manager
Raphleta Taylor, B.Sc (Hons), M.Sc. FLMI/M, CSA	-	Director, Finance & Administration
Lloyd A. Cobran	-	Director, Racing
Dr. St. Aubyn Bartlett (D.V.M)	-	Senior Veterinary Officer
Lawrence Brown B.Sc.	-	Information Technology Manager
Collin Berry, ACCA	-	Finance Manager
Haldene Johansen	-	Operations Steward
Desmond Riley	-	Operations Steward
Eustace Williams	-	Operations Steward
Ian Lawrence B.A. (Theo.)	-	Administrator/Welfare & Training
Dr. Sophia Ramlal (D.V.M)	-	Veterinary Officer

### **DELEGATEES:**

- (1) Operations Stewards
- (2) The First Instance Tribunal:

-	GEORGE H. BARTHOLOMEW, LLB., J.P.	-
	CHAIRMAN	
-	ALEXANDER V. HAMILTON, J.P.	
-	CHARLES LEVY	
-	MAURISON T. TROUTH M.D.	
-	LESTER WOOLERY, PHARM. (LON.) M.R.P.S.	
-	MAURICE JAMES, LLB	
-	OPERATIONS STEWARDS	

## **SUB-COMMITTEES**

### **FINANCE AND HUMAN RESOURCES COMMITTEE**

MR. RUDOLPH MUIR	-	CHAIRMAN
ROBERT GORE	-	COMMISSIONER
DERRICK WHITE	-	COMMISSIONER
RUTH SMITH-SUTHERLAND	-	GENERAL MANAGER
RAPHLETA TAYLOR	-	DIRECTOR FINANCE AND ADMIN.
COLLIN BERRY	-	FINANCE MANAGER
BEVERLEY ADAMS	-	PERSONNEL & ADMINISTRATIVE
OFFICER		

### **AUDIT COMMITTEE**

MR. ROBERT GORE	-	CHAIRMAN
MR. RUDOLPH MUIR	-	COMMISSIONER
DERRICK WHITE	-	COMMISSIONER
RUTH SMITH-SUTHERLAND	-	GENERAL MANAGER
RAPHLETA TAYLOR	-	DIRECTOR FINANCE AND ADMIN.
COLLIN BERRY	-	FINANCE MANAGER

### **OBSERVATION COMMITTEE**

WALTER CAMPBELL	-	CHAIRMAN
HUGH A. LEVY, JNR	-	MEMBER
DR. DAVID LEVY	-	MEMBER
GEORGE LAWSON	-	MEMBER
GEORGE MCPHERSON	-	MEMBER

### **EQUINE DRUG TESTING COMMITTEE**

MR. RUDOLPH MUIR	-	CHAIRMAN
MRS. RUTH SMITH-SUTHERLAND	-	MEMBER
DR. ST. AUBYN BARTLETT	-	MEMBER
DR. SOPHIA RAMLAL	-	MEMBER
RACING CHEMISTS	-	MEMBER
RACING ANALYST	-	MEMBER

## **HALL OF FAME TRUSTEES**

MR. RUDOLPH MUIR	-	CHAIRMAN
MR. WALTER CAMPBELL	-	TRUSTEE
MR. RICHARD ASHENHEIM	-	TRUSTEE
MR. VINCENT EDWARDS	-	TRUSTEE
DR. DAVID LEVY	-	TRUSTEE
MR. DENZIL MILLER JNR.	-	TRUSTEE
MR. LEONARD MCLEAN	-	TRUSTEE
MR. HOWARD HAMILTON	-	TRUSTEE

## **RACING INDUSTRY INSURANCE SCHEME COMMITTEE**

DR. MICHAEL COORE	-	CHAIRMAN
MRS. RUTH SMITH-SUTHERLAND	-	MEMBER
MR. COLLIN BERRY	-	MEMBER
MR. EUSTACE WILLIAMS	-	MEMBER
MISS INA LAWRENCE	-	MEMBER
MR. WALFORD BROWN	-	CTL REPRESENTATIVE
MR. GRESFORD SMITH	-	TRAINERS' REPRESENTATIVE
MR. LEROY BROWN	-	JOCKEYS' REPRESENTATIVE
MR. FABIAN WHITE	-	GROOMS' REPRESENTATIVE
MR. JEFFREY MORDECAI	-	GROOMS' REPRESENTATIVE

## **JOCKEYS' TRAINING SCHOOL COMMITTEE**

MR. HUGH LEVY	-	CHAIRMAN
MR. DERRICK WHITE	-	MEMBER
DR. MICHAEL COORE	-	MEMBER
MRS. RUTH SMITH-SUTHERLAND	-	GENERAL MANAGER
MR. DESMOND RILEY	-	OPERATIONS STEWARD
MISS INA LAWRENCE	-	WELFARE OFFICER & APPRENTICE MASTER

## **EMOLUMENTS SENIOR STAFF 2004/2005**

<b>POSITION</b>	<b>ANNUAL BASIC SALARY \$</b>	<b>ANNUAL ALLOWANCES \$</b>
General Manager	2,196,691.00	367,220.00
Director Finance & Admin	1,560,178.00	356,220
Director Racing	1,639,162.00	393,855.00
Senior Veterinarian	2,386,178.00	687,853.00
I.T. Manager	1,282,813.00	180,000.00

## **CHAPTER 1**

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### **GOALS AND OBJECTIVES**

The primary goals of the Commission are to build a strong and credible industry and to serve as a central racing body on which the industry and the public can depend to preserve and maintain high standards of sport, honesty and fair play, and to promote the health and safety of the animals and personnel involved in racing.

The Commission's main objectives during the year under review were to:

- maintain the development of horseracing in Jamaica
- maintain close supervision of the operations of race meetings to assure the public and the competing owners of horses and other participants that race meetings are conducted fairly by responsible management;
- ensure proper registration and identification of horses in conformity with international standards, to institute measures to protect animal health and welfare and to seek approval of the Jamaica Stud Book by the International Stud Book Committee;
- continue welfare and training programmes for persons in the industry and ensure the maintenance of a comprehensive Insurance Scheme for persons holding occupational permits;
- improve the standard of professionalism in racing by providing training courses for future jockeys and trainers;
- ensure that horses are fit to race and are allowed to run on their merit;
- prevent and detect the use of prohibited substances in competing horses;
- establish criteria and grant occupational permits/licences;
- ensure that applicants for registration as racehorse owners are of good character and with sufficient means to maintain their horses in training;
- advise Government on the extent of subsidies in support of horse racing and breeding and administer subsidies approved;
- act as co-ordinator between the various groups in the industry and adjudicate on complaints, objections and appeals received from persons in relation to horse racing;
- maintain racing and breeding statistics and disseminate them to the public locally and internationally;

- maintain and strengthen links with the Caribbean racing countries and other racing jurisdictions.

## **CHAPTER 2**

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### **IMPACT OF HORSE RACING ON THE NATION**

The new Minister of State has approached the business of horse racing with a level of seriousness which has seen a number of new initiatives. Hence the product continues to be a major contributor to the country's revenues.

#### **2.1 PUBLIC SUPPORT**

Horseracing promoted locally by Caymanas Track Limited (CTL) at the single racetrack on the island continued to attract wide public support. The promoter not only put on local race meetings but simulcasted races from the United States, the United Kingdom and Australia, and transmitted these races local and overseas via satellite to their sixty-six off-track Betting Parlours across the island.

During the period under review CTL conducted eighty-seven local race meets and three hundred and twelve days of simulcast races.

#### **2.2 RACEDAYS AND PURSES**

**Table 1** below provides details on racing activities and purses paid over the past five years for comparison:

**TABLE 1**

	<b>2004/2005</b>	<b>2003/2004</b>	<b>2002/2003</b>	<b>2001/2002</b>	<b>2000/2001</b>
RACEDAYS	80	87	92	93	94
NO. OF RACES	854	889	997	1003	998
TOTAL NO. OF RUNNERS/STARTS	8,162	8,390	9,639	9,724	10,028
AVERAGE NO. OF STARTERS PER RACE	9.56	9.44	9.66	9.69	10.05
RACEDAY SALES BY PROMOTER (LOCAL RACING)	1,650,283,220	\$1,577,737,094	\$1,658,836,137	\$1,805,682,798	\$1,814,077,891
RACEDAY SALES BY PROMOTER (SIMULCAST)	1,372,068,222	\$1,268,041,907	\$1,100,334,973	\$1,109,256,288	\$1,097,594,247
TOTAL PURSE MONEY PAID OUT (INCLUDING LEVY SCHEME PURSE AUGMENTS)	304,643,950	\$292,494,000	\$253,951,000	\$258,104,000	\$251,204,280

