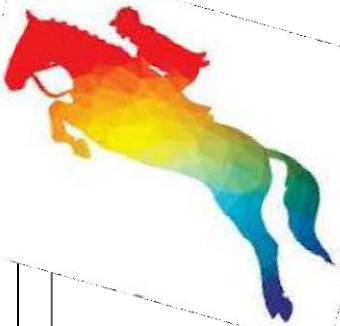




ANNUAL REPORT

2015-2016



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
2015-2016**

TO: The Honourable Nigel Clarke DPhil., M.P.
 Minister of Finance and the Public Service
 Ministry of Finance and the Public Service
 30 National Heroes Circle
 Kingston 4

This report summarises, in terms of Section 12 of the Jamaica Racing Commission Act, the activities of the Jamaica Racing Commission (JRC) in the Financial Year 2015-2016, in fulfilling the regulatory, financial, judicial and administrative functions assigned by the Act.

The report also presents the audited Financial Statements of the Commission, and data indicating performances and trends in the horse racing industry.

**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 horse racing 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 utilising 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 **2015-2016**



It is indeed an honour to present the Jamaica Racing Commission's Annual Report for the prior twelve-month period ending March 2016. This report recounts the efforts of the JRC board, management and staff in ensuring that the regulatory and developmental activities of the Commission are properly executed during the period under review.

One important element necessary for a regulator is to command the moral authority necessary to govern an industry with fairness and integrity. As such, the JRC looks to preserve and maintain high world-class standards in horse racing, through its international affiliations and continuous staff training.

Despite the many challenges, the JRC continues to leverage all its resources. The Commission has seen a steady increase in its revenue streams. With the planned divestment of the promoting company, Caymanas Track Ltd, we project that this will instil a renewed outlook and growth spurt for the industry.

The planned merger of the JRC and the Betting Gaming and Lotteries Commission (BGLC) remains on the agenda with both organisations sharing a common board. Significant focus has been placed on harmonising the legislature that governs the operation of both entities.

The co-location of the staff of both entities was finalised. This has created greater synergies and working groups aimed at achieving a successful merger.

The efficient operation of all subcommittees in general and the First Instance Tribunal in particular is important if we are to be credible, equitable and fair. To my fellow Commissioners, you have my gratitude for your support and service as we continue to ensure that the JRC fulfils its mandate.



Mr Linton Walters.

Chairman. (started 31st August 2014)

COMMISSIONERS:

Linton A. Walters – Chairman	(up to Apr 5, 2016)
Gary Peart – Vice Chairman	(as of Apr 5, 2016)
Jeffrey Mordecai	(up to Apr 5, 2016)
Michael Coore (Dr)	(up to Apr 5, 2016)
Peter Reid	(as of Apr 5, 2016)
Major Vincent Anderson	(as of Apr 5, 2016)
Monique Harrison-Beckford	(as of Apr 5, 2016)

OFFICIALS:

Richard Longmore	-	Acting General Manager
Alva Belnavis	-	Acting Director Finance & Administration
St. Aubyn Bartlett (Dr.)	-	Senior Veterinary Officer
Dean Smith	-	Information Technology Manager
Sophia Ramlal (Dr.)	-	Veterinary Officer
Kavel Mitchell-Buckley	-	Actg Financial Manager
Elaine Sullivan	-	Acting Personnel Officer
Haldene Johansen	-	Operations Steward
Eustace Williams	-	Operations Steward
Robert Clark	-	Operations Steward
Ina Lawrence	-	Administrator/Welfare & Training
Shantell Clarke	-	Administrator/Welfare & Training

DELEGATES:**The First Instance Tribunal:**

-	Kent Pantry	-	Chairman
-	Paul Turner (Dr)		
-	Cliff Williams		
-	George McPherson		
-	Micheal Coore (Dr)		
-	Operations Stewards		

SUB-COMMITTEES**FINANCE COMMITTEE:**

- | | | |
|----------------|---|--------------|
| Linton Walters | - | Chairman |
| Peter Reid | - | Commissioner |

AUDIT COMMITTEE:

- | | | |
|------------------|---|--------------|
| Vincent Anderson | - | Chairman |
| Jeffrey Mordecai | - | Commissioner |
| Kirby Clarke | - | Member |

EQUINE DRUG TESTING COMMITTEE:

- | | | |
|-------------------------|---|--------------|
| Linton Walters | - | Chairman |
| Major Vincent Anderson | - | Commissioner |
| Micheal Coore (Dr) | - | Commissioner |
| Richard Longmore | - | Member |
| St. Aubyn Bartlett (Dr) | - | Member |
| Sophia Ramlal (Dr) | - | Member |
| Paul Turner (Dr) | - | Member |
| Racing Chemists | - | Member |
| Racing Analyst | - | Member |

HALL OF FAME TRUSTEES

- | | | |
|---------------------|---|--------------|
| Linton Walters | - | Chairman |
| Peter Reid | - | Commissioner |
| Gary Peart | - | Commissioner |
| Michael Coore (Dr.) | - | Trustee |
| Kenneth Gooden | - | Trustee |
| Edward Barnes | - | Trustee |
| Denzil Miller Jnr. | - | Trustee |
-

RACING INDUSTRY INSURANCE SCHEME COMMITTEE

Linton Walters	- Chairman
Monique Harrison-Beckford	- Commissioner
Gary Peart	- Commissioner
Richard Longmore	- Member
Kavel Mitchell-Buckley	- Member
Haldene Johansen	- Member
Denzil Miller Jnr.	- CTL Representative
Dale Murphy	- United Racehorse Trainers' Representative Rep.
Andre` Martin	- Jockeys' Representative
Fabian White	- Grooms' Representative
Richard Donaldson	- Jamaica Racehorse Trainers Assoc. Rep.

JOCKEYS' TRAINING SCHOOL COMMITTEE

Michael Coore (Dr)	- Chairman
Jeffery Mordecai	- Commissioner
Charles Hussey, OD	- Member
Brando Hayden	- Member
Richard Longmore	- Member
Haldene Johansen	- Member

SENIOR EXECUTIVES COMPENSATION 2015-2016

Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$) Duty On Call Vet All	Non-Cash Benefits (\$) M/Vehicle Benefit	Total (\$)
Actg. General Manager – Richard Longmore	3,364,053.93	N/A	609,828.00	251,297.49	26,000.04	N/A	4,251,179.46
Actg. Director, Finance & Administration – Alva Belnavis	2,375,134.37	N/A	582,153.80	157,641.49	12,500.00	N/A	3,127,429.66
Information Technology Manager – Dean Smith	2,194,814.90	N/A	643,128.00	144,857.78	N/A	N/A	2,982,800.68
Senior Veterinarian – Dr. St Aubyn Bartlett	4,091,873.02	N/A	615,054.95	310,516.28	1,030,890.12	N/A	6,048,334.37
Total	7,934,003.20		2,450,164.75	864,313.04	1,069,390.16		16,409,744.17

Notes

1. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.
2. Duty Allowance is approved at a standard rate within the Government of Jamaica salary scale regarding 'on-call' duties at the track (24 hours)

DIRECTORS COMPENSATION 2015-2016

Directors	Fees (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Total (\$)
Chairman: Linton Walters	201,500.00	257,436.00	458,936.00
Deputy Chairman: Gary Peart	86,000.00	228,832.00	314,832.00
Commissioner: Dr. Michael Coore	36,000.00	85,812.00	121,812.00
Commissioner: Peter Reid	171,000.00	257,436.00	428,436.00
Commissioner: Major Vincent Anderson	184,000.00	228,832.00	412,832.00
Commissioner: Jeffery Mordecai	87,500.00	228,832.00	316,332.00
Commissioner: Monique Harrison- Beckford	52,500.00	85,812.00	138,312.00
Total	818,500.00	1,372,992.00	2,191,492.00

CHAPTER 1

GOALS AND OBJECTIVES

While the overall goal of the Commission continues to be the preservation of a vibrant, credible industry, and the maintenance of high standards for all aspects of the sport, continued challenges that threaten the viability of the industry need to be addressed.

To meet new and continued challenges, the following broad objectives were adopted over the period under review and the medium term to follow:

1. Aggressively address incidents of positive findings of drug usage beyond the established threshold, as well as for illegal substances, especially Class 1 drugs.
2. Encourage breeders to increase the annual count of locally bred foals.
3. Ensure proper registration and identification of horses in conformity with international standards.
4. Institute measures that protect animal health and welfare and the production of the Jamaica Stud Book.

Further, more granular goals were defined to:

- 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;
- deter and detect the use of prohibited substances in competing horses;
- establish criteria for the granting of occupational permits/licences;
- ensure that applicants for registration as racehorse owners are of good character, and have sufficient means to maintain their horses in training;
- continue to advise the Government on the extent of subsidies in support of horse racing and breeding, and administer the approved subsidies;
- act as coordinator between the various groups in the industry and adjudicate on complaints, objections and appeals received from persons in relation to horse racing;
- ensure that institutional capacity exists to properly execute the Commission's functions.

CHAPTER 2**2.1 PUBLIC SUPPORT**

Thoroughbred horse racing promoted locally by Caymanas Track Limited (CTL) at the single racetrack on the island continued to attract wide public support. In addition to local race meetings, the promoting company also organises simulcast races via satellite to their off-track Betting Parlours across the island.

