ANNUAL REPORT
2018-2019

Regulating Through Fairness & Transparency

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
2018-2019

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 2018-2019, 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

2018/19

Significant focus has been placed on harmonising of legislature that governs the operation of both entities.

Our strategic focus on strengthening Industry compliance through operational efficiency, greater levels of engagement with our stakeholders and benchmarking global industry standards and international best practices, has enabled us to maintain perspective while we navigated the incertitude of this fast evolving industry to see to its continued maintenance and development as the premier regulatory body. I applaud the efforts and commitment of our Board of Commissioners, management and staff who continued to lift the standard in the execution of their duties.

With that said, it is indeed an honour to present the Jamaica Racing Commission's Annual Report for the prior twelve-month period ending March 2019. This report recounts the efforts of the JRC board, Management and staff in ensuring that the regulatory and developmental activities of the Commission were 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 Betting Gaming and Lottery Commission (BGLC) remains on the agenda, with both organisations sharing a common board.

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.

These changes will not only improve the efficiency of the Commission but will add value to the continued development of the racing product. My sincere thanks go out to the many Commissioners and Tribunal members who served with me. I also wish to thank the management and staff of the Commission for its support, guidance and strong work ethics. Our people are pivotal to successfully achieving the vision of being the premier regulators of this prestige sport. I am confidently guided by the Commission's core values, that the team will continue to remain committed to fulfilling the mandate of the Commission with pride and integrity.

Clovis Metcalfe
Chairman

COMMISSIONERS:

Clovis Metcalfe – Chairman
Wayne Chen – Vice Chairman
Paul East
Pamella Folkes
Charles Heholt
Derrick Smith

SENIOR EXECUTIVES:

Richard Longmore	-	General Manager
Kavel Mitchell Buckley	-	Finance Manager
St. Aubyn Bartlett (Dr.)	-	Consultant Veterinary Officer
Kisha-Gaye Anderson	-	Acting Director, Finance &, Information Technology Manager
Sophia Ramlal (Dr.)	-	Acting Senior Veterinary Officer
Normalyn Haynes	-	Acting Personnel Officer
Haldene Johansen	-	Operations Steward
Eustace Williams	-	Operations Steward
Antoine Nembhard	-	Operations Steward
Beverley Lawrence	-	Administrator/Welfare &Training

DELEGATEES:

The First Instance Tribunal:

- Mr Kent Pantry - Chairman
- Dr Paul Turner
- Mr Cliff Williams
- Mr George McPherson
- Dr Micheal Coore.
- Operations Stewards

SUB-COMMITTEES

FINANCE COMMITTEE:

Mr Clovis Metcalf, OD	**-**	**Chairman**
Mr Ian Scarlett	-	Commissioner

AUDIT COMMITTEE

Mr Paul East	**-**	**Chairman**
Mr Diyal Fernando	-	Member

EQUINE DRUG TESTING COMMITTEE:

Mr Clovis Metcalf, OD	-	Chairman
Mr Charles Heholt	-	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

Mr Charles Heholt	-	Chairman
Mr Clovis Metcalf, OD	-	Commissioner
Mr Ian Scarlett.	-	Commissioner
Michael Coore(Dr.)	-	Trustee

RACING INDUSTRY INSURANCE SCHEME COMMITTEE

Mr Clovis Metcalfe, OD	-	Chairman
Mr Solomon Sharpe	-	Commissioner
Mr Christopher Reckord	-	Commissioner
Richard Longmore	-	Member
Kavel Mitchell Buckley	-	Member
Haldene Johansen	-	Member
Christopher Armond	-	CTL Representative
Ryan Darby	-	United Racehorse Trainers' Representative Rep.
Shane Ellis	-	Jockeys' Representative
Fabian White	-	Grooms' Representative
Vincent Edwards	-	Jamaica Racehorse Trainers Assoc. Rep.