## 2.3 FINANCIAL SUPPORT TO THE INDUSTRY

**TABLE II**  
**GOVERNMENT'S CONTRIBUTION TO RACING**

	<b>2004/2005</b>	<b>2003/2004 \$</b>	<b>2002/2003 \$</b>	<b>2001/2002 \$</b>	<b>2000/2001 \$</b>
<b>Horse Breeders' Scheme</b>	-	1,145,340	4,273,833	6,872,040	6,872,039
<b>Lab Analyses and repairs to equipment</b>	11,258,645	7,746,680	7,064,280	4,514,991	5,070,787
<b>Purse Payments</b>	-	14,814,860	57,936,141	67,340,988	65,609,108
<b>Publication of Racing Year in Jamaica</b>	217,613	260,075	154,977	91,400	22,000
<b>Grant for Publication of Jamaica Stud Book</b>	-	-	-	-	373,312
<b>Other Development Projects (See notes in Financial Statement)</b>	19,852,066	19,643,187	11,756,468	11,735,998	9,736,513
<b>Total Subsidies</b>	<b>31,328,324</b>	<b>43,610,142</b>	<b>81,185,699</b>	<b>90,555,417</b>	<b>87,683,761</b>

## **CHAPTER 3**

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### **ACTIVITIES**

The Commission's activities over the year comprised

#### **3.1 FINANCE**

- advising the Government on the allocation of funds for the various purposes under the Bookmakers' Levy Schemes;
- administering the Schemes and monitoring the expenditure of funds in relation thereto; and
- preparing annual estimates of revenue and expenditure, and monitoring the expenditure of funds.

##### **3.1.1 ACCOUNTS**

The Commission's Annual Statements of Accounts for 2004/2005 and the Auditor's report thereon are attached

#### **3.2 DEVELOPMENT OF THE INDUSTRY**

Advising the Minister on the necessity to have a retooling and modernization of all physical aspects of racing, to garner more customer support, increase throughput, improve bloodstock, enliven the atmosphere and produce a horse friendly environment.

### **3.3 REGULATORY**

The regulatory measures receiving special attention during the 2004/2005 financial year included the following subjects.

#### **The Administration of the Jamaica Racing Commission Racing Rules 1977**

The Operations Stewards continued to review the rules and the following amendments were recommended to and approved by the Commission.

- |   |   |   |
|---|---|---|
| Rule 2  | ~ | to establish the definitions for “cloning” and Threshold, and expansion of the existing definitions of “Prohibited Substance”.  |
| Rule 94<br>Subsection (5)                                     | ~ | to provide for a ban on the registration of any foal produced by Cloning. This amendment also prohibits the registration of a dead foal or horse.                       |
| Rule 117  | ~ | to provide for the responsibility of an owner as it relates to an animal owned by him.  |
| Rule 156  | ~ | to provide for the establishment of a trainers' responsibility rule.  |
| Rule 175  | ~ | to provide for an increase in the minimum weight to be carried by a horse in a race, from 44kg to 48kg.   |
| Rule 207<br>Subsection (1)<br>247 Subsection<br>(1) and 247 B | ~ | to provide for the establishment of thresholds.   |
| Rule 258 & 259  | ~ | to provide for the establishment of a medication policy.  |
| Second Schedule   | ~ | to provide for a minimum weight of 48kg.  |
| Fifth Schedule  | ~ | to provide for new penalties for breaches of the Rules in respect of positive findings for prohibited substances. This includes the removal of a mandated minimum fine. |

- Seventh Schedule ~ to provide for the establishment of thresholds for selected substances, which would result in only concentrations above such thresholds being considered positive findings for these substances.
2. Amending the Jamaica Racing Commission (Appeals) Rules 1972, to provide for changes in the prescribed fees which are required upon submission of an appeal to the Commission against the decision of;
    - (a) the “First Instance Tribunal”
    - (b) the “Operations Stewards”
    - (c) the “Stewards of the Race meeting”
    - (d) the “Security Tribunal”
    - (e) the “Chairman”, “General Manager” & “Director of Finance & Administration”
  3. The Commission as empowered by section 26 of the Jamaica Racing Commission Act, revoked the delegation instrument to the Operations Steward dated 25<sup>th</sup> day of June, 1998, and replaced it with one dated 16<sup>th</sup> December, 2004. This replacement included functions under Subsection (3) of Section 22 of the Act as well as those under paragraph (c) of section 25 of the Act.
  4. The Commission continues to discharge its responsibility under the Jamaica Racing Commission Act 1972 and the Jamaica Racing Commission Racing Rules 1977, in relation to the issuing of licences and permits as well as the registration of owner entities.

### **3.4 REGISTRATION/LICENCES/PERMITS**

The Permits/Licences are separated into two categories, namely owners and occupational groups. For registration of owners, the total for each category was:

<b>OCCUPATIONAL GROUPS</b>	<b>2004/2005</b>	<b>2003/2004</b>
Owners (Individuals)	669	667
Owners (Registered Companies)	9	9
Owners' Agents	1	1
<b>TOTAL</b>	<b>679</b>	<b>677</b>

At 31<sup>st</sup> March, 2005 a total of 588 permits and licences had been issued to the occupational group, which is broken down below:

## **3.5 PROMOTING COMPANY**

### **3.5.1 Racedays**

The Promoters, Caymanas Track Limited, continued their compliance with the Commission's deadline for the application and approval of racing dates for the 2005 season. They applied for a total of eighty (80) days a reduction from the eighty four (84) approved for the previous year. After discussing the matter with the Commission, two (2) Wednesdays were added and a total of eighty two (82) race days approved.

### **3.5.2 Review of Racing Programmes**

The Operations Stewards who also operated as Stewards of the race meeting on race days, continued to:

- a. monitor and approve the programmes of races and their conditions
- b. monitor and ensure that all horses and persons intending to participate in races were eligible

These processes which are very critical to the management of race meetings assist in ensuring fairness and adherence to the Racing Rules 1977. It is to be noted however that the actions of the Operations Stewards/Stewards of the race meetings, did not affect the Commissions' role as the appellate body for persons aggrieved by their decisions.

<b>OCCUPATIONAL GROUP</b>	<b>2004/2005</b>	<b>2003/2004</b>
Racehorse Trainers	114	125
Assistant Trainers	29	30
Jockeys	84	77
Apprentice Jockeys	-	-
Grooms	322	331
Stable Assistants	6	6
Exercise Riders	33	29

## **3.6 VETERINARY**

### **3.6.1 Race day Medication**

The use of the race day medication Lasix/Salix increased during the period. A total of 3,083 doses were administered to horses.

### **3.6.2 Veterinary “On Call” System**

The Veterinary “on call” system (introduced in the 1990’s) continues to ensure that only horses that are fit for racing are allowed to race. The system works by requiring all such horses that became sick or injured, be examined by the Commission’s Veterinarians, who will report his/her finding to the Stewards with an appropriate recommendation. This however did not preclude emergency treatment being applied to a horse. During the period under review, a total of 56 such horses were examined.

## **3.7 REVIEW OF RACEDAY FILMS**

The Stewards during the period continued to review race day films, conducted weekly hearings into riding infringements, and investigated reports or instances of breaches of the Racing Rules as they occurred. They also investigated matters referred to them by the Observation Committee, taking any action they deemed necessary.

## **3.8 OBSERVATION COMMITTEE**

The Observation Committee continued its review of films of races, advising the Stewards of their findings. The Stewards would then, (if not already done) conduct further investigations. The Committee met thirty-one times during the period to monitor the “in and out” performance of the horses.

## **3.9 EQUINE DRUG TESTING PROGRAMME**

The Equine Sample Collection Centre, known as the Testing Barn, at Caymanas Park, was again professionally managed by the Commission’s Veterinary Department. This centre, a very crucial element in ensuring the integrity of horse racing in Jamaica, collected 1799 urine and 961 blood samples during the period under review. From these totals 14 were reported by the Racing Chemist to contain prohibited substances under the Rules of Racing.

## **3.10 REGISTRATION DEPARTMENT**

The Registration Department, under the supervision of the Operations Stewards, continued to strive to improve procedures within the department. A tally at the end of the period under review revealed the following:

- (a) 333 native bred horses were registered with 24 applications pending;
- (b) 71 imported horses were registered with 11 applications pending;
- (c) 527 samples were sent to the laboratory for DNA and Blood Typing as well as Parentage Verification, while 219 horses were awaiting sampling;
- (d) 325 lip tattoos were affixed with 7 pending;
- (e) 297 names of horses were approved, 11 denied while 6 were still being processed;
- (f) 64 applications for the registration of racing colours were approved;
- (g) 104 registration of death of horses were received;
- (h) 19 applications for the registration of Nom-de Plumes were approved.
- (i) 573 applications for the registration of transfer of ownership of horses were received; and,
- (j) 582 registrations of Training Agreements were approved.

### **3.11 JAMAICA STUD BOOK**

The Jamaica Stud Book was finally approved and preparations for the publishing of Volume XII began full scale. This publication, provided the funds are available, should be ready by September of 2005.