2.2 RACES AND PURSES

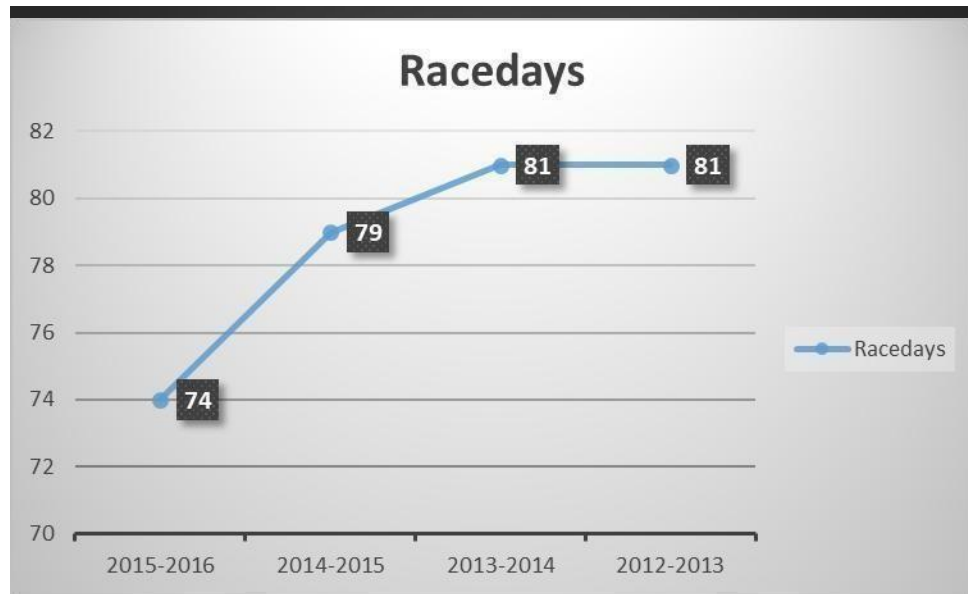
Table 1 below provides details on racing activities and purse earnings over the past five years for comparison:

TABLE 1

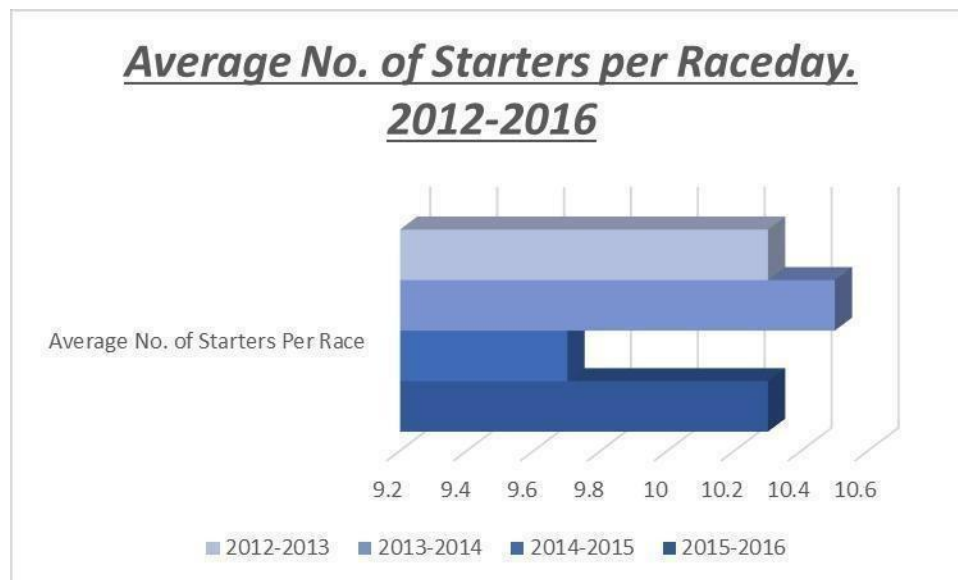
	2015-2016	2014-2015	2013-2014	2012-2013
RACE DAYS	74	79	81	81
NO. OF RACES	759	771	818	799
TOTAL NO.OF RUNNERS/STARTS	7649	7479	8546	8258
AVERAGE NO. OF STARTERS PER RACE	10.3	9.7	10.5	10.3
RACE DAY SALES BY PROMOTER (LOCAL RACING)	\$2,613,964,467	\$2,389,406,402	\$2,424,520,418	\$2,371,983,536
RACE DAY SALES BY PROMOTER (SIMULCAST)	\$2,121,037,910	\$1,968,676,985	\$1,915,404,706	\$1,719,050,105
TOTAL PURS E MONEY PAID OUT	\$515,114,319	\$507,002,450	\$519,591,850	\$538,405,950

2.3 INDUSTRY STATISTICS

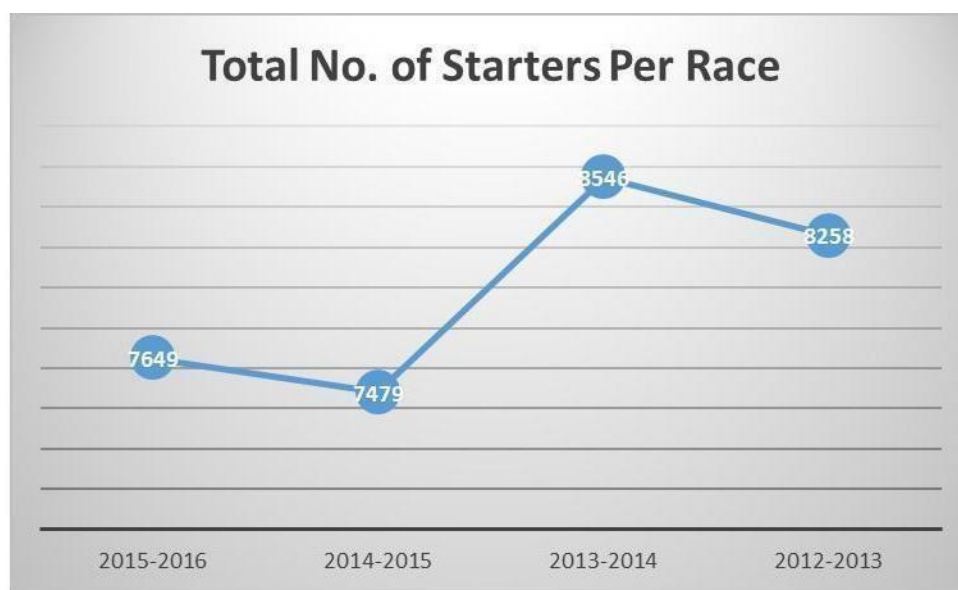
Line Graph depicting the Total Number of Race Days between 2012 and 2016



Column Chart depicting the Local Race Day Sales vs Simulcast Race Day Sales 2012-2016 in millions.



Graph depicting the Average No. of Starters per Race Day 2012-2016



Line Graph depicting the Total Number of Starters Per Race between 2012 and 2016

2.4 FINANCIAL SUPPORT TO THE INDUSTRY

	2015-2016	\$ 2014-2015	\$ 2013-2014	\$ 2012-2013
Lab analyses and repairs to equipment	24,122,861	21,426,025	25,995,034	23,994,007
Other Development Projects (See notes in Financial Statement)	11,255,965	6,372,694	4,604,167	7,674,125
Total Subsidies	35,378,826	27,798,719	30,599,201	31,668,132

CHAPTER 3**OPERATIONAL ACTIVITIES**

The Commission's activities over the year comprised:

3.1 FINANCE**Cash and
Equivalents**

The Jamaica Racing Commission started the 2015/2016 fiscal year with cash and cash equivalent total of \$17.6M and closed the year slightly better than how it started with a total of \$23.8M. The company's main bank account continues to experience meagre cash balances through the year. As indicated in the table below, it had an opening balance of \$5M at the beginning of the year; it closed with \$8.1M, an increase consequent to receiving January 2016 Bookmakers' Levy payment late. The small cash balance in the main account at the beginning and the ending of the reporting period is a reflection of the funding crisis which continues to plague the organisation.

The Revolving Loan Fund reflected growth in its closing balance as at March 31, 2016 when compared with its opening balance of \$0.4M at the start of the year; growth of over 302% was recorded resulting in a closing balance of \$1.5M.

The Benevolent Fund balance at the end of the calendar year grew subsequent to loan repayment made by the Commission, totalling \$3M, while the Racing Industry Health Scheme continues to operate self-sufficiently.

Table 1 below highlights the variances between the opening and closing balances of the accounts, investments and funds operated by the Commission.

Table 1: Cash and Cash Equivalents

<u>CASH</u>	01-April-15	31-Mar-16	% Change
Main Bank Account	4,963,870.32	8,165,989.56	64.5%
Revolving Loan Account	373,506.29	1,501,508.26	302.0%
JRC Bank Accounts	5,337,376.61	9,667,497.82	81.1%
<u>Cash Equivalents</u>			
Racing Industry Health Scheme	8,125,163.61	9,133,628.72	12.4%
JRC - Operations Investments	1,051,203.58	1,079,461.50	2.7%
Benevolent Fund Bank Accounts & Investments	3,101,346.27	3,923,271.46	26.5%
GRAND TOTAL	17,615,090.07	23,803,859.95	35.1%

FUNDING

The Jamaica Racing Commission receives 76% of its total income from two major sources: the Promoter's Levy from Caymanas Track Limited (CTL) and the Bookmakers' Levy. In accordance with the provisions of the Betting, Gaming & Lotteries Order 1965, the Promoter pays 4.5 percent monthly from its gross profit tax, while funding received from the Bookmakers was increased from 4.5 percent to 9.5 percent effective April 2014. The remaining 24% is derived from recurring income. The table below showed a comparison of income received, and the expected Promoter's Levy during the fiscal years 2014/2015 and 2015/2016.