JOCKEYS' TRAINING SCHOOL COMMITTEE

Mr Ian Scarlett	-	Chairman
Mr Solomon Sharpe	-	
Charles Hussey, OD	-	Member
Mr Brando Hayden	-	Member
Richard Longmore	-	Member

SENIOR EXECUTIVE COMPENSATION 2018-2019

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 ($) Duty On Call Vet All	Total ($)
General Manager - **Richard Longmore**	**4,287,432.96**	**285,828.86**	**1,425,474.00**	**761,268.99**	**26,000.04**	**6,786,004.85**
Finance Manager - **Kavel Mitchell-Buckley**	**2,421,165.96**	**161,411.06**	**813,564.00**	**427,335.76**	**-**	**3,823,476.78**
Information Technology Manager **-Kisha-Gaye Anderson**	**2,421,165.96**	**161,411.06**	**751,663.00**	**427335.76**	**-**	**3,761,575.78**
Senior Veterinarian - **Dr. Sophia Ramlal**	**2,723,637.96**	**181,575.86**	**751,663.00**	**912,885.39**	**4,138,325.92**	**8,708,088.13**
Director of Racing - **Haldene Johansen**	**2,416,116.00**	**161,074.40**	**751,663.00**	**537,531.66**	**19,657.17**	**3,886,042.23**

Notes;

1. **Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.**
2. **Other Allowances (including laundry, entertainment, housing, utility, etc.)**
3. **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.

DIRECTORS COMPENSATION 2018-2019

Position of Senior Executive	Fees ($)	Travelling Allowance or Value of Assignment of Motor Vehicle ($)	Total ($)
CHAIRMAN: **Clovis Metcalfe**	112,500.00	257,436.00	369,936.00
DEPUTY CHAIRMAN: **Wayne Chen**	137,500.00	286,040.00	423,540.00
COMMISSIONER: **Paul East**	22,500.00	85,812.00	108,312.00
COMMISSIONER: **Pamella C. Wade-Folkes**	60,000.00	228,832.00	288,832.00
COMMISSIONER: **Charles Heholt**	30,000.00	114,416.00	144,416.00
COMMISSIONER: **Derrick Smith**	30,000.00	114,416.00	144,416.00

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, the continued challenges that threaten the viability of the industry, needed 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. To aggressively address incidents of positive findings of drug usage beyond the established threshold and for illegal substances especially class 1 drugs.
2. To encourage breeders to increase the annual count of locally bred foals.
3. To ensure proper registration and identification of horses in conformity with international standards,
4. To institute measures that protect animal health and welfare and the production of the Jamaica Stud Book

Key goals were defined to:

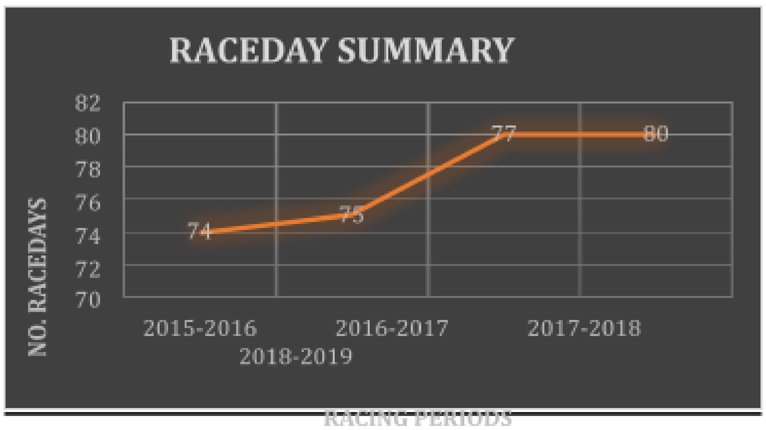
- continue welfare and training programmes for persons in the industry and ensure the maintenance of a comprehensive Insurance Scheme for persons holding occupational permits;
- improve the standard of professionalism in racing by providing training courses for future jockeys and trainers;
- ensure that 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 Government on the extent of subsidies in support of horse racing and breeding and administer subsidies approved;
- 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