## **CHAPTER 4**

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## **PROTECTIVE MEASURES**

The pre and post race examination of horses on racedays by both the Commission and Track Veterinarians continued. This offered additional protection to the horses, owners, jockeys, trainers and punters by identifying lameness and other chronic problems as early as possible. This assists in preventing injuries to horses and riders in races while permitting timely treatment for the horses, which ultimately results in financial savings.

### **4.1 COMPULSORY VACCINATION**

The compulsory vaccination of all horses stabled at Caymanas Park as well as those stabled elsewhere, continued to be vigorously enforced. This was closely monitored by the Commission's Veterinarians and Stewards.

### **4.2 CULLING**

During the period (at 31<sup>st</sup> December 2004) a total of thirty horses were culled from racing. These included ones declared chronically lame and being a threat to themselves and riders, as well as those eight years and older which had not earned any purse during the previous twenty-four months.

### **4.3 HORSE WELFARE**

Reports of horses being abandoned were investigated and periodic notices published by the Commission, advising owners how to treat horses that were no longer able to race.

### **4.4 MEDICAL EXAMINATIONS FOR JOCKEYS & EXERCISE RIDERS**

The requirement to have each applicant for a Jockey's or Exercise Rider's Permit, passing a medical examination and drug test (marijuana & cocaine) was maintained. This allowed the Licensing Committee with the help of the Welfare Officer, to counsel individuals on the benefits of a healthy and drug free lifestyle.

### **4.5 SAFETY EQUIPMENT FOR JOCKEYS**

The requirement for all persons to wear safety helmets and vests when riding a horse was maintained. This when coupled with the compulsory participation in an insurance scheme which provides health, accident and life insurance benefits, is another means by which the Commission assisted in the protection of members of the occupational groups.

## ***CHAPTER 5***

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### **5.1 REVIEW OF ACTIVITIES**

#### **5.1.1 Raceday Activities:**

267 horses were disqualified from racing (late-non-starters) and 69 ‘on call’ visits were made during 2004/05. The post-race lameness and bleeding were 129 and 78 respectively.

**Bleeder’s List:** 454 horses were put on the list of bleeders. Of this figure, 290 were by endoscopy and 86 by epistaxis.

#### **5.1.2 Registration Activities**

**DNA and blood-typing:** 731 hair samples were collected.

#### **5.1.3 Tattooing**

353 horses were tattooed during the year.

### **5.2 Drug-Testing/Sample - Collection**

#### **5.2.1 Testing Barn (Equine Sample Collection Centre)**

**Samples:** 1,779 Urine, 940 blood samples were collected in 2004.

#### **5.2.2 Lasix**

For the period under review a total of 3,660 doses of Lasix were administered.

#### **5.2.3 UWI Laboratory**

The Commission’s special purpose drug testing laboratory situated at the University of the West Indies, Mona, continued its work under the supervision and guidance of dedicated and loyal staff of the UWI. During the period, 2,719 samples were tested and 10 positives were confirmed.

The UWI continued to work towards having the equine drug testing laboratory accredited.

## **CHAPTER 6**

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### **JUDICIAL ACTIVITIES**

In addition to Appeals and Investigations conducted by the Commission during the year the First Instance Tribunal, delegates of the Commission continued to hold investigations into the reports of positive findings by the Racing Chemist for prohibited substances. For the period under review 10 cases were heard with penalties being imposed in all of them.

#### **6.1 DELEGATION**

There were no referrals of cases to the Commission by the Security Tribunal during the period.

#### **6.2 APPEALS**

The following appeals were heard and determined during the period:

##### **6.2.1 Against the First Instance Tribunal:**

DATE	NAME	FINDINGS
3 <sup>rd</sup> June, 2004	Richard Azan	Trainer of ROBICAN on 3 <sup>rd</sup> January, 2004 (Decision upheld)
3 <sup>rd</sup> June, 2004	Robert Pearson	Assistant Trainer of ROBICON on 3 <sup>rd</sup> January, 2007 (Decision set aside)
22 <sup>nd</sup> July, 2007	Aubrey Maragh	Unlicensed person at the time. The horse involved STATE COLLEGE MISS on 21 <sup>st</sup> September, 1994. (application was granted to appeal out of time) (Decision set aside)

### **6.2.2 Against the Stewards of Race meetings:**

DATE	NAME	FINDINGS
22 <sup>nd</sup> April, 2004	Oneil Mullings	Jockey who rode FIASCO on 24.3.04 (Appeal dismissed)
8 <sup>th</sup> June, 2004	Winchester McIntosh	Trainer of AFFAIRS OF STATE on 22 <sup>nd</sup> May, 2004 (Appeal dismissed)
2 <sup>nd</sup> September, 2004	Richard Mitchell	Jockey who rode FOREVER SUNSHINE on 18 <sup>th</sup> August, 2004 (Appeal allowed)
2 <sup>nd</sup> September, 2004	Donovan Williams	Owner of LADY PHAGWAH on 28 <sup>th</sup> August, 2004 (appeal dismissed)
6 <sup>th</sup> January, 2005	Winston Griffiths, O.D.	Jockey who rode SPANISH FLEET on 18 <sup>th</sup> December, 2004 (Appeal allowed)
6 <sup>th</sup> January, 2005	Paul Francis	Jockey who rode TON OF DESIRE on 8 <sup>th</sup> December, 2004 (Appeal dismissed)
27 <sup>th</sup> January, 2005	Charles Hussey	Jockey who rode TOUCH DOWN on 8 <sup>th</sup> January, 2005 (Appeal dismissed)
22 <sup>nd</sup> February, 2005	Robert McLeggon and Newton Newland	Owners of MR DUNN on 12 <sup>th</sup> February, 2005 (Appeal Dismissed)
24 <sup>th</sup> March, 2005	Albert Chong	Trainer of NAVIGATOR on 26 <sup>th</sup> February, 2005 (Appeal dismissed)

### **6.2.3 Investigations by the Commission**

During the year the Commission conducted eight investigations, one (1) into the performance of the Stewards under the provisions of Rules 15(vi) and 15(xii) of the Racing Rules 1977 and seven (7) into the conduct of racing personnel, one (1) of the seven was referred by the Stewards but by virtue of Rule 24 was referred to be dealt with by the Chief Steward.

#### **6.2.4 Investigations by the First Instance Tribunal**

**The substances found were:**

SUBSTANCE	NO. OF CASES
Flunixin	4
Diclofenac	2
Ephedrine	4
Lidocaine	1
Lasix (Furosemide)	1

#### **6.2.5 Suits against the Commission**

The following suits were filed against the Commission and are still pending in the courts:

- Romel Wallen vs. the Commission for an Order of Certiorari to quash the ruling made by the Commission on 20<sup>th</sup> May, 2004
- Dr. Paul Wright vs. Dr. St. Aubyn Bartlett and the Commission for libel arising out of comments made by Dr. Bartlett reported via the electronic and print media

## CHAPTER 7

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### SPECIAL PROJECTS

#### 7.1 JOCKEYS' TRAINING PROGRAMME

Statistics for (Apprentices) 21 graduates of the Jockeys' Training Programme.

**TABLE III**

	<b>2004/2005</b>
Licensed No. of Graduates (apprentices)	21
No. of Rides	2,934
No. of Wins	235
Stakes Earned	\$70,464,400

**Tables IV and V** below provides data on the performance of jockeys who have graduated from the school.

**TABLE IV**

Licensed No. of Graduates	-	60
No. of Rides	-	6,673
No. of Wins	-	664
Stakes earned by Mounts	-	208,451,000.00

**TABLE V**

#### **COMPARATIVE PERFORMANCE OF GRADUATES AND NON-GRADUATES**

	# Lic.	% Lic. Joc.	# Rides	% Rides	# Wins	% Wins	% Win/Rides	STAKES EARNED \$	% Total Stakes
<b>GRAD.</b>	60	60.61	6,673	82.99	664	78.77	9.95	208,451,000.00	75.31
<b>NON GRAD</b>	39	39.39	1,368	17.01	179	21.23	13.08	68,324,800.00	24.69
<b>TOTAL</b>	<b>99</b>	<b>100.00</b>	<b>8,041</b>	<b>100.00</b>	<b>843</b>	<b>100.00</b>	<b>23.03</b>	<b>276,775,800.00</b>	<b>100.00</b>

## **7.2 HALL OF FAME**

During the year the following inductions to the Hall of Fame of Thoroughbred Racing were announced:

### **7.2.1 CATEGORY A – HORSES**

#### **Broodmare**

DISTINCTLY NATIVE the 1987 Bay Filly \*THE PEACEMAKER out of FORCEFUL NATIVE

This outstanding filly is of memorable distinction, quality and competitiveness. Included among her progenies are PROUDEST NATIVE and Horse of the Year A KING IS BORN, and DISTINCTLY IRISH, with DISTINCTLY IRISH winning an impressive nine races from eleven starts, earning stakes of \$9,656,700 and capturing the coveted title of 2004 Horse of the Year. Among his successes were The Jamaica 2000 Guineas, which he won in fine style by 9 ½ lengths; The Jamaica Derby by 14 ½ lengths, the longest winning margin since racing moved to the Caymanas Park sand surface 45 years ago.