Table 2. Income

Sources of Funding	2014-2015		2015-2016	
	Amount (\$)	% of Total	Amount (\$)	% of Total
Bookmakers' Levy	90,814,342	61%	86,753,745	51%
Promoter's Levy ***	34,811,456	23%	45,636,297	27%
Recurrent Income	23,301,686	16%	37,008,438	22%
Total	148,927,484	100%	169,398,480	100%

*** expected income

Bookmakers' Levies

According to the percentage distribution of the Bookmakers' Levy, the Commission received \$86.8M during the 2015/2016 fiscal year; this represents 9.5% of the 12.5% aggregate received monthly from the bookmakers. Amounts totalling \$23.3M and \$4.7M were receipted on behalf of Caymanas Track Limited and Thoroughbred Owners and Breeders Association (TOBA) respectively during the reporting period. Accordingly, payments from levies received were made out in the amounts \$3.8M and \$3.7M towards CTL and TOBA.

Promoter's Levy

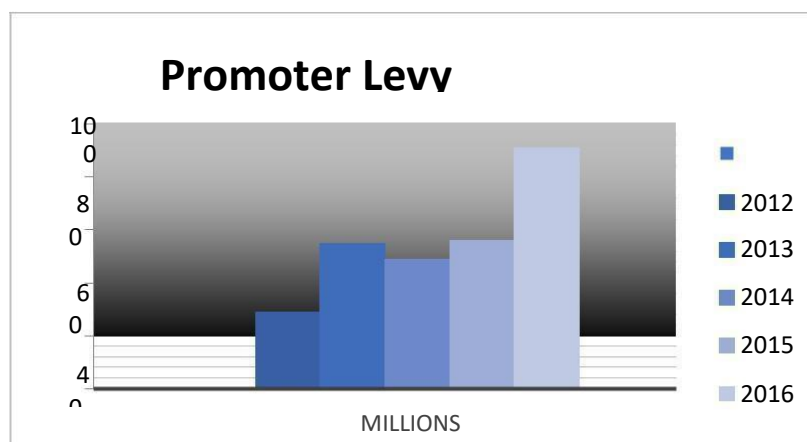
The Commission expected to receive Promoter's Levy from Caymanas Track Limited totalling \$45.6M during the period April 2015–March 2016. However, only \$11M was received, according to the following allocation: \$10M on current year's payment (2015) and \$0.6M on prior year arrears. At the end of March 2016 Caymanas Track Limited owed the Commission \$91M in gross profit tax levy.

ACCOUNTS RECEIVABLE

Total receivable balance at the end of the reporting year summed to \$99.2M; of this amount 92% is owed by Caymanas Track Limited accordingly:

- Promoter's Levy (CTL) – 80,091,263.00
- Lasix (CTL) – 1,108,000.00
- Bookmakers' Levy – 8,000,000.00

The Jamaica Racing Commission has been burdened with high receivable balances as a consequence of Caymanas Track Limited dishonouring its payment obligations since 2010. During the years 2012 to 2014, CTL attempted to honour its current year payment obligations, while making diminutive payments on the arrears. However, after honouring the first two months' payments in the financial year, the Promoter retracted its payments to JRC, resulting in receivables balance increasing by a mammoth 62% to \$91M.



ACCOUNTS PAYABLE

The Commission continues to experience high aged accounts payable balances, a rippling effect of its high receivables balance. At the end of the 2015/2016 financial year, accounts payables total \$44.4M under the following categories balance:

Table 3: Accounts Payable

Accounts Payable Listing	31-Mar-16	% of Total Payables
Creditors	3,705,107	8%
Statutory Payments	33,121,414	74%
UWI Contract	8,124,304	18%
TOTAL	44,950,824	100%

Statutory Payments

The major creditor on JRC's payables listing is the Collector of Taxes. The Commission began the financial year indebted to the Collector of Taxes in the amount of \$20.2M. During the reporting period, payments were made totalling \$17.7M for all five statutory taxes from February 2015 to December 2015 and April 2013 arrears. Statutory payments totalling \$33.1M was broken down in the following manner as at the end of March 2016:

- ✓ PAYE, ED Tax and HEART TAX payment from February 2013 to June 2014.
- ✓ All five statutory taxes for January 2016 – March 2016.
- ✓ Company's portion of education tax from April 2009 – Oct 2015.

UWI

Another creditor on the payables listing is the University of the West Indies (UWI). A new contractual agreement between JRC and UWI commenced May 2015 with a monthly payment of \$1.6M. Efforts were made by the Commission to uphold this agreement, however, full compliance was not achieved. At the end of March 2016 outstanding contract payment to the University of the West Indies totalled \$8.1M. This amount represents contract payments from November 2015 – March 2016.

LOANS

The Commission currently has two loan balances from FINSAC Limited and the Benevolent Fund. Loan in the form of budgetary support totalling \$50M with interest of 5% was received in 2012 from FINSAC Limited and balance of \$23.9M on loan received from the Benevolent Fund through approval from the Ministry of Finance. The Commission has not started to honour payments on the loan from FINSAC Limited. However, \$2M was paid on the loan from the Benevolent Fund.

CHAPTER 4**4.1. REGULATORY**

1. During the period, no amendment was made to the Jamaica Racing Commission Racing Rules (1977).
2. With respect to the issuance of permits and licences, the Commission continued to discharge its responsibilities under the Act. As at March 31, 2016, a total of 334 permits and licences had been approved for members of the Occupational Group, which represents a slight increase over prior years.

Category	Number of Licences Approved	
	As at 31.03.15	As at 31.03.16
Trainers	122	126
Assistant Trainers	20	18
Jockeys	63	67
Apprentice Jockeys	1	0
Jockeys' Agents	4	10
Grooms	90	97
Stable Assistants	2	10
Exercise Riders	24	5
Farriers	1	1
Assistant Farriers	0	0
Total	327	334

The number of registered Owners as at 31.03.16 stood at 404 which is 151 fewer than the total as at 31.03.15, but 30 more than the total as at 31.03.14, the corresponding point of the licensing period (i.e 2014/15 versus 2015/16).

Below are the comparative totals for the categories outside of the occupational group:

Category	Total As at 31.03.15	Total As at 31.03.16
Individual Owners	555	404
Companies	5	4
Owners' Agents	4	3
Veterinarians	9	7

3. During the period under review, races were conducted on 76 days, broken down as follows:

JAMAICA RACING COMMISSION 2015-2016

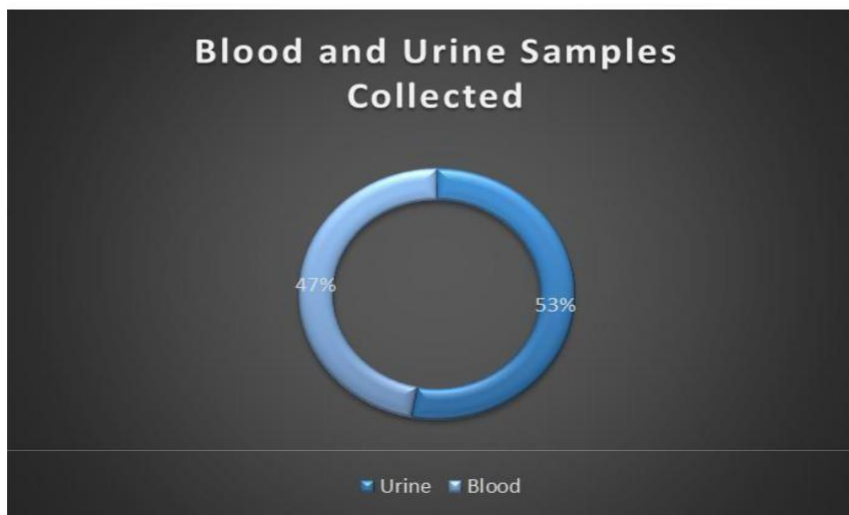
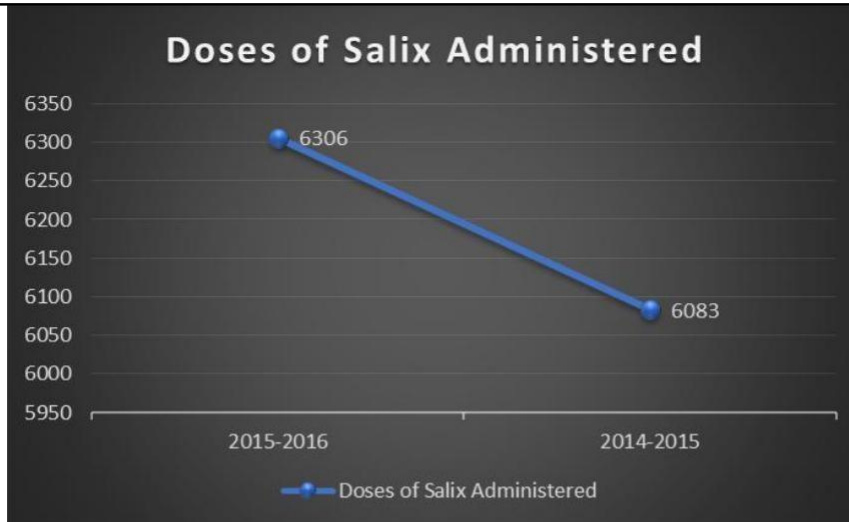
Saturdays	Wednesdays	Public Holidays	Sundays	Total
52	12	6	6	76

- The veterinary 'On Call' system continued to assist in ensuring that horses declared to race on a particular day were legitimately withdrawn, this after being reported sick or lame after 'Scratch Time'. The Racing Rules require that all declared horses (after the close of entries) which become sick, lame or injured, be examined by a Jamaica Racing Commission veterinarian. This 'On Call' facility sought to ensure that trainers reported such animals via telephone in a timely manner. During the period under review, a total of 129 visits or examinations were done by the Commission's veterinarians, which is one (1) fewer than the 130 done during the previous period.
- The stewards continued their weekly review of races and conducted hearings into riding incidents. The number of summonses issued to jockeys during the period, as well as the actions taken is set out below.