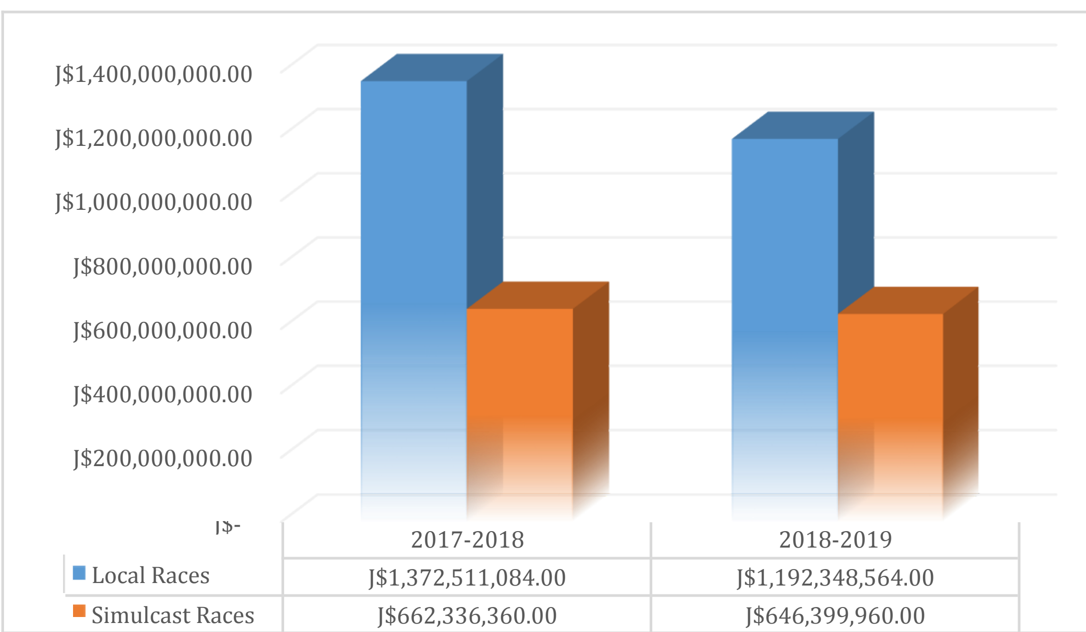
2.1.PUBLIC SUPPORT

Thoroughbred horse racing, promoted locally by Supreme Ventures Racing & Entertainment Limited (SVREL) 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 INDUSTRY STATISTICS



Line Graph depicting the Total Number of Race Days between 2015 and 2019.



Column Chart depicting the Local Race day Sales vs Simulcast Race Day Sales 2017-2019

<u>Table depicting the Total Number of Starters per Year</u>

Period Under Review	Total Number of Starters Per Year
April 2017- March 2018	8224
April 2018-March 2019	8328

<u>Table depicting the Average Number of Starters per Race</u>

Period Under Review	Number of Starters per Race
April 2017- March 2018	**10**
April 2018-March 2019	**10**

CHAPTER 3

3.1. REGULATORY

a. During the period, no amendment was made to the Jamaica Racing Commission's Racing Rules (1977).

b. With respect to the issuance of permits and licences, the Commission continued to discharge its responsibilities under the Act. As at March 31, 2019, a total of 335 permits and licences had been approved for members of the Occupational Group, which are 104 less than that obtained at March 31, 2018. This reduction in the total may have been impacted by the Commission's decision to extend the life of the 2018 licences to 31st March 2019

Category	Number of Licences Approved	
	As at 31.03.18	As at 31.03.19
Trainers	149	113
Assistant Trainers	-	9
Jockeys	64	41
Apprentice Jockeys	-	-
Jockey's Agents	10	9
Grooms	162	125
Stable Assistants	24	16
Exercise Riders	29	22
Farriers	1	-
Assistant Farriers	-	-
Total	439	335

The number of registered Owners at 31st March, 2019 stood at 616 which is some 154 more than the total at 31st March, 2018, but some 50 more than the total at 31st March, 2017, the corresponding point of the licensing period, (i.e. 2016/17 versus 2018/19).

Below are the comparative totals for the categories outside of the Occupational Group.

Category	Total As at 31.03.18	Total As at 31.03.19
Individual Owners	462	616
Companies	3	5
Owners Agents	7	8
Veterinarians	5	7
Officials	-	-

c. During the period under review, races were conducted on 80 days, broken down as follows:

Saturdays	Wednesdays	Public Holidays	Sundays	Other Day	Total
52	17	8	3	-	80

d. 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) less than the 130 done during the previous period.

e. 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**
2017/18	111	55	$627,000	18	24
2018/19	62	28	$259,000	13	18

<u>REGISTRATION DEPARTMENT OPERATIONS</u>

f. The Registration Department continued the process of improving the functions they performed during the period under review. A total of the various documents processed for the year ended March 31, 2019 is set out below.

a) 285 applications for the registration of Native Bred horses were processed (inclusive of the late ones);

b) 34 applications for the registration of imported horses were approved with none (incomplete) at the end of the period;

c) 240 samples from horses were sent to the laboratory for DNA typing, blood typing and parentage verification, while some 215 were awaiting sampling;

d) 226 horses were microchipped with some 55 left to be done at the end of the period under review;

e) 243 applications for the naming of horses were approved during the period whilst 8 were denied with nil pending at the end of the period;

f) 45 applications for the registration of owners' colours were approved;

g) 97 certificates of registration of the death of horses were received and recorded;

h) 21 nom-de-plumes were registered;

i) 539 applications for the registration of transfer of ownership of horses were approved;

j) 563 applications for the registration of Training Agreements were approved; and

k) 163 applications for the registration of owners were processed.