### **7.2.2 CATEGORY C – JOCKEYS**

#### **CHARLES LAWRENCE HUSSEY**

Charles Hussey ventured into racing at the tender age of 13 years because he was born into a racing family. He received his first instructions as well as first rides from his father Lawrence Hussey, who at the time was one of the island's leading trainers.

Young Hussey gained the reputation as a competent rider, especially over the five straight course. His rides abroad RAMVIN and THE DOENUT KING are still remembered by racing aficionados. Charlie in his meteoric rise achieved the status of Champion Jockey in the years 1976 and 1977 before deciding to ply his trade in the United States.

Jockey Hussey spent several years on the Florida circuit mainly riding at Gulf Stream and Calder. One of his memorable years was 1984 when this Jamaican Jockey became associated with the classy SPEND A BUCK, which went on to win the Kentucky Derby in 1985, he was also aboard when he won the Arlington Washington Futurity, the richest two-year old race in Chicago, during his overseas stint this outstanding rider had over 600 winners.

Another outstanding achievement of Charles Hussey is that of being the first jockey to ride six winners on a single race card, a feat which he accomplished twice and at December 2004 Jockey Hussey was ranked third on the “All Time List” of leading jockeys in Jamaica with 1,094 wins and in total four Jockeys Championships.

### **7.2.3 CATEGORY D – GROOMS**

#### **TOYANELL ELIONS WYNTER (AKA - Joe Bongo)**

Toyanelel Wynter’s career in the horseracing industry began in 1962 when Father Freeman took him to work at his stables in Passagefort, St. Catherine. However it was through working with Trainer John Wesley Ziadie at Caymanas Park that he began his training in grooming horses and had his first win.

“Joe Bongo’s” rise to recognition in the racing fraternity started in 1980 when his charge, ROYAL DAD won the Jamaica Derby, and was the first 3-year-old to win twelve races consecutively. LEGAL LIGHT, also one of his charges was having his fair share of glory at the same time by winning consecutive Superstakes.

Toyanelel was custodian to many who won Classic events including, The 1000 and 2000 Guineas, The Jamaica Derby, The Superstakes, The Jamaica Oaks and The St. Ledger and he was Champion Groom in 1982.

### **7.2.4 CATEGORY E- OTHER RACING PERSONALITIES**

#### **SYDNEY WATSON**

Sydney Watson holds the distinction of being the longest serving racehorse trainer still active at Caymanas Park today.

Watson’s association with racing spans over half a century and three occupational groups, he began racing by riding in Gymkhana races and continued riding on one-day permits and started grooming horses- at Fairfield in Montego Bay. Sydney Watson obtained a trainer’s licence in 1954 and saddled winners at Knutsford Park and Little Ascot in Old Harbour. He however, established himself as a trainer of note at Caymanas Park when in 1961 he posted PRINCESS ROYAL to win the Governor’s Cup and The Jamaica Derby for popular owner Pat Chung.

Sydney also during the 1960's and 1970's managed two of the largest Stud Farms in the island. The first was Colbeck Stud Farm in the sixties, owned by Pat Chung, which was the largest and the leading Stud Farm of its day. In the Seventies he was the resident trainer and manger of Melvin Park with a number of stallions and at one time as many as eighty mares under his care, and during this period he turned out enough winners for Melvin Chin to become Champion owner.

Sydney also during the 1960's and 1970's managed two of the largest Stud Farms

Sydney Watson, Trainer, Manager, Consummate horseman has given dedicated service to the racing industry in Jamaica.

## **CHAPTER 8**

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### **WELFARE PROGRAMME**

#### **8.1 BENEVOLENT FUND**

During the period under review there were eighteen (18) former racing persons enrolled with the Jamaica Racing Commission's Benevolent Fund:

- Fitzgerald Crawford\*
- Renford Baugh
- Byron Binns
- Roy Brown
- Keith Davis
- Warren Flemmings
- Norris Gray
- Roy Hewitt
- Lester Holmes
- Roy Kennedy
- Joseph Levy
- Renford McIntosh
- George Reid
- Manley Sappleton
- Vincent Sappleton
- Barrington Smith
- Donald White
- Aston Barrett\*

\*Two pensioners died during the period under review. Aston Barrett died in April 2004 and Fitzgerald Crawford died February 2005.

#### **Benevolent Fund:**

<b>Month</b>	<b>Pension</b> \$	<b>Financial Assistance</b> \$	<b>Medical Assistance</b> \$
April	68,000.00	3,000.00	-
May	64,000.00	3,000.00	-
June	100,000.00	-	16,000.00
July	68,000.00	6,000.00	-
August	92,000.00	3,000.00	-
September	72,000.00	3,000.00	9,670.00
October	111,000.00	13,352.00	-
November	162,000.00	3,000.00	-
December	162,000.00	3,000.00	-
January	165,000.00	3,000.00	-
February	108,000.00	3,000.00	-
March	102,000.00	3,000.00	-
<b>TOTAL</b>	<b>\$1,274,500.00</b>	<b>\$46,352.00</b>	<b>\$35,982.00</b>

## **FUNERAL GRANT**

A total of \$45,000.00 was paid out towards the funeral of Aston Barrett and Fitzgerald Crawford.

### **8.2 HUMAN DRUG TESTING**

124 tests were done – 83 Jockeys and 41 Exercise Riders. 6 were positive for marijuana, 2 Jockeys and 4 Exercise Riders.

### **8.3 LITERACY TESTS**

During the period under review thirty-one (31) applicants were administered tests and results are set out below:

<b>Group</b>	<b>Pass</b>	<b>Failed</b>
Exercise Riders	8	9
Stable Assistants	4	1
Grooms	5	4

### **8.4 COUNSELLING/GUIDANCE**

General discussions were held on a weekly basis with apprentice jockeys utilizing external and internal speakers on the following topics:

- Money Management
- Paternal Responsibility
- STD's
- Personal Hygiene

### **8.5 RELATIONS BETWEEN TRAINERS AND STABLE EMPLOYEES**

Eleven (11) disputes were reported to the Welfare Officer by trainers/grooms; ten were settled and one is awaiting investigation by the Stewards.

### **8.6 WAGE BOOKS/STATUTORY DEDUCTIONS**

The Commission launched a drive in May 2004 to have all trainers use a proper wage book. However, the trainers have been resisting this move and to date only six (6) trainers were up to date with their statutory information.

## **8.7 RACING INDUSTRY INSURANCE SCHEME**

The Racing Industry Insurance Scheme provides Health, Accident and Life insurance benefits to all persons licensed in the occupational groups. Individual participation in this scheme is compulsory for all occupational licensees who contribute approximately 30% of the total annual premium.

Thirty two (32) accidents were reported to the Welfare officer; 4 claims were submitted, all were settled.

## **8.8 DEATHS**

Mrs. Sonia Carnegie (Stable Assistant) died on 14<sup>th</sup> February, 2005.

## **CHAPTER 9**

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### **ADMINISTRATION**

#### **9.1 COMMISSION MEETINGS**

The Commission convened sixty (62) meetings during the year, which included forty eight (48) general meetings of the full Commission, three (3) Finance Committee meetings, three (3) Audit Committee meetings, two (2) Insurance Committee meetings, one (1) Equine Drug Testing Committee meeting and two (2) extraordinary meetings to consider matters such as the operations of the Pension Scheme and Divestment of Caymanas Track Limited.

The Finance and Human Resources sub committee continued to streamline the financial operations of the organization.

#### **9.2 STAFFING**

The Commission closed the year with forty-one (41) members of staff; thirty-five (35) permanent members and six (6) part time members of staff. There was one (1) recruitment during the year.

#### **9.3 TRAINING AND DEVELOPMENT**

In keeping with the objectives in the Corporate Plan to improve the capabilities of members of staff and to expose members of staff at all levels of the organization to at least eight hours of training, a number of training programmes were implemented over the period.

These were Leadership Skills for middle managers, computer technology for I.T. staff, middle managers and support staff; Project Management for Senior Management, Compensation Management and HR Management for the Personnel Department, Accounting Workshops for the financial staff, Telephone Techniques for support staff and Corporate Governance for the General Manager.

#### **9.4 PUBLICATIONS**

The 2005 Racing year Book was published.

## **CHAPTER 10**

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### **INTERNATIONAL AFFILIATIONS**

#### **10.1 MEMBERSHIPS/ASSOCIATIONS**

Jamaica participates internationally in several thoroughbred horseracing organizations. The level of involvement however is constrained by the ever increasing cost of participation.