Period	No. of Summonses Issued	Action Taken			
		Suspensions (Race days)	Fines Imposed	Cautions	Explanations Accepted
2014/15	157	49	\$696,000	38	17
2015/16	122	50	\$438,000	43	20

- The number of doses of the race day medication, Salix, that were administered during the period under review was 6,306, an increase of 3.66% when compared to the 6,083 in the previous year.
- The Veterinary Department continued its management of the Equine Collection Center ('Testing Barn') to assist in ensuring that the integrity and fairness of the industry was kept at a high level. During the period, some 1,477 urine and 1,310 blood samples were collected and processed. After being analysed by the Racing Chemist, 12 were confirmed as being positive for substances prohibited by the Jamaica Racing Commission Racing Rules 1977. It is to be noted that one (1) sample returned positive for three (3) substances. The breakdown is as follows:

Name of substance	Number of samples
BENZOCAINE	1
DICLOFENAC	6
EPHEDRINE	2
LIDOCAINE	2
PROPRANOLOL	1



8. The Registration Department continued the process of trying to improve the functions they performed during the period under review. A total of the various documents processed for the year ended March 31, 2016 is set out below:
 - a) 317 applications for the registration of Native Bred horses were processed (inclusive of the late ones) and a further 36 left pending as a result of various omissions
 - b) 24 applications for the registration of imported horses were approved with another 13 (incomplete) at the end of the period
 - c) 359 samples from horses were sent to the laboratory for DNA typing, blood typing and parentage verification, while some 277 were awaiting sampling

- d) 347 horses were microchipped with 32 left to be done at the end of the period under review
- e) 411 applications for the naming of horses were approved during the period whilst 6 were denied with 7 pending at the end of the period
- f) 56 applications for the registration of owners' colours were approved
- g) 143 certificates of registration of the death of horses were received and recorded
- h) 17 nom de plumes were registered
- i) 621 applications for the registration of transfer of ownership of horses were approved
- j) 668 applications for the registration of Training Agreements were approved; and,
- k) 507 applications for the registration of owners were processed.

Protective Measures

- a) The Commission and Track Veterinarians continued their vigilance in conducting pre and post-race examinations on all horses declared to race, with a view to detecting lameness and or other chronic problems. These examinations offered added protection to the horses, jockeys, owners, trainers, grooms and punters, by assisting in the prevention of serious injuries to both the jockeys and horses. This ultimately amounted to financial savings to all parties especially when the horses were withdrawn from races, resulting in bets purchased being refunded.
- b) Vaccination of horses was another process closely monitored, especially the recording of the data regarding the date each horse received its 'shot'.
- c) Again, the welfare officer with assistance from Caymanas Track Ltd.'s surgeons, chaplain (Father Collier) and other professionals, counselled members of the Occupational Group on the benefit of a healthy lifestyle. The welfare officer also monitored the use of safety helmets and boots, worn by jockeys, exercise riders and grooms.

4.2. CULLING

The veterinarians periodically conducted examinations of the horses housed at Caymanas Park, with a view to identifying chronically lame ones. Those so identified, along with others aged 8 years and older which did not each earn a minimum of \$160,000.00 over the preceding year (12 months), were culled from racing as at December 31, 2015. The total culled during the period under review was 504. This was significantly more than previous years as an attempt was made to correct a database anomaly that excluded animals that did not race in the last 24 months from previous culling.

CHAPTER 5

5.0 VETERINARY SERVICES

The Veterinary Department of the Jamaica Racing Commission is one of five core departments of the Commission. It is staffed by a Senior Commission Veterinarian, a Commission Veterinarian and a Senior Secretary on a full-time basis. Additionally, the lasix and equine drug-testing programmes necessitate the contracting of race day services of veterinarians (2 part-time, 2 relief), a horse identifier and testing barn staff to ensure timely and adequate performance of the requisite duties

The core functions of the Department in accordance with the Racing Rules 1977 are:

- 1) Identification of horses via:
 - a. Markings/identity verification
 - b. Microchipping
 - c. Collection of hair samples for DNA analysis and parental verification
- 2) Administration and management of the Lasix Programme
- 3) Supervision of the Equine Sample Collection Center ('Testing Barn')
- 4) Maintaining custody of samples for equine drug testing
- 5) Adjudication on the suitability of horses to compete in races
- 6) Managing and coordinating the racing industry's equine vaccination programme
- 7) Advising the Commission on matters related to equine welfare, drug testing and other matters relevant to horse racing.

During the 2015-2016 fiscal year all stated functions were performed, the numerical details of which are indicated in attached tables. The relevant summaries are provided below:

a) Race Day Medication and Sample Collection

Race day lasix administration totalled 6230 representing a 3% increase compared to the prior fiscal period. The December 5, 2015 inaugural Diamond Mile race day accounted for the single most starters (189 horses), races (14) and lasix usage (155 horses) on any given day during the review period.

1477 and 1310 urine and blood samples respectively were collected in the Commission's Equine Sample Collection Center ('Testing Barn') representing a 2% decrease compared to the prior fiscal period. It is suggested that this continuing downward trend is directly related to the operational change whereby four horses being automatically selected from races for testing, has been applied to fewer races.

Staff changes and related cross-training have been effected in the Testing Barn operations. The Commission commissioned an audit of Testing Barn procedures in early 2014; the Department awaits the findings and recommendations of this audit. The Department has submitted reports to the Commission recommending investigation into incidents related to sample tampering (May 2015, Oct 2015) and threats on Testing Barn personnel from the prior fiscal period (November 19, 2014); the investigations and decisions of the Commission are awaited.

b) **Positive findings for prohibited substances**

Twelve positive findings for prohibited substances involving 10 horses were recorded during the period, representing a 45% decline in positive findings. Notably, one horse ("*Scoop Jordyne*") was involved in three of the positive findings reported, and three prohibited substances were confirmed in the urine sample of a single horse ("*Cause for Concern*").

No ARCI Class 1 positives were reported in the 2015-16 period, which represents a significant change from the prior period where 8 such positive findings were reported and confirmed. The majority of positive findings in 2015-16 were for substances in the ARCI Class IV category with the most commonly reported finding being that of *Diclofenac*. The Department continues to advocate for stronger medication control measures, deterrent and punitive, to curb medication abuse in racehorses.

It should be noted that the private equine practitioners at Caymanas Park published a notice in the official racing publication (Track & Pools) regarding their concerns about non veterinarians providing treatment to horses, and fraudulently collecting fees on behalf of the veterinarians.

c) **Fitness certification and disqualifications**

Evaluated categories directly related to racing activities which experienced decreases compared to the prior fiscal period were: *Pre-race fitness certification* (3%); *EIPH via epistaxis* (18%) and *Race day euthanasia* (66%). Categories experiencing increases were: *Post-race disqualifications* (5%); *Post-race lameness* (15%); *On-call visits* (6%).

Private practitioners provided the diagnostic Exercise-Induced Pulmonary Haemorrhage (EIPH, "bleeding") endoscopy services during the period of review, to facilitate greater convenience and accessibility by stakeholders while the Commission revisited efforts to acquire a more durable diagnostic system. 224 horses were confirmed as bleeders by the private practitioners in 2015-16; this compared to 227 horses in the prior fiscal period.

d) **Equine vaccination programme**

The Department maintained custody of the vaccination records for horses at, or entering the racing compound during the period. Seventy-six horses were disqualified from racing

for non-adherence to the Commission's Vaccination Protocol. This represented an average of just under one horse per race day and almost three times the number of similarly disqualified horses in 2014-15.

It is suggested that this increase is due to the connections of some horses seeking to only vaccinate horses close to the intended race and not routinely (i.e. every 120 days) as required by the Racing Rules.

The location of the Department at the racetrack continues to prove invaluable both in terms of the dissemination of vaccination information to stakeholders and also in receiving vaccination data from veterinarians. Periodic challenges accessing the Jamaica Racing Commission Racing Information System (JRCRIS) were experienced by the Department, necessitating contingency measures.

e) **Equine welfare**

Equine welfare issues and their resolutions remain of concern to the Department for two primary reasons: firstly, the Commission's Equine Welfare Sub-Committee conceptualised in 2012 to investigate these matters remains inactive; and secondly, there remains outstanding investigations into the cases of abuse of two horses, culminating in one horse's death, despite reports (Aug 7, 20 and 21, 2014) by the Department to the Commission.

The issue of medication abuse, as indicated by the high level of analgesic positives recorded in the review period and the detection of administration devices and topical analgesic medications in 'sterile' areas, is also of significant concern to the Department.

f) **Industry programmes**

Lectures in Equine Anatomy were provided by the Department in the Jockeys' School 2015.

CHAPTER 6**INTERNATIONAL AFFILIATIONS****6.1 MEMBERSHIP/ ASSOCIATIONS**

Over the period the level of international involvement continued to be minimal due to the continued lack of funding being provided to the Commission. The Commission currently has membership in the Association of Official Racing Chemists (AORC), and will be seeking to re-engage its other international partners such as the Caribbean Racing Confederation and Racing Commissioners International.

FINANCIAL STATEMENTS

The Commission's Annual Statement of Accounts for 2015/2016 and the Auditor's Report are set out at Appendix 1.

JAMAICA RACING COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2016

**JAMAICA RACING
COMMISSION FINANCIAL
STATEMENTS
31 MARCH 2016**

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Chartered Accountants
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Kingston 5, Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of
Jamaica Racing Commission

Report on the Financial Statements

We have audited the financial statements of Jamaica Racing Commission set out on pages 3 to 37, which comprise the statement of financial position as at 31 March 2016, and the statements of profit or loss and other comprehensive income, changes in reserves and 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 the Jamaica Racing Commission Act, 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 these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditors' 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, the auditors consider internal control 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 audit opinion.