3.2. CULLING

The Veterinarians also periodically conducted examinations of the horses housed at Caymanas Park with a view to identifying the 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 24 months, were culled from racing as at December 31, 2018. The total culled during the period under review amounted to approximately 148.

3.3. MEDICAL EXAMINATIONS FOR JOCKEYS AND EXERCISE RIDERS

The Welfare Officer, with the assistance of Supreme Ventures Racing & Entertainment Limited's surgeons, chaplain (Father Collier) and other professionals, continued to counsel members of the Occupational Group on the benefits of a healthy and drug free lifestyle. Drug testing of all Jockeys and Exercise Riders was also continued. The use of safety helmets, vests and boots was continuously monitored by the Stewards, Welfare Officer, as well as SVREL's race day and non-race day officials.

CHAPTER 4

4.1 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 full time bases. 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 someone to test barn staff in order to ensure the 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. Micro-chipping
    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 Centre (‘Testing Barn’).
4) Maintaining custody of samples for equine drug testing
5) Adjudication on the suitability of horses to compete in racing
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.

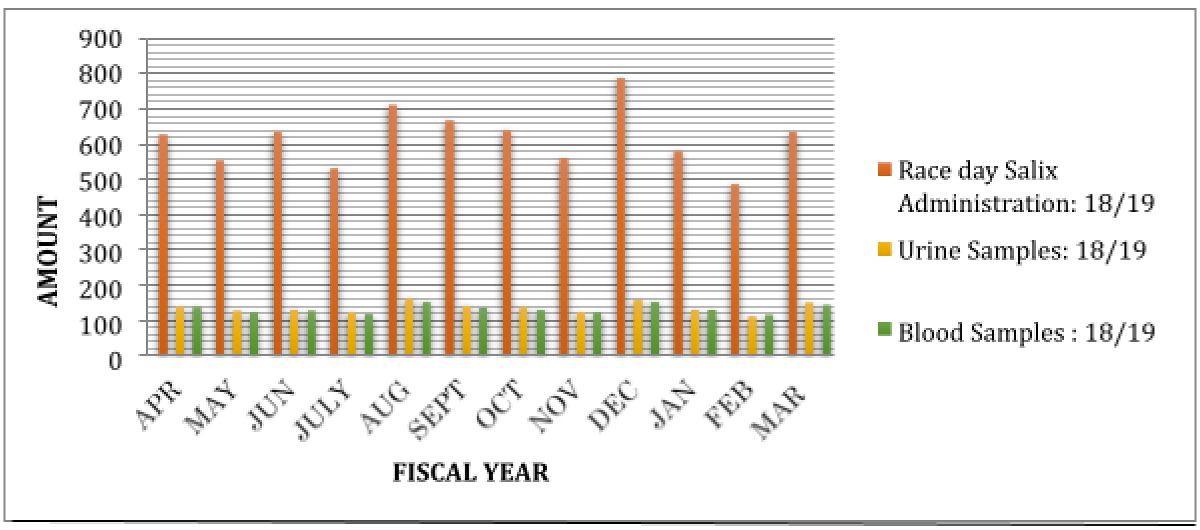
During the 2018-2019 fiscal years all stated functions were performed.

a) **Race-day Medication and Sample Collection**

Lasix: Race day Lasix administration totaled 7416, representing a 4.6% increase compared to the prior fiscal period. The fourth staging of the Diamond Mile race day (November 2018) accounted for the single most starters (171 horses), races (14) and Lasix usage (163 horses) on any given day during the review period.

239 horses were confirmed as bleeders via a combination of endoscopy and observation of epistaxis. The process of reviewing Lasix race day dosing which commenced in the 16/17 fiscal period, has not been advanced significantly in 18/19, as matters related to laboratory preparedness and rule adjustments remain outstanding. The Commission's Lasix Programme marked its 16th anniversary in April of 2019 and the department continues to advocate for the agreed on recommendations, and await adjustments to the programme to be implemented at earliest.