Our membership is with the following international and regional organizations, namely:

- Association of Racing Commissioners International (ARCI)
- West Indian Thoroughbred Racing Association (WITRA)
- Caribbean Racing Confederation (CRC)

These organizations provide the avenue for the exchange of racing information and ideas for improvement in the administration and management of horseracing and breeding. In addition, organizations such as WITRA and CRC promote international horseracing events to which member countries are invited thus providing the opportunity to gain international exposure and improve experience. The experience and exposure derived from international participation adds great value to our racing and in particular our breeding industry.

The Commission, in an effort to remain relevant and abreast with international development in racing, must also interface with several racing organizations, namely:

- The Jockey Club of North America
- Weatherbys ~ Great Britain
- The International Stud Book Committee (ISBC)
- International Cataloguing Standard Committee ~ France
- International Federation of Horseracing Authorities (IFHA)
- The Jockey Club Information System
- Bloodstock Research Information Services Inc.
- Equibase Company
- Trinidad & Tobago Racing Authority (TTRA)
- Barbados Turf Club (BTC)

plus numerous racetracks and Racing Regulators/Commissions throughout North and South America.

Organizations such as those listed above provide accepted industry standards, information for the movement of horses, authentication of identity and pedigree of horses and numerous other racing related matters.

The main benefits derived from Jamaica's involvement with those international and regional organizations are in the areas of:

- Training
- Access to Services; and,
- Access to racing technology

The Commission also maintains a relationship with organizations which provide specific scientific services to the horseracing industry and to horseracing regulation in particular. These are:

- University of Lexington ~ Veterinary Science Department
- The Gluck Equine Research Centre ~ Lexington Kentucky
- University of the West Indies ~ Chemistry Department
- Racing Laboratory, University of Florida ~ Gainesville, Florida

The organizations provide services in the areas of Bloodtyping, DNA Genetic testing, Parentage Verification, Equine Drug testing and Equine Research.

The English speaking racing jurisdictions in the Caribbean; namely Barbados, Trinidad and Tobago and Jamaica have established a potentially useful organization namely, West Indian Thoroughbred Racing Association (WITRA) which has as its objectives.

- to provide and stage West Indian Classic and such other races as may constitute a West Indian Classic Day;
- to promote racing and breeding of thoroughbred horses in the member countries;
- to exchange experience and knowledge of breeding improvement, nutrition and all aspects of thoroughbreds and;
- to promote close relations and friendship between the people of member countries as well as other people and countries that practice the sport of thoroughbred horseracing.

However a key component in fulfilling this potential is the ability to move horses freely throughout the Caribbean region. This however is hampered by the lack of reliable transportation and where available its prohibitive cost.

As a consequence, the usual participation by Caribbean horses in major regional races such as:

- Barbados' Sandy Lane Gold Cup
- Trinidad's Royal Oak Derby
- Jamaica's Red Stripe Superstakes ; and,
- WITRA Classic

The West Indian Thoroughbred Racing Association (WITRA) Classic which was held in Barbados on 12<sup>th</sup> February, 2005, was run for the first time as a four year old race and under the stallion/foal subscription scheme. The race though competitive lacked the international flavour as there were no horses from Jamaica due to reason herein before mentioned.

Jamaica continues to maintain associate membership in the Caribbean Racing Confederation. However due to the fact that this level of participation has not provided the required benefits to Jamaica and also the expressed need and willingness by our horsemen to participate at a much higher level. The Commission has expressed its intention to re-enter the Caribbean Racing Confederation as a full participating member.

## **10.2 RED STRIPE SUPERSTAKES FORGING AN INTERNATIONAL LINK**

The twenty-sixth (2004) renewal of the Red Stripe Superstakes was held on Saturday, 13<sup>th</sup> November, 2004 and saw the running of:

i. **The Red Stripe Superstakes**

A Grade 1 Invitational Race for Native-Bred 3 year olds and upwards over a distance of 2000 metres.

ii. **The Red Stripe Caribbean Sprint Championship**

A Grade 1 Invitational Race for Native-Bred 3 year olds and upwards over a distance of 1200 metres.

iii. **The Red Stripe Mile**

A Grade 1 Invitational Handicap Race for Imported 3 year olds and upwards over a distance of 1600 metres.

iv. **The Red Stripe 2 Year Old Breeders Stakes**

A Grade 1 Restricted Race for Native-Bred 2 year olds only over a distance of 1400 metres.

v. **The Red Stripe Claiming Sprint**

A ((\\$100,000.00) claiming race for 3 year olds and upwards who raced for \\$140,000 in a specific period over a distance of 1100 metres.

The second staging of the Red stripe Jockeys' Challenge which showcased jockeys from Mountaineer Park, West Virginia, USA riding against local overseas based Jamaican jockeys also took place. The race day provided exciting entertainment and some spectacular performances by both equine and human athletes.

### **10.3 VISITS ABROAD**

During the fiscal year 2004/2005, Jamaica's racing jurisdiction was represented in several international and regional forums, providing needed training information and standards to our racing regulators, these include:

- Racing Commissioners International Inc. (RCI) summer Board Meeting
  - ~ New -Jersey, USA
  - ~ July 29 – August 2, 2004
- University of Louisville/RCI Continuing Education for Accredited Stewards
  - ~ Louisville, Kentucky, USA
  - ~ November 15 – 16, 2004
- West Indian Thoroughbred Racing Association (WITRA) Annual General Meeting & WITRA Classic
  - ~ St. Michael, Barbados
  - ~ February 9 – 14, 2005
- University of Louisville/RCI Continuing Education for Accredited Stewards
  - ~ Charles Town, West Virginia
  - ~ March 14 – 15, 2005

## **CHAPTER 11**

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### **FINANCIAL STATEMENTS**

The Commission's Annual Statement of Accounts for 2004/2005 and the Auditor's report thereon below:





**THE JAMAICA RACING COMMISSION**

Statement of Income and Expenditure

**Year ended March 31, 2005**

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
<b>INCOME</b>			
Government Subsidies:			
Levy - JRC		47,421,550	46,146,989
Levy - Purse		-	15,032,593
Budgetary Subvention	14	<u>45,979,650</u>	<u>20,000,000</u>
		<u>93,401,200</u>	<u>81,179,582</u>
Other income:			
Fees, appeals, complaints	1,185,997	1,160,405	
Fines		1,692,500	2,714,589
Gain on disposal of property, plant and equipment		8,000	269,786
Interest on fixed deposits		381,526	48,868
Interest on savings account	- Reserve fund	122,777	133,305
	- Other	713,110	12,802
Interest on short-term investments		-	589,132
Other interest		4,293,616	1,229,733
Occupational group insurance		8,458,560	7,193,079
Publications		198,900	182,357
Registration fees and permits	15	4,037,183	5,212,809
Rent		306,000	312,000
Service fee - blood typing		1,379,712	1,407,576
Tattooing		293,150	207,600
Track licence		100,000	100,000
Lasix administration		4,949,140	3,290,500
Lasix endoscopy		205,000	199,000
Foreign exchange gain		44,659	-
Miscellaneous		<u>216,934</u>	<u>20,500</u>
		<u>28,586,764</u>	<u>24,284,041</u>
Total income		121,987,964	105,463,623
<b>EXPENDITURE</b>			
Total expenditure for the year (from page 5)		(109,895,458)	(107,772,820)
Surplus/(deficit) before taxation		12,092,506	( 2,309,197)
Taxation	16	( 313,475)	( 459,161)
Net surplus/(deficit) for the year		\$ 11,779,031	( 2,768,358)

The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Expenditure  
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
GRANTS AND SUPPORT SERVICES		
Subvention:		
Contribution to - Purses	-	14,814,860
Foal subsidy	-	954,389
Yearling sale	<u>190,951</u>	<u>190,951</u>
	<u>190,951</u>	<u>15,960,200</u>
Development:		
Equine drug testing	11,258,645	7,746,680
Equine sample collection	2,845,987	3,066,967
Industry Insurance Scheme – Premium	9,203,151	10,053,943
Parental verification (blood typing) equine	1,058,403	1,315,433
Racing year book	217,613	260,075
Training - Apprentice jockeys	-	52,000
Benefit/benevolent schemes	779,270	653,398
Loan interest - BG&LC	3,622,857	2,500,000
Veterinary scholarship	1,576,144	1,046,059
Veterinary on-call services	171,349	194,408
Other	<u>403,954</u>	<u>760,979</u>
	<u>31,137,373</u>	<u>27,649,942</u>
Total subvention and support services to the racing industry (to page 5)	<u>\$31,328,324</u>	<u>43,610,142</u>

The accompanying notes form an integral part of the financial statements.