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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Commissioners of
Jamaica Racing Commission

Opinion

In our opinion, the financial statements give a true and fair view of the Commission's financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Jamaica Racing Commission Act.

Other Matters

The financial statements of Jamaica Racing Commission for the year ended 31 March 2015 were audited by other auditors who expressed an unmodified opinion on 24 October 2016.


Chartered Accountants

28 June 2017

JAMAICA RACING COMMISSION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE

INCOME YEAR ENDED 31 MARCH 2016

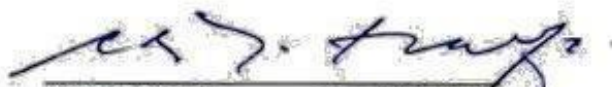
	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
REVENUE	7	132,390,042	132,613,222
Other income	8	37,008,439	35,643,104
		<u>169,398,481</u>	<u>168,256,326</u>
EXPENSES:			
Administrative	26	25,484,113	30,420,969
Development	26	35,378,826	27,798,718
Establishment	26	11,434,680	15,639,782
Personnel	26	94,141,546	94,427,496
		<u>166,439,165</u>	<u>168,286,965</u>
PROFIT/(LOSS) BEFORE TAXATION		2,959,316	(30,639)
Taxation	9	5,600,642	(394,541)
NET PROFIT/ (LOSS)		<u>8,559,958</u>	<u>(425,180)</u>
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss -			
Re-measurement of employee benefits obligation		21,020,000	42,225,000
Tax relating to items that will not be reclassified		(3,777,125)	(812,622)
		<u>17,242,875</u>	<u>41,412,378</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>25,802,833</u></u>	<u><u>40,987,198</u></u>

JAMAICA RACING COMMISSION
STATEMENT OF FINANCIAL POSITION
31 MARCH 2016

	<u>Notes</u>	<u>2016</u> \$	<u>2015</u> \$
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	161,477,435	165,588,607
Long-term receivables	11	22,390	199,473
Deferred tax asset	12	<u>10,144,276</u>	<u>3,847,871</u>
		<u>171,644,101</u>	<u>169,635,951</u>
CURRENT ASSETS:			
Inventories	13	1,236,316	2,295,478
Receivables	14	100,058,768	67,304,474
Short-term loans receivable	15	675,682	1,634,139
Current portion of long-term receivables	11	176,213	176,579
Taxation recoverable		2,946,635	2,944,746
Cash and cash equivalents	16	<u>19,999,969</u>	<u>15,375,960</u>
		<u>125,093,583</u>	<u>89,731,376</u>
		<u>296,737,684</u>	<u>259,367,327</u>
RESERVES AND LIABILITIES			
RESERVES:			
General fund		(14,559,064)	(40,361,897)
Revaluation reserve	17	<u>148,649,367</u>	<u>144,197,443</u>
		<u>134,090,303</u>	<u>103,835,546</u>
NON-CURRENT LIABILITIES:			
Long term loans	18	20,253,424	22,890,597
Employee benefit obligation	19	<u>2,080,000</u>	<u>19,153,000</u>
		<u>22,333,424</u>	<u>42,043,597</u>
CURRENT LIABILITIES:			
Payables	20	94,554,465	70,555,771
Short-term loan payable	21	23,861,925	25,861,925
Current portion of long-term loans	18	<u>21,897,567</u>	<u>17,070,488</u>
		<u>140,313,957</u>	<u>113,488,184</u>
		<u>296,737,684</u>	<u>259,367,327</u>

Approved for issue by the Commissioners on 28 June 2017 and signed on its behalf by:


 Anthony Shouear Chairman


 Clovis Metcalfe Vice Chairman

JAMAICA RACING COMMISSION
STATEMENT OF CHANGES IN
RESERVES YEAR ENDED 31 MARCH
2016

	Revaluatio n Reserve \$	Genera l Fund \$	Total \$
BALANCE AT 1 APRIL 2014	143,532,19 0	(80,683,842)	62,848,348
TOTAL COMPREHENSIVE INCOME			
Net loss	-	(425,180)	425,180)
Other comprehensive income	665,25	40,747,125	41,412,378
3	665,253	40,321,945	40,987,198
BALANCE AT 31 MARCH 2015	144,197,44	(40,361,897)	103,835,546
3			
TOTAL COMPREHENSIVE INCOME			
Net profit	-	8,559,958	8,559,958
Other comprehensive income	4,451,924	17,242,875	21,694,799
	4,451,924	25,802,833	30,254,757
BALANCE AT 31 MARCH 2016	148,649,36 7	(14,559,064)	134,090,303
			(

JAMAICA RACING COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2016

	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit/(loss)	8,559,958	(425,180)
Items not affecting cash resources:		
Depreciation	5,626,895	6,679,635
Interest income	(115,058)	(477,713)
Interest expense	3,740,748	4,257,588
Employee benefits	3,947,000	7,367,000
Taxation	(5,600,642)	394,541
Re-measurement for concessionary interest on FINSAC loan and loans to employees	2,189,906	2,170,076
	18,348,807	19,965,947
Changes in operating assets and liabilities:		
Inventories	1,059,162	(544,529)
Receivables	(32,754,294)	(12,673,092)
Payables	20,257,946	1,574,664
Short term loan receivable	958,457	(725,810)
Loan to employees	177,449	133,510
	8,047,527	7,730,690
Taxation (paid)/recovered	(22,853)	4,277,072
Cash provided by operating activities	8,024,674	12,007,762
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,515,723)	(1,592,872)
Interest received	115,058	477,713
Cash used in investing activities	(1,400,665)	(1,115,159)
CASH FLOW FROM FINANCING ACTIVITIES:		
Loan repayment	(2,000,000)	(4,000,000)
Cash used in financing activities	(2,000,000)	(4,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,624,009	6,892,603
Cash and cash equivalents at beginning of year	15,375,960	8,483,357
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 16)	19,999,969	15,375,960

JAMAICA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Jamaica Racing Commission is a statutory body established by the Jamaica Racing Commission Act to regulate and control horse racing in Jamaica. It is wholly owned by the Government of Jamaica and is an agency within the Ministry of Finance. The registered office of the Commission is located at 8 Winchester Road, Kingston.

On 17 December 2012, Cabinet approved the merger of Jamaica Racing Commission and the Betting, Gaming and Lotteries Commission (BGLC) under the Public Sector Master Rationalization Plan. No subsequent changes have been made to the legislations governing both entities and no effective date has yet been established for the completion of the merger.

2. REPORTING CURRENCY:

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which the Commission operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the Commission's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention as modified by the revaluation of certain properties that are measured at fair value or revalued amounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

New standards, amendments and interpretations effective in the current year.

Certain amendments and clarifications to existing standards have been published that became effective during the current financial year. The Commission has assessed the relevance of all such new amendments and clarifications and has put into effect the following which are immediately relevant to its operations.

Amendments to IAS 19, Defined Benefits Plan: Employee Contributions, effective for annual periods beginning on or after July 1, 2014, clarified the requirements that relate to how contributions from employees or third parties that are linked to services

should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

There was no impact from adoption of this amendment which is considered with the Commission's accounting policy.

JAMAICA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

New standards, amendments and interpretations effective in the current year (cont'd)

Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 July 2014. The main amendments applicable to the Commission are as follows:-

IFRS 13 Fair Value Measurement is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

IAS 24, 'Related Party Disclosures', has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

There were no impact from adoption of the above amendments and clarifications. **New**

standards, amendments and interpretations issued but are not yet effective

IAS 1 Presentation of Financial Statements, effective for accounting periods beginning on or after 1 January 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard.
- the order of notes to the financial statements is not prescribed.
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
- specific criteria is now provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.

- The presentation in the statement of OCI of items of OCI arising from joint ventures and accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

JAMAICA RACING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

New standards, amendments and interpretations issued but are not yet effective (cont'd)

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The commission is assessing the impact that the amendment will have on its 2017 financial statements.

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

IFRS 15, Revenue from contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces IAS 18. "Revenue" and IAS 11 "Construction contracts" and related interpretations.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). It replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together

with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

New standards, amendments and interpretations issued but are not yet effective (cont'd)

Improvements of IFRS 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendment applicable to the Commission is as follows:

IFRS 7, 'Financial Instruments: Disclosures', has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset - e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

IAS 19, Employee Benefits, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

The Commission is currently assessing the impact of the future adoption of the amendments on its financial statements.

(b) Foreign currency translation -

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in surplus or deficit.

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment -

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land and building, with the exception of the Jockeys School which is stated at cost, are subsequently carried at fair value, based on valuations by a professionally qualified value to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

Buildings	2 ½%
Furniture, tools and equipment	10%
Computer equipment	20%
Motor vehicle	20%

No depreciation is provided on freehold land.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit.

(d) Impairment of non-current assets -

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Classification

The Commission classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Commission's loans and receivables comprise trade receivables and cash and cash equivalents.

(ii) Recognition and Measurement

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Commission assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the accumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss.

Financial liabilities

The Commission's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long and short term loans and trade payables.

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL

STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of 90 days or less.

(g) Inventories -

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the weighted average cost basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(h) Trade receivables -

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Commission will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in surplus or deficit. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(i) Trade and other payables -

Trade and other payables are stated at cost.

(j) Revenue recognition -

Government of Jamaica Subventions:

Grants received from the Ministry of Finance and Planning are recognised as they are received.