Sample collection: 1634 and 1589 urine and blood samples respectively were collected in the Commission's Equine Sample Collection Centre (Testing Barn) during the 18/19 period.



Bar Graph depicting the Total Number of Sample Collections between April-March 18/19

Surveillance: The second Closed Circuit Television (CCTV) system, installed in Q4 2017/18, to strengthen surveillance, afford remote viewing and modernise footage output and storage, has not been commissioned pending warranty arrangements.

b) Positive findings for prohibited substances

Eight positive findings for prohibited substances involving 8 horses were recorded during the 18/19 period. This represented a 38% decrease (8 v 13) in positive findings compared to the prior fiscal period. The rate of positive findings (urine samples) for 18/19 was 0.48% compared to 0.84% for 17/18. The relevant information for 18/19 is documented in the table below:

Prohibited substance (2018/19)	ARCI Class	Number of horses
Cocaine & Ecgonine Methyl	1	1
Ephedrine	2	1
Lidocaine	2	1
Propanolol	3	1
Diclofenac	4	4

- 2018/19: *Positive finding rate: 0.48%*

There has been a significant improvement in the laboratory reporting time regarding race day sample results; approximating 3 weeks by the end of Q4. The laboratory took significant steps in 18/19 towards receiving accreditation by the Jamaica National Agency for Accreditation (JANAAC) and it is expected that the laboratory will be accredited by Q2 2019/20. One of the notable changes in this process was the renaming of the laboratory to the University of the West Indies Mona Analytical Chemistry laboratory (UWIMAC), effective January 01, 2019.

c) Fitness certification and disqualifications

Most evaluated categories directly related to racing activities experienced minimal changes when compared to the prior fiscal period. Notable changes experienced are indicated below:

On-call visits	***: 9% increase over 2017/18***
Horses added to the Bleeders List	***: 11% decrease compared to 2017/18***
Race day bleeders (epistaxis)	***: 18% increase compared to 2017/18***
Non-Lasix race day bleeders	***: 60% decrease compared 2017/18***
Lasix race day bleeders (bleed throughs)	***: 54% increase over 2017/18***
Post racing disqualification for lameness	***: 31% decrease compared to 2017/18***
Pre race disqualification	***: 13% increase over 2017/18***

Of particular concern was the significant increase in the number of Lasix users with racing-related Exercise-Induced Pulmonary Haemorrhage (EIPH; "bleeding"). This uptick supports the awaited review of the dosing regimen. The significant decrease in non-Lasix bleeders is noteworthy and augurs well for horse health generally. It also validates the Commission's Lasix Programme which enforces Lasix administration only to confirmed bleeders.

d) <u>Equine vaccination programme</u>

The department maintained custody of the vaccination records for horses at, or entering the racing compound during the period. 57 horses were disqualified from racing for non-adherence to the Commission's Vaccination Protocol; this represented an average of 0.7 horse per race-meet *(80 race-meets for fiscal year*) and was 17% less compared to fiscal period 17/18. 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.

There has not been a steady supply of equine vaccines by the sole suppliers since 2017/18. This situation necessitated the department facilitating discussions between the suppliers and the equine practitioners, as well providing the suppliers information on the importance of vaccination to the racing industry and recommendations for alternatives, in an effort to chart a better way forward. Further, the department hosted a meeting of the equine veterinarians in Q1 to discuss this and other equine and racing matters.

e) <u>Equine welfare</u>

The department submitted its recommendations to the Rules Review Committee, advocating for rule changes to allow a claim to be voided/or declared not valid, where a horse is unable to complete a race due to injury. The department provided assistance to SVREL, through the use of markings in the JRCRIS, in identifying a stray horse in Portmore. This facilitated its successful return to its owner. A report on the neglect of the horse ***Russian Skip*** was submitted to the Commission in Q3 for investigation.

f) Industry programmes

Drug-testing Forum: The department organised the Commission's inaugural Drug-testing Forum in Q4 2018/19, to facilitate discussion amongst the functionaries in the Commission's drug- testing programme. Representation was had from the Board of Commissioners, First Instance Tribunal, Testing Barn, Stewards and Laboratory. (Agenda Attached). The Testing Barn staff was also sensitised to the proposed Performance Management System.