**THE JAMAICA RACING COMMISSION**

Expenditure (Continued)

**Year ended March 31, 2005**

	<u>Note</u>	<u>2005</u>	<u>2004</u>
<b>PERSONNEL EXPENSES</b>			
Salaries, wages and national insurance		36,018,720	36,625,622
Commissioners' fees		2,104,591	2,146,396
First instance tribunal fees		616,100	742,680
National Housing Trust contributions		1,158,285	1,176,323
Group pension and health scheme		2,515,301	1,565,230
Local travelling and upkeep		3,980,631	3,537,205
Overseas travelling		984,140	883,474
Staff educational development		892,818	381,345
Uniforms		468,407	350,820
Employee benefits	5(a)(ii)	10,774,000	( 2,160,000)
Personal accident		128,176	105,300
Canteen expenses		<u>571,107</u>	<u>562,210</u>
		<u>60,212,276</u>	<u>45,916,605</u>
<b>ESTABLISHMENT EXPENSES</b>			
Light and power		1,691,522	1,420,339
Taxes, insurance and water rates		1,218,888	1,428,506
Depreciation of property, plant and equipment		4,309,087	3,173,912
Repairs to furniture and buildings		<u>714,881</u>	<u>1,577,821</u>
		<u>7,934,378</u>	<u>7,600,578</u>
<b>MOTOR VEHICLE EXPENSES</b>			
Operating costs		<u>-</u>	<u>198,916</u>
<b>ADMINISTRATION EXPENSES</b>			
Advertising		15,800	99,168
Audit fees		450,000	450,000
Computer maintenance		326,043	141,360
Enquiries, appeals and complaints		223,528	260,749
Finance and bank charges		175,629	222,383
Hall of Fame		1,366,518	21,362
Legal and other professional fees		1,026,872	1,892,317
Miscellaneous office expenses		1,243,952	381,664
Printing and stationery		895,655	771,654
Publication		118,188	163,697
Racing membership fee		245,746	428,951
Security services - office		1,075,816	739,134
Special entertainment		974,155	506,732
JRC Anniversary		19,383	1,272,236
General Consumption Tax		1,406,589	833,262
Foreign exchange loss		-	1,313,750
Telephone, postage and telegrams		<u>856,606</u>	<u>948,160</u>
		<u>10,420,480</u>	<u>10,446,579</u>
Total personnel, establishment, motor vehicle and administration expenses		78,567,134	64,162,678
Total subvention and support services to the racing industry (from page 4)		<u>31,328,324</u>	<u>43,610,142</u>
Total expenditure for the year (to page 3)		<u>\$109,895,458</u>	<u>107,772,820</u>

The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Statement of Changes in Accumulated Funds  
Year ended March 31, 2005

	<u>General Fund</u>	<u>Reserve Fund</u> (Note 9)	<u>Other reserve</u> (Note 10)	<u>Total</u>
Balances at March 31, 2003	6,491,309	1,676,790	-	8,168,099
Transfer of pension surplus, net of deferred tax	( 3,540,000)	-	3,540,000	-
Net deficit, being total losses recognised for the year	( 2,768,358)	-	-	( 2,768,358)
Transfer to reserve fund	( 452,322)	<u>452,322</u>	-	-
Balances as at March 31, 2004	( 269,371)	2,129,112	3,540,000	5,399,741
Transfer of pension obligation, net of deferred tax	3,540,000	-	(3,540,000)	-
Net surplus, being total gains recognised for the year	11,779,031	-	-	11,779,031
Transfer to reserve fund	( 214,739)	<u>214,739</u>	-	-
Balances as at March 31, 2005	<u>\$14,834,218</u>	<u>2,343,851</u>	-	<u>17,178,772</u>

The accompanying notes form an integral part of the financial statements.

**THE JAMAICA RACING COMMISSION**

**Statement of Cash Flows**  
**Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net surplus/(deficit) for the year	11,779,031	( 2,768,358)
Adjustments to reconcile net surplus/(deficit) for the year to net		
Depreciation	4,309,088	3,173,912
Investment income	( 7,511,029)	( 1,964,972)
Interest expense	2,500,000	2,760,749
Gain on disposal of property, plant and equipment	-	( 269,786)
Employee benefit	5,779,000	( 5,310,000)
Deferred tax liability	( 612,575)	( 459,161)
Income tax	926,050	
Adjustment for interest imputed on concessionary loans		
From BG&LC and loans to staff	<u>( 3,052,597)</u>	<u>1,295,356</u>
Operating profit before changes in working capital and provisions	14,116,968	( 3,542,260)
(Increase)/decrease in:		
Accounts receivable	( 1,561,778)	( 7,557,289)
Taxation recoverable	( 3,117,100)	( 432,987)
Accounts payable	<u>20,589,927</u>	<u>54,777,768</u>
Cash generate from the operations	30,028,017	43,245,232
Interest paid	<u>( 2,500,000)</u>	<u>( 2,760,749)</u>
Net cash provided by operating activities	<u>27,528,017</u>	<u>40,484,483</u>
Cash flows from investment activities:		
Additions to property, plant and equipment	( 5,996,033)	(14,020,749)
Proceeds from disposal of property, plant and equipment	-	1,939,997
Interest received	7,511,029	1,964,972
Increase in short term investment	<u>(32,917,561)</u>	<u>(52,270,922)</u>
Net cash used by investment activities	<u>(31,402,565)</u>	<u>(62,386,702)</u>
Cash flows from financing activities:		
Bank overdraft	1,410,214	-
Loans to employees	<u>( 602,405)</u>	<u>( 1,486,603)</u>
Net cash provided/(used) by financing activities	<u>807,809</u>	<u>( 1,486,603)</u>
Net (decrease)/increase in cash and cash-equivalents	<u>( 3,066,739)</u>	<u>(23,388,822)</u>
Cash and cash-equivalents at beginning of the year	<u>5,580,728</u>	<u>28,969,550</u>
Cash and cash-equivalents at end of the year	<u>\$ 2,513,989</u>	<u>5,580,728</u>

The accompanying notes form an integral part of the financial statements.

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements

**March 31, 2005**

### **1. The Commission**

The Jamaica Racing Commission (“Commission”) is a Jamaican Statutory Body which regulates and controls horse racing in Jamaica. The Commission is domiciled in Jamaica and its principal place of business is located at 8 Winchester Road, Kingston 10.

The Commissioners as at March 31, 2005 are:

Mr. Rudolph Muir	-	Chairman
Dr. Michael Coore		
Mr. Hugh Levy		
Mr. Derrick White		
Mr. Robert Gore		
Mr. Walter Campbell		

Members of the management team are:-

Mrs. Ruth-Ann Smith-Sutherland, General Manager
Mr. Collin Berry, Finance Manager

The Commission has 34 (2004: 34) employees as at March 31, 2005.

### **2. Statement of compliance, basis of preparation and significant accounting policies**

#### **(a) Statement of compliance:**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by the International Accounting Standards Board, (IASB) and comply with the provisions of the Jamaica Racing Commission Act.

#### **(b) Basis of preparation:**

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars (\$), which is the functional currency of the Commission.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The significant accounting policies set out below have been applied consistently to all periods presented in the financial statements and conform in all material respects to IFRS.

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

**March 31, 2005**

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Cash and cash-equivalents:

Cash and cash-equivalents comprise cash and bank balances, including short-term deposits with maturities within three months of balance sheet date.

(d) Trade and other receivables:

Trade and other receivables are stated at cost, less impairment losses [see note 2 (i)].

(e) Trade and other payables:

Trade and other payables are stated at cost.

(f) Provisions:

A provision is recognised in the balance sheet when the Commission has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, 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 where appropriate, the risks specific to the liability.

(g) Investments:

Management determines the classification of investments at the time of purchase and takes account of the purpose for which the investments are made.

Short-term investments are classified as held-to-maturity and available-for-sale. Held-to-maturity investments are shown at amortised cost and available-for-sale investments are shown at fair value. Changes in fair value are recognised in the statement of income and expenditure.

(h) Property, plant and equipment and depreciation:

(i) Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses (note i).

(ii) Depreciation:

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Buildings	2½%
Computer equipment	20%
Furniture, fixtures and equipment	10%
Motor vehicles	20%

## THE JAMAICA RACING COMMISSION

### Notes to the Financial Statements (Continued) **March 31, 2005**

#### 2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

##### (i) Impairment:

[i] The carrying amounts of the Commission's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of income and expenditure.

The recoverable amount of the Commission's originated loans and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### [ii] Reversals of impairment:

An impairment loss in respect of originated loans and receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed, if there has been a change in the estimate 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; if no impairment loss had been recognised.

##### (j) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repo") are short-term transactions whereby the Commission buys securities and simultaneously agrees to resell the securities on a specified date and at a specified price. Title to the security is not actually transferred, unless the counterparty fails to comply with the terms of the contract.

## THE JAMAICA RACING COMMISSION

### Notes to the Financial Statements (Continued) **March 31, 2005**

Reverse repos are accounted for as short-term collateralised lending. Reverse repos are classified as originated loans and receivables and measured at amortised cost.

The difference between the sale and repurchase considerations is recognised on the accrual basis over the period of the transaction and is included in interest income.