Levy:

Levy is earned from two sources, Caymanas Track Limited (CTL) and bookmakers. It is recognised when the Commission receives notice of payment either from Ministry of Finance and Planning or Tax Administration Jamaica. The amount due is based on a gazetted fixed rate Gross Profit Tax of 9½% for the bookmakers, and 4½% of racing promoter, Caymanas Track Limited (CTL); of local and foreign sales. The amounts accrued are based on information provided by Tax Administration Jamaica and Betting, Gaming and Lotteries Commission (BGLC).

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL

STATEMENTS

31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Revenue recognition (cont'd) -

Registration fees and permits:

Income from registration fees and permits is determined by payment and renewal. A fee or permit that is not paid and renewed is not considered in force and, thus, not recognised as income.

Interest income:

Interest income is recognised in the statement of profit or loss and other comprehensive income for all interest bearing instruments on an accrual basis unless collectability is doubtful.

(k) Current and deferred income taxes -

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Commission's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(l) Employee benefits -

Employee benefits are 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, incentives, NIS contributions, vacation leave and post-employments benefits such as pensions.

Short-term employee benefits are recognized as a liability, net of payments made, and expensed. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Employee benefits (cont'd) -

Defined benefit plans

The Commission operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to a trustee administered fund, determined by periodic actuarial calculations.

Defined benefit plans surpluses and deficits are measured at:

the fair value of plan assets at the reporting date; less

plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus unrecognized past service costs; less the effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly within equity. The Re-measurements include actuarial gains and losses, return on plan assets (interest exclusive) and any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the commission's accounting policies -

In the process of applying the Commission's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty -

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

A number of assets included in the Commission's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the Commission's financial and non financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

JAMAICA RACING COMMISSION**NOTES TO THE FINANCIAL STATEMENTS****31 MARCH 2016****4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (CONT'D):****(a) Key sources of estimation uncertainty (cont'd) -****(i) Fair value estimation (cont'd)**

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Commission measures land and building at fair value (note 10).

(ii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Commission applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iii) Defined benefit assumptions

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The Commission determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations.

In determining the appropriate discount rate, the Commission considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):

(b) Key sources of estimation uncertainty (cont'd) -

(iv) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Commission recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT:

The Commission is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Commission's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the Commission and the methods used to measure them.

There have been no substantive changes in the Commission's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Commission, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade receivables
- Payables
- Long and short term loans

J	H	i
A	E	n
M	FI	a
AI	N	n
C	A	c
A	N	i
R	CI	a
A	A	l
CI	L	i
N	ST	n
G	A	s
C	T	t
O	E	s
M	M	b
MI	E	y
SS	N	c
IO	TS	a
N		t
N		e
O		n
T		s
ES		b
T		y
O		c
T		a
		l
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		s

31 MARCH 2016

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s**Loans and Receivables**

	<u>2016</u> \$	<u>2015</u> \$
Cash and cash equivalents	19,999,969	15,375,960
Trade receivables	100,018,445	67,264,151
Total financial assets	<u>120,018,414</u>	<u>82,640,111</u>

Financial liabilities

	<u>2016</u> \$	<u>2015</u> \$
Payables	94,554,465	70,555,771
Long term and short term loans	66,012,916	65,823,010
Total financial liabilities	<u>160,567,381</u>	<u>136,378,781</u>

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, receivables and payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

(iv) Financial risk factors -

The Commissioners have overall responsibility for the establishment and oversight of the Commission's risk management framework; key management has responsibility for monitoring the Commission's risk management policies.

The overall objective of the Commissioners is to set policies that seek to reduce risk as far as possible without unduly affecting the Commission's activities. Further details regarding these policies are set out below:

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(iv) Financial risk factors (cont'd) -

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk arises mainly from changes in interest rate and will affect the Commission's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The Commission is exposed to market risk on certain of its financial assets.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission has no exposure to foreign currency risk at the reporting date as it has no foreign currency balances.

Cash flows and fair value interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Commission to cash flow interest risk, whereas fixed interest rate instruments expose the Commission to fair value interest risk.

The Commission's manages its interest rate risk by maintaining an appropriate risk of interest bearing financial assets. The policy also requires it to manage the maturities of interest bearing financial assets.

At the reporting date, the Commission had fixed rate interest bearing financial instruments with carrying value of \$1,104,008 (2015: \$1,079,462).

Interest-bearing financial assets are primarily represented by cash and short-term deposits, which are contracted at fixed interest rates for the duration of the term.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(iv) Financial risk factors (cont'd) -

(ii) Credit risk

(cont'd) Trade

receivables

Trade receivables include lasix receivable (CTL) and levies, from bookmakers. The Commission has a concentration of credit risk in respect of amounts due from CTL which represents 93% of trade and other receivables. CTL has undertaken to settle its long outstanding balances through monthly payments of \$600,000 and the settlement of current balances as they fall due.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Commission has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade receivables and cash and cash equivalents in the statement of financial position.

Trade receivables that are past due but not impaired

At as 31 March 2016, trade receivables of \$87,405,379 (2015 - \$51,878,900) were past due but not impaired. These relate to customers for whom there is no recent history of default.

Concentration of risk - Trade receivables

The following table summarizes the Commission's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

	2016 \$	2015 \$
Government entities	92,862,933	58,356,790
Other	<u>7,155,512</u>	<u>8,907,361</u>
	<u>100,018,445</u>	<u>67,264,151</u>

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(iv) Financial risk factors (cont'd) -

(iii) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The management of the Commission manages this risk by maintaining adequate financial assets in liquid form.

The Commission's financial liabilities that would create an exposure to liquidity risk comprise accounts payable which are repayable within three months.

Cash flows of financial liabilities

The maturity profile of the Commission's financial liabilities, based on contractual undiscounted payments, is as follows:

	1 Year or less \$	1 to 2 Years \$	2 to 5 Years \$	Over 5 Years \$	Total \$
31 March 2016					
Payables	94,554,465	-	-	-	94,554,465
Short term loan payables	25,770,879				25,770,879
Long term liabilities	<u>6,363,930</u>	<u>6,363,930</u>	<u>25,455,720</u>	<u>25,455,730</u>	<u>63,639,310</u>
Total financial liabilities (contractual maturity dates)	<u>126,689,274</u>	<u>6,363,930</u>	<u>25,455,720</u>	<u>25,455,730</u>	<u>183,964,654</u>
	1Year or less \$	1 to 2 Years \$	2 to 5 Years \$	Over 5 Years \$	Total \$
31 March 2015					
Payables	70,555,771	-	-	-	70,555,771
Short term loan payables	31,864,881	-	-	-	31,864,881
Long term liabilities	<u>12,727,862</u>	<u>12,727,862</u>	<u>25,455,724</u>	<u>12,727,862</u>	<u>63,639,310</u>
Long term liabilities (contractual maturity dates)	<u>115,148,514</u>	<u>12,727,862</u>	<u>25,455,724</u>	<u>12,727,862</u>	<u>166,059,962</u>

JAMAICA RACING COMMISSION

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(v) Capital management

The Board's policy is to maintain adequate capital to be able to continue to carry out the objectives the Commission was formed to achieve. The Commission continues to rely heavily on government subventions for resources to support the various programmes undertaken. It also seeks to manage its budget so as to retain adequate accumulated surplus.

There were no changes in the Commission's approach to capital management during the year.

6. EXPENSES BY NATURE:

Total operating and administrative expenses -

	2016 \$	2015 \$
Staff costs (note 22)	94,141,546	94,427,496
Board members fees	2,244,908	2,449,116
Seminar and workshop	1,785,232	1,923,114
Audit fees	1,428,500	1,750,213
Repairs and maintenance	1,479,632	1,815,055
Insurance	1,740,401	1,819,094
Other operating supplies and material	21,867,218	18,737,710
Electricity, water and telephone	3,975,631	7,267,413
Other	32,149,202	31,418,119
Depreciation	5,626,895	<u>6,679,635</u>
	<u>166,439,165</u>	168,286,965

7. REVENUE:

	2016 \$	2015 \$
Government subventions:		
Levy - Bookmakers	86,753,745	90,814,342
Levy - Caymanas Track Limited	<u>45,636,297</u>	<u>41,798,880</u>
	132,390,042	132,613,222

JAMAICA RACING COMMISSION

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8. OTHER INCOME:

	2016	2015
	\$	\$
Apprentice Jockey training	2,397,245	2,960,007
Fees, appeals & complaints	1,922,848	2,784,070
Finance income	115,058	477,713
Fines	2,157,211	2,906,992
Lasix administration	12,614,000	12,172,000
	0	0
Micro chipping	528,001	414,412
Miscellaneous	131,551	113,713
Publications	600	1,200
Rent	4,860,000	3,843,000
Registration fees and permits	9,363,965	7,049,697
Service fee - blood typing	1,327,960	1,330,300
Track license	1,590,000	1,590,000
	<u>37,008,439</u>	<u>35,643,104</u>

9. TAXATION EXPENSE:

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

Taxation is computed on the profit/(loss) for the year, adjusted for taxation purposes, and comprises income tax at 25%.