UWISVM Lameness Research Proposal: The department organised a meeting of trainers/owners and Veterinarian Dr. Jonathan White, Equine Lecturer of the University of the West Indies School of Veterinary Medicine (UWISVM), to discuss a proposal for a Musculoskeletal Injury study on local race horses suffering catastrophic breakdowns. The meeting was held on February 20, 2019 in the Trainers' Room, Caymanas Park, and was attended by approximately 35 trainers/asst. trainers/owners and 4 veterinarians.

Jockeys Training Programme: Lectures in equine anatomy were provided by the department (SCV) in the Commission's Jockey Training Programmes of 2018 and 2019.

CHAPTER 5

INTERNATIONAL AFFILIATIONS

5.1 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 Racing Chemist (AORC), and has re-joined the Caribbean Racing Confederation and Racing Commissioners International.

HEALTH AND WELLNESS PROGRAMME

The Commission prides itself on improving staff and catering to the needs of its staff. As such, the Commission maintains a very active exercise programme which facilitates physical activity sessions after work hours. This is in keeping with the recommendation of the Ministry of Health for nationwide health awareness when it launched its “**Jamaica Moves**” initiative. April 2017.

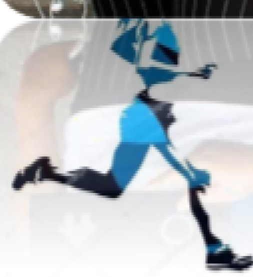
Physical activity is critical to the prevention and management of chronic non-communicable disease. It can reduce global mortality by at least sixty percent (60%), ischemic heart disease by thirty percent (30%), diabetes by twenty-seven percent (27%), and breast and colon cancers by twenty-one to twenty-five percent (21%-25%).

The Commission also encourages participation in year-round running events such as the Sagicor Sigma Run, Digicel Fun Run and the Guardian Life 5k. This is supported by our sister Commissions - the Betting Gaming and Lotteries Commission and the Casino Gaming Commission.

Physical activity in the workplace;

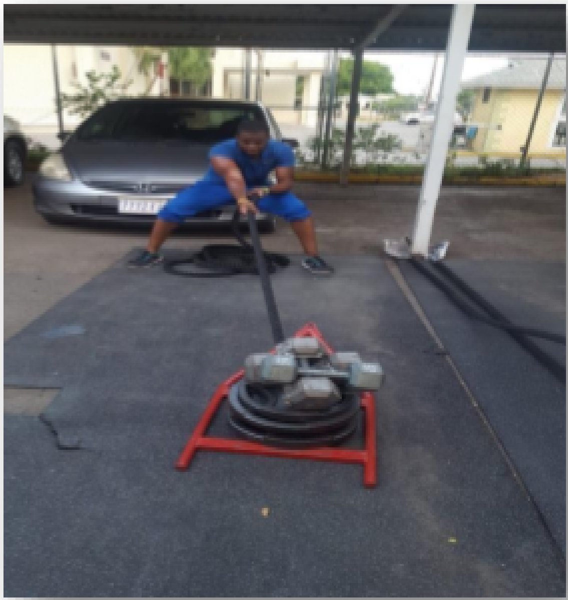
- ✔ Improves productivity
- ✔ Increases ability to cope with workplace changes
- ✔ Fosters team building and relationships
- ✔ Improves staff morale

LET’S GET IT GAMERS!



“The best and the brightest, this is how we play.”

Words from our excellent trainer Sharon Williams about the Commission’s exercise group.



Work hard!

A bond created through fitness and endurance.

FINANCIAL STATEMENTS

The Commission's Annual Statement of Accounts for 2018/2019 and the Auditor's Report are set out at Appendix 1.

Jamaica Racing Commission
Financial Statements
31 March 2019

Jamaica Racing Commission

Financial Statements 31 March 2019

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of Jamaica
Racing Commission

Report on the Financial Statements

Opinion
We have audited the accompanying financial statements of the Jamaica Racing Commission which comprise the statement of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit at the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code
.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 25 of the financial statements which addresses matters relating to the completeness of Bookmaker's Levy received from Tax Administration Jamaica (TAJ). Our opinion is not modified in respect of this matter.

Responsibilities of Management and Board of Commissioners for the Financial Statements

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

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

The Board of Commissioners is responsible for overseeing the Commission's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Commissioners of
Jamaica Racing Commission

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

  Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

  Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

  Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9 Millsborough Crescent, Kgn. 6, Ja., W.I.
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C.R.Hylton & Co.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Commissioners of Jamaica
Racing Commission

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

Other Matter

The Financial Statements of the company for the financial year ended 31 March 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements on 1 October 2018.