#### 2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

##### (k) Taxation:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the statement of income and expenditure, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### (l) Employee benefits asset and obligation:

###### (i) General benefits:

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described in (ii) and (iii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they are paid.

Employee benefits comprise all forms of consideration given by the Commission in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions paid, annual vacation and sick leave, and non-monetary benefits, such as medical care and housing.

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

**March 31, 2005**

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(I) Employee benefit asset and obligation (cont'd):

(ii) Defined-benefit pension scheme:

The Commission operates a defined-benefit pension scheme (see note 5) providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the Commission.

In respect of defined-benefit arrangements, employee benefits comprising pensions and other post-employment assets and obligations included in the financial statements are determined by a qualified independent actuary, appointed by management. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the Commission's post-employment benefit assets and obligations as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The Commission's net benefit asset in respect of the defined-benefit pension schemes is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of scheme assets is deducted. The discount rate is the yield on long-term government securities that have maturity dates approximating the terms of the Commission's obligation. The calculation is performed by the independent, qualified actuary using the projected unit credit method.

When the benefits of the schemes are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of income and expenditure on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of income and expenditure.

All actuarial gains and losses that arise subsequent to April 1, 2002, in calculating the Commission's obligation in respect of the scheme, to the extent that any cumulative actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the statement of income and expenditure over the expected average remaining working lives of the employees participating in the scheme. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Commission, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the schemes or reductions in future contributions to the schemes.

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

**March 31, 2005**

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions.

Gains and losses arising from exchange rate fluctuations are included in the statement of income and expenditure.

(n) Revenue recognition:

Income from Government of Jamaica subventions, fees, fines and other income is accounted for on the accrual basis.

(o) Related party transactions

Related parties are those which control or exercise significant influence over or are controlled or significantly influenced by the company in making financial and operating decisions, or, along with the company are subject to common control or significant influence.

3. Property, plant and equipment

	<u>Freehold land</u>	<u>Buildings</u>	<u>Computer equipment</u>	<u>Furniture, fixtures and equipment</u>	<u>Total</u>
At cost:					
		March 31, 2004	51,000	2,828,340	4,326,983
	32,704,779		39,911,102		
	Additions	<u>-</u>	<u>162,400</u>	<u>436,320</u>	<u>5,397,313</u>
	<u>5,996,033</u>				
		March 31, 2005	<u>51,000</u>	<u>2,990,740</u>	<u>4,763,303</u>
	<u>38,102,092</u>		<u>45,907,135</u>		
Depreciation:					
March 31, 2004	<u>-</u>	922,461	2,389,967	11,822,168	15,134,596
Charge for the year	<u>-</u>	<u>70,709</u>	<u>845,653</u>	<u>3,392,726</u>	<u>4,309,088</u>
March 31, 2005	<u>-</u>	<u>993,170</u>	<u>3,235,620</u>	<u>15,214,894</u>	<u>19,443,684</u>
Net book values:					
March 31, 2005	<u>\$ 51,000</u>	<u>1,997,570</u>	<u>1,527,683</u>	<u>22,887,198</u>	<u>26,463,451</u>
March 31, 2004	<u>\$ 51,000</u>	<u>1,905,879</u>	<u>1,937,016</u>	<u>20,882,611</u>	<u>24,776,506</u>

Buildings include \$1,263,800 (2004: \$1,263,800) which is the cost of a Jockeys school, which was built on land leased for 17 years [see note 17 (a)].

**THE JAMAICA RACING COMMISSION**

Notes to the Financial Statements (Continued)  
**March 31, 2005**

4. Long-term receivables

	<u>2005</u>	<u>2004</u>
Loans to employees, remeasured for concessionary interest rate [see (i) below]	3,817,772	2,341,899
Caymanas Track Limited, remeasured for concessionary interest rate [see (ii) below]	-	1,000,000
Contributions to The National Housing Trust, recoverable in the years 2001/4	<u>16,645</u>	<u>16,645</u>
	3,834,417	3,358,544
Less: Current portion	( 594,884)	( 556,910)
	( 931,638)	( 1,058,169)
	<u>\$2,307,895</u>	<u>1,743,465</u>

- (i) Loans to employees are unsecured, bear interest at 8% per annum and are repayable between 1 to 6 years.
- (ii) This represented the balance on a \$1 million loan to Caymanas Track Limited (CTL) in 2003 for a five-year period, bearing interest at 12½% per annum on the reducing balance method, supported by a promissory note. Interest was payable in the first year of the loan, while principal was payable after the first year. During the year, the loan was fully repaid, after the Ministry of Finance indicated that Caymanas Track Limited would be put up for divestment.

5. Employee benefit obligation/(asset)

A defined-benefit pension scheme is administered by Life of Jamaica Limited, for all employees of the Commission and the Betting Gaming & Lotteries Commission (BG&LC) [see note 2(l)(ii), who satisfy certain minimum services requirements.

The benefits are computed by reference to final salary.

The actuarial report states that “the assets were allocated between the two companies, BG&LC and the Commission on the basis of the projected benefit obligation. This basis of allocation is not economic because the contribution and premium rates are composite rates and therefore the accounts and assets schedules are purely notional”.

**THE JAMAICA RACING COMMISSION**

Notes to the Financial Statements (Continued)  
**March 31, 2005**

Amounts recognised in the financial statements in respect of post-retirement employee benefits comprise the following:

(a) Employee benefit obligation/(asset):

	<u>2005</u> \$'000	<u>2004</u> \$'000
Present value of obligations	73,874	47,876
Fair value of plan asset	<u>(73,405)</u>	<u>(53,588)</u>
Net (asset)/obligation	469	( 5,712)
Unrecognised actuarial losses	(11,010)	( 254)
Unrecognised asset due to limit in economic benefit	<u>11,010</u>	<u>656</u>
	<u>469</u>	<u>(5,310)</u>

(i) Movement in the net asset recognised in the balance sheet:

	<u>2005</u> \$'000	<u>2004</u> \$'000
Balance at beginning of year	( 5,310)	-
Contributions paid, net units	( 4,995)	( 3,150)
Income/(expenses) recognised in the income and expenditure account	<u>10,774</u>	<u>( 2,160)</u>
Balance at end of year	<u>469</u>	<u>(5,310)</u>

**THE JAMAICA RACING COMMISSION**

Notes to the Financial Statements (Continued)  
**March 31, 2005**

(ii) Expense /(income) recognised in the statement of income and expenditure:

	<u>2005</u> \$'000	<u>2004</u> \$'000
Current service costs	1,589	1,522
Interest cost	5,745	5,339
Expected return on plan asset	( 6,914)	( 5,006)
Recognised actuarial loss	-	81
Change in unrecognised asset	<u>10,354</u>	<u>( 4,096)</u>
	<u>10,774</u>	<u>( 2,160)</u>
Actuarial return on plan assets	<u>19.0%</u>	<u>18.8%</u>

(iii) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>2005</u> %	<u>2004</u> %
Discount rate	12.5	12.5
Expected return on plan assets	12.5	12.5
Future salary increases	10.0	10.0
Future pension increases	3.5	-
Inflation	<u>7.0</u>	<u>7.0</u>

6. Cash and cash-equivalents

	<u>2005</u>	<u>2004</u>
RBTT Bank of Jamaica Limited:		
Current account - Housekeeping	1,019,569	
Current account - Lasix	138,500	2,024,111
Purse account	147,633	1,377,489
Foreign currency account	290,239	77,601
Fixed deposit account - Jamaica Public Service Company Limited (JPSCo)	657,553	608,322
Racing Industry Insurance Scheme/NCB	1,122,875	453,403
Petty cash imprest and cash in hand	6,833	20,233
NCB current account	137,966	-
NCB savings account	<u>12,390</u>	<u>-</u>
	<u>\$2,513,989</u>	<u>5,580,728</u>

## THE JAMAICA RACING COMMISSION

**Notes to the Financial Statements (Continued)**  
**March 31, 2005**

## 7. Short-term investments

	<u>2005</u>	<u>2004</u>
Available-for-sale, stated at fair value:		
DB&G - Money Market Fund units	563,971	486,357
Barita Unit Trust Investments:		
Reserve Fund	2,343,851	2,129,112
Escrow Funds	17,241	15,663
Personal accident fund	<u>-</u>	<u>2,377,243</u>
	<u>2,925,063</u>	<u>5,008,375</u>
Originated loans and receivables, stated at amortised cost:		
Securities purchased under resale agreements:		
Purse		
- NCBCM	33,990,632	-
- CCMB	10,273,186	-
- DB&G	19,315,698	-
- JMMB	15,445,818	44,648,788
Racing Industry Health Scheme (RIHS) - JMMB	1,506,943	3,000,000
DB&G	3,634,738	4,835,859
CCMB	3,073,965	-
JMMB	<u>244,540</u>	<u>-</u>
	<u>87,485,520</u>	<u>52,484,647</u>
	<u>\$90,410,583</u>	<u>57,493,022</u>

#### 8. Trade and other receivables

<u>Trade and other receivables</u>	<u>2005</u>	<u>2004</u>
Government levy payment - Purse	10,202,564	6,354,403
Levy receivable allocated to		
- JRC	7,173,248	4,349,425
- BG&LC	-	5,000,000
Deposit with JPSCo	25,323	25,323
Salary advances & personal loans	195,757	292,653
Prepaid expenses	<u>682,986</u>	<u>696,296</u>
	<u>\$18,279,878</u>	<u>16,718,100</u>

### **9. Reserve fund**

This represents interest earned on investment which is maintained as reserve fund.