	2016	2015
	\$	\$
Current taxation	20,964	258,650
Deferred taxation (note 12)	(5,621,606)	135,891
	<u>(5,600,642)</u>	<u>394,541</u>

The tax on the profit/(loss) before taxation differs from the theoretical amount that would arise using applicable tax rate of 25% as follows:

	2016	2015
	\$	\$
Profit/(loss) before taxation	<u>2,959,316</u>	<u>(30,639)</u>
Tax calculated at applicable tax rate	<u>739,829</u>	<u>(7,660)</u>
Adjusted for the effects of:		
Expenses not deducted for tax purposes	550,925	973,206

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Net effect of other charges and allowances (6,891,396) (571,005)

(5,600,642) 394,541

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RACING COMMISSION NOTES TO THE FINANCIAL STATEMENTS

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10. PROPERTY, PLANT AND EQUIPMENT:

	Freehold Land	Building	Computer Equipmen t	Motor Vehicl es	Furniture Fixtures and Equ ipm ent	
	\$	\$	\$	\$	\$	\$
At cost - 1 April 2014	60,000,000	91,326,700	11,145,328	3,164,751	65,093,587	230,730,366
Additions	-	-	77,386	-	1,515,486	1,592,872
31 March 2015	60,000,000	91,326,700	11,222,714	3,164,751	66,609,073	232,323,388
Additions	-	-	696,604	-	819,119	1,515,723
31 March 2016	60,000,000	91,326,700	11,919,318	3,164,751	67,428,192	233,838,961
Depreciation - 1 April 2014	-	815,896	10,243,005	2,215,326	46,780,769	60,054,996
Charge for the year	-	2,283,168	621,998	632,951	3,141,	6,679,

					518	635
31 March 2015	-	3,099,064	10,865,003	2,848,277	49,922,287	66,734,631
Charge for the year	-	2,283,168	249,685	316,473	2,777,569	5,626,895
31 March 2016	-	5,382,232	11,114,688	3,164,750	52,699,856	72,361,526
Net Book Value - 31 March 2016	60,000,000	85,944,468	804,630	1	14,728,336	161,477,435
31 March 2015	60,000,000	88,227,636	357,711	316,474	16,686,786	165,588,607

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

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10. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

Buildings include \$1,326,700 (2015: \$1,326,700) which is the cost of a building on land leased for 49 years which houses a Jockeys School (see note 20). Freehold land and buildings, with the exception of the Jockeys School, were revalued on September 5, 2014 by an independent valuer, Victoria Mutual (Property Services) Limited, Chartered Surveyors and the resultant revaluation surplus booked in the previous year.

The fair value calculation used level 2 fair value measurements based on the inputs to the valuation model. Fair value was determined directly by reference to observable prices paid for facilities comparable in quality and in location, as well as current building costs. The Board of Commissioners has adopted between land and buildings at \$60,000,000 and \$90,000,000, respectively. Under the cost model, land would have been carried at \$51,000 and buildings at \$9,277,435.

11. LONG-TERM RECEIVABLES:

	2016 \$	2015 \$
Loan to employees	198,603	376,052
Less: current portion	(176,213)	(176,579)
	<u>22,390</u>	<u>199,473</u>

Long term loans to employees are unsecured, bear interest at 3% per annum and are repayable between 2 to 5 years.

12. DEFERRED INCOME TAXES:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement in deferred taxation is as follows:

	2016 \$	2015 \$
Balance at start of year	3,847,871	4,796,384
Revaluation surplus	4,451,924	-
Recognised in other comprehensive income	(3,777,125)	(812,622)
Charge for the year (note 9)	<u>5,621,606</u>	<u>(135,891)</u>
Balance at end of year	<u>10,144,276</u>	<u>3,847,871</u>

Deferred taxation is due to the following temporary differences:

	2016 \$	2015 \$
Accelerated capital allowances	2,096,172	(2,617,669)
Employee benefits obligations	520,000	670,355
Tax losses	5,042,152	5,063,116
Other	2,485,952	732,069
	<u>10,144,276</u>	<u>3,847,871</u>

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NOTES TO THE FINANCIAL STATEMENTS

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12. DEFERRED INCOME TAXES (CONT'D):

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2016 \$	2015 \$
Decelerated capital allowances	4,713,841	38,528
Employee benefits obligations	(150,355)	(147,238)
Tax losses	(20,964)	(258,672)
Other	1,079,084	231,491
	<u>5,621,606</u>	<u>(135,891)</u>

Deferred taxation recognised in other comprehensive income comprises the following:

	2016 \$	2015 \$
Decelerated capital allowances	-	665,253
Employee benefits obligations	(3,777,125)	(1,477,875)
	<u>(3,777,125)</u>	<u>(812,622)</u>

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable periods is probable. Subject to agreement with the Tax Administration Jamaica Department, losses of \$20,168,609 for the company (2015 - \$20,252,000) is available for set off against future profits and may be carried forward indefinitely.

13. INVENTORIES:

	2016 \$	2015 \$
Lasix	784,266	1,592,394
Microchip	452,050	703,084
	<u>1,236,316</u>	<u>2,295,478</u>

14. RECEIVABLES:

	2016 \$	2015 \$
Trade receivables -		
Due from Caymanas Track Limited	90,674,933	55,828,787
Levies receivable	7,155,512	8,907,364
Lasix administration receivable	<u>2,188,000</u>	<u>2,528,000</u>
	<u>100,018,445</u>	<u>67,264,151</u>
Rental income	15,000	15,000

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Other receivables

25,323

25,323

100,058,768

67,304,474

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14. **RECEIVABLES (CONT'D):**

The aging of trade receivables are as follows:

	<u>2016</u> \$	<u>2015</u> \$
0-30 Days	12,613,066	15,385,251
31-60 Days	3,794,506	3,955,636
61-90 Days	4,613,191	4,460,903
Over 90 Days	78,997,682	43,462,361
	<u>100,018,445</u>	<u>67,264,151</u>

15. **SHORT-TERM LOANS RECEIVABLE:**

These loans are unsecured, bear interest at 0% and 3% per annum and are repayable within one year.

16. **CASH AND CASH EQUIVALENTS:**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand as follows:

	<u>2016</u> \$	<u>2015</u> \$
Cash in hand	10,000	10,000
Cash at bank	18,885,961	14,286,498
	<u>18,895,961</u>	<u>14,296,498</u>

Short-term deposits	<u>1,104,008</u>	<u>1,079,462</u>
	19,999,969	15,375,960
	<u> </u>	<u> </u>

The weighted average interest rate on short-term deposit was 3% (2015 - 3%) and these deposits mature within 180 days (2015 - 180 days).

17. **REVALUATION RESERVE:**

This represents revaluation surplus on land and building.

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18. LONG-TERM LOAN:

	2016 \$	2015 \$
FINSAC Limited	50,000,000	50,000,000
Effect of IFRS re-measurement -IAS39	(7,849,009)	(10,038,915)
	42,150,991	39,961,085
Less: current portion	(21,897,567)	(17,070,488)
	<u>20,253,424</u>	<u>22,890,597</u>

This represents an unsecured \$50 million loan received from FINSAC Limited on 15 February 2011, repayable over ten (10) years at an interest rate of 5% per annum on the reducing balance. There was a moratorium on the principal and interest up to 31 March 2012 with scheduled monthly principal and interest payment commencing 30 April 2012. No repayment has been made as at the reporting date.

19. EMPLOYEE BENEFITS OBLIGATION:

The Commission and the Betting Gaming and Lotteries Commissions (BGLC) operate a defined benefits pension scheme which is administered by Sagicor Life Jamaica Limited, for all employees, who have satisfied certain minimum service requirements. The Plan is funded by employee's contribution of 5% of their pensionable salary (a voluntary contribution of up to an additional 5% of pensionable salary is allowed) and employer's contribution not exceeding 10% of the employees' pensionable salaries, except where required to cover unfunded liabilities as determined by a capital actuary. The pension payable at the date of retirement is 2% of the employee's pensionable salary at the date of determination multiplied by his pensionable service, at the date of determination.

The actuarial report states "that the assets were allocated between two entities, BGLC and the Commission on the basis of projected benefits obligation. This basis of allocation is not economic because the contribution and premium rates are composite rates and, therefore, the accounts and assets scheduled are purely notional".

The latest actuarial valuation which was carried out as at 31 March 2016 indicated that the plan was adequately funded.

The Pension Plan is legally separate from the commission and is administered by Sagicor Life Jamaica Limited.

The plan is exposed to a number of risks, including:

- Investment risk: movement of discount rate used (Government of Jamaica) against the return from plan assets.
- Interest rate risk: decrease/increase in the discount rate used (Government of Jamaica bonds) will increase/decrease the defined benefit obligation.

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19. EMPLOYEE BENEFITS OBLIGATION (CONT'D):

- Longevity risk: changes in the estimation of morality rate of current and former employees.

- Salary risk: Increase in future salaries, increase the gross defined benefit obligation.

The amounts recognized in the statement of financial position in respect of the plan were determined as follows:

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

	2016 \$	2015 \$
Present value of obligation	319,321,000	276,974,000
Fair value of plan assets	<u>(317,241,000)</u>	<u>(257,821,000)</u>
Obligation recognised in the statement of financial position	<u>2,080,000</u>	<u>19,153,000</u>

The movement in the present value of the defined benefits obligation over the year is as follows

	2016 \$	2015 \$
Balance at beginning of year	276,974,000	291,314,000
Current service cost	4,899,000	5,460,000
Interest costs	25,319,000	26,902,000
Employees' contributions	3,658,000	4,267,000
Benefits paid	(25,270,000)	(32,620,000)
Value of annuities purchased	3,873,000	15,970,000
Actuarial losses/(gains) arising from:		
Financial assumptions	16,847,000	-
Experience adjustments	<u>13,021,000</u>	<u>(34,319,000)</u>
Balance at end of year	<u>319,321,000</u>	<u>276,974,000</u>

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19. EMPLOYEE BENEFITS OBLIGATION (CONT'D):

Expense recognized in profit or loss:

	2016 \$	2015 \$
Current service costs	4,899,000	5,460,000
Interest cost on obligation	25,319,000	26,902,000
Interest income on plan assets	(23,785,000)	(22,103,000)
Total included in staff costs (note 22)	6,433,000	10,259,000

The amounts recognised in other comprehensive income were as follows:

	2016 \$	2015 \$
Re-measurement of defined benefit obligation	29,868,000	(34,319,000)
Re-measurement of plan assets	(50,888,000)	(7,906,000)
Components of defined benefit income recognised in other comprehensive income	(21,020,000)	(42,225,000)

Principal actuarial assumption at the reporting date (expressed as weighted averages):

	2016 %	2015 %
Discount rate (J\$)	9.0	9.5
Discount rate (US\$)	5.0	5.5
Future salary increases	5.5	6.0
Future pension increases	3.5	3.5
Inflation rate	5.5	6.0

Expenses - allowance has been made for administrative expenses at the rate of 1% of members' pensionable earnings.

The estimated pension contribution expected to be paid into the plan by the Commission for the next financial year is \$2,617,000 (2015:\$2,776,000).

The distribution of the market value of plan assets by type of security is as follows. The distribution was deemed to be identical to that of the underlying Sagicor Pooled Investment Fund.

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19. EMPLOYEE BENEFITS OBLIGATION (CONT'D):

	2016	Market Value of Assets	2015	Total
	%	\$	%	\$
Equity Fund	48	151,121,000	35	91,904,000
Mortgage & Real Estate Fund	16	50,648,000	15	38,524,000
Fixed Income Fund	-	334,000	1	1,827,000
Money Market Fund	1	4,418,000	2	4,054,000
Foreign Currency Fund	5	15,451,000	12	30,475,000
Inflation Linked Fund	-	731,000	1	2,097,000
Value of Annuities Fund	30	94,653,000	34	88,433,000
Adjustments	-	(115,000)	-	507,000
	<u>100</u>	<u>317,241,000</u>	<u>100</u>	<u>257,821,000</u>

The actual return on plan assets was \$77,517,000 (2015 - \$32,406,000).

Sensitivity analysis on projected employee benefits obligation:

The calculation of the projected employee benefit obligation is sensitive to the assumption used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percent. In calculating the sensitivity to each variable, all others were held constant. The assumptions about the economic variables are somewhat linked as they are all related to inflation.

	2016		2015	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	\$	\$	\$	\$
Discount rate	(24,100,000)	30,204,000	(28,060,000)	34,524,000
Future salary increase	6,749,000	(5,937,000)	6,655,000	(5,865,000)
Future pension increases	<u>31,298,000</u>	<u>(26,612,000)</u>	<u>27,396,000</u>	<u>(23,343,000)</u>

As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit and obligation of an increase of one year in the life expectancy is approximately \$3,372,000. (2015 - \$3,723,000).

Liability duration

2016	2015
Year	Years
s	

Active members	40	33
Deferred pensioners	39	51
Retirees	22	25
All participants	<u>32</u>	<u>29</u>

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20. PAYABLES:

	2016 \$	2015 \$
Benevolent fund	824,025	676,650
Contract payments - University of the West Indies	8,124,304	6,499,523
Statutory deduction	33,222,848	32,998,080
Accrued vacation	6,203,058	8,299,863
Loan interest payable	16,357,146	12,616,398
Levy payable	22,340,304	4,071,243
General Consumption Tax (GCT)	527,664	417,780
Rent received in advance	-	300,000
Other	6,955,116	4,676,234
	<u>94,554,465</u>	<u>70,555,771</u>

21. SHORT-TERM LOAN PAYABLE:

This represents an unsecured loan received from the Jamaica Racing Commission Benevolent Fund at an interest rate of 8% per annum. There are no fixed repayment terms.

22. STAFF COSTS:

	2016 \$	2015 \$
Salaries and wages	51,700,442	53,389,121
Allowance and other benefits	29,712,009	24,117,666
Pension (note 19)	6,433,000	10,259,000
Employer's statutory costs	6,296,095	6,661,709
	<u>94,141,546</u>	<u>94,427,496</u>

The number of persons employed by the Commission at the end of the year was 44 (2015 - 39).

23. RELATED PARTY TRANSACTIONS AND BALANCES:

(a) Key management compensation

	2016 \$	2015 \$
Wages and salaries	18,965,855	16,376,726
Pension	1,257,420	1,376,000

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2015-

Other	5,236,417	2,491,835
	25,459,69	20,244,561
	2	
Commissioners' emoluments -		
Fees	757,500	904,500
Travelling	1,487,408	1,544,616
	2,244,908	2,449,116

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23. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(b) Transactions between the company and its related company

During the year, the company earned levies of \$45,636,297 (2015 - \$41,798,880) from Caymanas Track Limited (CTL).

(c) Year-end balances arising from transactions with related parties

	2016 \$	2015 \$
Due from -		
Caymanas Track Limited (CTL)	<u>90,674,933</u>	<u>55,828,787</u>

This represents the year end balances due from CTL arising mainly from levies payable to the Commission. The balance is included in receivables (note 14). No interest is charged on the balance and there are no fixed terms of payment.

In addition to that stated above, the statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	2016 \$	2015 \$
Key management personnel:		
Short-term loans receivable - staff loan	455,942	595,576
Payables - accrued vacation	2,067,248	2,481,085
Employee benefit obligation - pension	877,000	1,376,000
Other government agencies:		
Long-term loan	<u>50,000,000</u>	<u>50,000,000</u>

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24. CONTINGENT LIABILITIES:

The Commission is liable to the Tax Administration Jamaica (TAJ) in respect of interest and penalties on unpaid statutory deductions amounting to \$20,627,316 (2015: \$18,415,582) which is included in statutory deductions payable of \$33,222,848 (2015: \$32,998,080) (see note 20). The TAJ has indicated that the consideration of remission of interest has been deferred until all outstanding principal taxes and penalties have been liquidated.

Interest and penalties on the outstanding statutory deductions have not been quantified and no provision has been made in the financial statements as the Commission expects to receive a waiver. The unpaid statutory deductions, rates of interest and penalty at the reporting date were as follows:

	2016	2015	Interest	Penalty
	\$	\$	%	%
Human Employment and Resource Training (HEART)	2,835,013	4,818,148	20	-
Pay-As-You-Earn (PAYE)	14,753,715	1,066,257	20	up to 50
Education Tax (Ed. Tax)	14,279,305	11,546,517	20	up to 50
National Housing Trust (NHT)	850,393	673,409	20	10
National Insurance Scheme (NIS)	<u>504,421</u>	<u>311,251</u>	<u>20</u>	<u>-</u>

25. COMMITMENTS:

The Commission entered into a forty-nine (49) - year land lease agreement with the Urban Development Commission in respect of premises tenanted by the Jockeys School at an annual rental of \$5,000 (see note 4). The unexpired portion of the lease is payable as follows:

	2016	2015
	\$	\$
Within one year	5,000	5,000
Subsequent years	110,000	115,000
	<u>0</u>	<u>0</u>
	<u>115,000</u>	<u>120,000</u>
	0	0

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26. EXPENSES:

Administrative:

	2016 \$	2015 \$
Advertising	230,274	127,883
Audit fees - current year	1,230,500	1,600,000
- prior year	198,000	150,213
Bank charges	293,548	131,280
Computer maintenance	2,136	166,642
Enquiries, appeals and complaints	1,082,250	999,150
Finance costs	5,930,654	6,556,676
General Consumption Tax (GCT)	3,353,058	2,857,876
Hall of Fame expenses	436,294	956,288
Legal and professional fees	1,785,232	1,923,114
Motor vehicle repairs and maintenance	486,803	98,067
Overseas travelling	-	79,195
Office expenses	2,378,527	2,790,910
Printing and stationery	1,296,328	850,401
Publications	251,767	196,461
Racing membership fees	34,633	-
Security services	3,371,314	3,374,216
Special entertainment	1,156,468	1,264,892
Sponsorship	170,000	-
Telephone, postage and telegrams	1,796,327	1,941,414
Withholding tax written off	-	4,356,291
	<u>25,484,113</u>	<u>30,420,969</u>

Development:

	2016 \$	2015 \$
Benefit/benevolent schemes	147,375	158,375
Equine drug testing	19,572,330	16,905,547
Equine sample collection	4,550,531	4,520,478
Industry Insurance Scheme	(918,378)	(3,652,230)
Human drug testing	96,915	-
Lasix supplies	2,294,888	1,832,163
Micro chips supplies	251,034	362,008
Miscellaneous	170,000	185,000
Parental verification (blood typing) equine	1,283,323	1,362,883
Race day stewards fees	1,325,520	1,032,500
Training - Occupational	4,772,496	2,929,837
Veterinary on-call services	1,799,031	2,147,137
Website development and maintenance	33,761	15,020
	<u>35,378,826</u>	<u>27,798,718</u>

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NOTES TO THE FINANCIAL STATEMENTS

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26. EXPENSES (CONT'D):

Establishment:

	2016 \$	2015 \$
Depreciation	5,626,895	6,679,635
Light and power	1,170,608	4,814,063
Repairs to furniture and buildings	1,479,631	1,824,369
Taxes, insurance and water	3,157,546	2,321,715
	<u>11,434,680</u>	<u>15,639,782</u>

Personnel:

	2016 \$	2015 \$
Salaries, wages and statutory contributions	57,996,537	60,050,831
Canteen	3,206,776	3,093,671
Commissioners' emoluments	2,244,908	2,449,116
Pension	6,433,000	10,259,000
First instance tribunal fees	3,125,910	2,114,114
Group pension and health scheme	3,683,428	3,282,473
Local travelling and upkeep	11,538,339	9,490,160
Staff educational development	4,259,645	1,867,412
Uniforms	1,491,793	1,623,581
Personal accident	161,210	197,138
	<u>94,141,546</u>	<u>94,427,496</u>