	<u>2005</u>	<u>2004</u>
At beginning of year	2,129,112	1,676,790
Transfer from general fund:		
Gain on investment-interest on savings account	<u>214,739</u>	<u>452,322</u>
At end of year	<u>\$2,343,851</u>	<u>2,129,112</u>

10. Other reserve

This represents the pension obligation arising on the actuarial valuation, under IAS 19, of the Commission's pension scheme of \$Nil (2004: surplus \$3,540,000). Annual changes in the value of the scheme are shown in the statement of income and expenditure, then transferred to this reserve.

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2005

**11. Deferred tax asset/ (liability)**

	<u>2005</u>	<u>2004</u>
Deferred tax asset/(liability) is attributable to the following:		
Tax loss	-	94,613
Employee benefit asset	29,704	(1,770,000)
Property, plant and equipment	( 311,964)	(1,758,083)
Trade and other payables	<u>435,674</u>	<u>2,974,309</u>
	<u>\$ 153,414</u>	<u>( 459,161)</u>

Movement in temporary differences during the year:

	<u>Balance at April 1, 2004</u>	<u>Recognised in income</u>	<u>Balance at March 31, 2005</u>
Property, plant and equipment	(1,758,083)	1,446,119	( 311,964)
Other payables and accruals	2,974,309	(2,538,635)	435,674
Pension asset	(1,770,000)	1,799,704	29,704
Tax loss	<u>94,613</u>	<u>( 94,613)</u>	<u>-</u>
	<u>\$( 459,161)</u>	<u>612,575</u>	<u>153,414</u>

**12. Long-term loan**

	<u>2005</u>	<u>2004</u>
Betting Gaming & Lotteries Commission Loan	20,000,000	20,000,000
Effect of IFRS re-measurement – IAS 39	( 6,039,325)	( 2,986,727)
	13,960,675	17,013,273
Less: Current portion	( 2,931,765)	( 3,879,200)
	<u>\$11,028,910</u>	<u>13,134,073</u>

This represents the balance on a \$20 million five-year loan from the Betting Gaming & Lotteries Commission (BG&LC) in 2003, bearing interest at 12½% per annum on the reducing balance method, and is secured by a promissory note and a corporate resolution from The Jamaica Racing Commission. Interest was payable in the first two years of the loan, while principal was payable thereafter.

On March 30, 2005 the conditions of the loan were amended with a reduction of interest rate to 5% and an extension of the payment period to six (6) years.

13. Trade and other payables

	<u>2005</u>	<u>2004</u>
Government levy scheme contributions – Purse	93,553,240	52,586,185
Benevolent Fund account	1,361,072	9,963,309
Special revolving loan fund	318,699	318,699
Contractual payments – University of the West Indies	1,752,566	-
Statutory deductions	1,537,198	11,020,224
Accrued vacation	6,879,061	8,388,680
Other	<u>4,927,634</u>	<u>7,462,446</u>
	<u>\$110,329,470</u>	<u>89,739,543</u>

Included in the Benevolent Fund account is a short-term, unsecured loan of \$500,000 (2004: \$9 million) from the Jamaica Racing Commission Benevolent Society, bearing interest of 12.5% per annum. The loan was paid off subsequent to year end.

14. Budgetary Subvention from Government

	<u>2005</u>	<u>2004</u>
Subvention from the Government	<u>\$45,979,650</u>	<u>20,000,000</u>

During the year, at the request of the Ministry of Finance and Planning, a subvention of \$45,979,650 (2004: \$20,000,000) was made to The Jamaica Racing Commission in respect of its projected deficit.

15. Registration fees and permits

	<u>2005</u>	<u>2004</u>
Registration of claims	710,000	370,500
Registration and transfers	2,418,783	2,017,050
Occupational permits	460,700	533,900
Owners permit	<u>447,700</u>	<u>2,291,359</u>
	<u>\$4,037,183</u>	<u>5,212,809</u>

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)  
**March 31, 2005**

### 16. Taxation

Pursuant to an amendment to Section 12(b) of the Income Tax Act, effective December 23, 2003, the Commission's previous exemption from income tax has been revoked.

- (a) The charge for taxation for the year is based on the surplus (2004: pro-rated deficit) before taxation, as adjusted for tax purposes, and is made up as follows:

	<u>2005</u>	<u>2004</u>
(i) Current tax charge: Income tax at 33½%	( 926,050)	-
(ii) Deferred tax credit/(charge): Origination of temporary differences (note 11)	612,575	( 459,161)
Tax charge recognised in the statement of income and expenditure	\$( 313,475)	( 459,161)
(b) The effective tax rate is 2.59% (2004: \$19.8%) of pre-tax surplus/(deficit) of \$12,092,506 [2004: (\$2,309,197) pro-rated], compared to a statutory rate of 33½%. The actual tax charge differed from the expected tax charge for the year as follows:		
Reconciliation of effective tax rate:	<u>2005</u>	<u>2004</u>
Surplus/(deficit) before taxation	\$12,092,506	(2,309,197)
Computed "expected" tax (charge)/credit, pro-rated	( 625,648)	192,433
Difference between profit for financial statements and tax reporting purposes on:		
Depreciation and capital allowances	1,426,170	(1,618,427)
Employee benefit obligation/asset	1,433,700	(1,687,500)
Trade and other payables	( 2,443,026)	2,815,889
Other disallowable expenses	( 104,671)	( 161,556)
Actual tax (charge)/credit	\$( 313,475)	( 459,161)

## THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2005

### 17. Commitments

- (a) The Commission entered into a forty-nine (49) years land lease agreement with the Urban Development Corporation in respect of premises tenanted by the Jockey Club at an annual rental of \$5,000 (see note 3). The unexpired portion of the lease is payable as follows:

	<u>2005</u>	<u>2004</u>
Within one year	5,000	5,000
Subsequent years	<u>155,000</u>	<u>160,000</u>
	<u>\$160,000</u>	<u>165,000</u>

- (b) In 1997, in addition to an ex-gratia payment of \$50,000 which was made in that year to a former employee, the Commission agreed that a monthly payment of \$3,000 be made towards the former employee's upkeep.

### 18. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash-equivalents, short-term investments, trade and other receivable and long-term receivables. Similarly, financial liabilities comprise bank overdraft, accounts payable and long-term loan.

#### (a) Fair values:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair values of cash and cash-equivalents, trade and other receivables, bank overdraft and trade and other payables are assumed to approximate their carrying values due to their short-term nature.

## THE JAMAICA RACING COMMISSION

### Notes to the Financial Statements (Continued) **March 31, 2005**

#### 18. Financial instruments (cont'd)

##### (a) Fair values (cont'd):

The fair value of short-term investments is as shown in note 7.

The fair value of long-term loan and receivables is assumed to be equal to their carrying values as no discount on settlement or loss on realisation is anticipated.

##### (b) Financial instrument risks:

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the Commission's business. No derivative instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risks.

###### (i) Credit risk:

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

At balance sheet date, except for cash and cash-equivalents, short-term investments, trade and other receivables and long-term loans there are no other significant concentration of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset. Management maintains cash resources and investments with reputable financial institutions. Management also has an established policy in place for granting loans to staff and to rigorously follow-up collection of receivables.

###### (ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Loans and bank overdraft are subject to a fixed rate which may be varied by appropriate notice from the lender. The Commission's exposure to interest rate risk is limited to its bank overdraft, short-term deposits, investments and loan balances.

###### (iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Commission is exposed to this risk on transactions that it undertakes in currencies other than the Jamaica dollar. The main foreign currency giving rise to this is the US\$. The Commission manages this risk by ensuring that net exposure is kept at an acceptable level, by regularly reviewing exchange rates and foreign currency instruments.

Net foreign currency asset at year-end was US\$63,306.07 (2004: US\$79,908).

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Commission's only exposure to market risk is in respect of investments of \$90,410,583 (2004: \$57,493,022) (note 7).

18. Financial instruments (cont'd)

(b) Financial instrument risks: (cont'd)

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies ensuring that reliable budgets are submitted to the Government of Jamaica to facilitate timely receipt of subventions.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Commission manages this risk by ensuring, as far as possible, that cash flows from monetary financial instruments are matched to avoid any adverse cash flows.