Chartered Accountants
October 14, 2019

JAMAICA RACING COMMISSION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHANSIVE INCOME
YEAR ENDED 31 MARCH 2019

	2019	2018
	$'000	$'000
6	133,894	139,264
7	43,164	48,349
	177,058	187,613,

(Expressed in Jamaican dollars)

REVENUE:
Levies
Other income

EXPENSES:	8	34,859	42,940
Administrative	8	55,481	53,011
Development	8	17,321	19,803
Establishment	8	108,528	101,710
Personnel			
		216,189	217,464
LOSS BEFORE TAXATION		(39,131)	(29,851)
Taxation	9	-	(10,634)

(39,131)	(40,485)
(15,000)	54,692
-	(4,613)
44,000	-
29,000	50,079,
(10,131)	9,594

NET LOSS AFTER TAXATION OTHER
COMPREHENSIVE INCOME:
Items that will not be reclassified to profit or loss in
subsequent periods:
Re-measurement of net defined benefit asset (Note 13)
Tax relating to items that will not be reclassified
Gain on property revaluation

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

STATEMENT OF FINANCIAL POSITION
At 31 MARCH 2019
(Expressed in Jamaican dollars)

	Notes	2019 $'000	2018 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	201,524	160,048
Long-term receivables	11	4,400	1,628
Post employment benefit assets	13	74,228	88,781
		280,152	250,457
CURRENT ASSETS:			
Inventories	14	6,700	4,475
Receivables	15	9,365	18,207
Short-term loans receivable	16	576	1,638
Current portion of long-term receivables	11	3,139	1,027
Taxation recoverable		3,173	3,128
Short-term investment	17	2,331	-
Cash and cash equivalents	17	25,270	35,381
		50,554	63,856
		330,706	314,313
RESERVES AND LIABILITIES			
RESERVES:			
General fund		4,528	58,659
Revaluation reserve	18	192,650	148,650
		197,178	207,309
NON-CURRENT LIABILITIES:			
Deferred tax liability	12	13,326	13,326
		13,326	13,326
CURRENT LIABILITIES:			
Payables	19	92,451	65,726
Short-term loan payable	20	27,751	27,952
		120,202	93,678
		330,706	314,313

Approved for issue by the Commissioners on October 14, 2019 and signed on its behalf by:

Clovis Metcalfe Chairman

Paul East Commissioner

JAMAICA RACING COMMISSION

STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars)

	Revaluation Reserve $'000	Genera l Fund $'000	Total $'000
BALANCE AT 1 APRIL 2017	148,650	49,065	197,715
Total comprehensive income			
Net loss	-	(40,485)	(40,485)
Other comprehensive income	-	50,079	50,079
	-	9,594	9,594
BALANCE AT 31 MARCH 2018	148,650	58,659	207,309
Total comprehensive income			
Net loss	-	(39,131	(39,131)
Other comprehensive income	44,000	(15,000)	29,000
	44,000	(54,131)	(10,131)
BALANCE AT 31 MARCH 2019	192,650	4,528	197,178

JAMAICA RACING COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(39,131)	(40,485)
Items not affecting cash resources:		
Depreciation	6,569	5,584
Interest income	(348)	(512)
Interest expense	1,299	1,416
Employee benefits	10,553	(2,247)
Taxation	-	10,634
Loss/(Gain) on disposal of property, plant and equipment	45	(300)
	(21,013)	(25,910)
Changes in operating assets and liabilities:		
Inventories	(2,225)	(2,702)
Receivables	8,842	54,701
Payables	15,725	(14,145)
Short term loans receivable	1,062	911
Loans to employees	(4,884)	(2,195)
	(2,493)	10,660
Taxation paid	(45)	(62)
Cash (used in)/ provided by operating activities	(2,538)	10,598
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plants and equipment	-	300
Acquisition of property, plant and equipment	(4,090)	(6,872)
Acquisition of Short-term investment	(2,331)	-
Interest received	348	512
Cash used in investing activities	(6,073)	(6,060)
CASH FLOW FROM FINANCING ACTIVITIES:		
Loan repayment	(1,500)	(1,000)
Cash used in financing activities	(1,500)	(1,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(10,111)	3,538

Cash and cash equivalents at beginning of year	35,381	31,843
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 18)	25,270	35,381

1. Identification and Principal Activities

Jamaica Racing Commission ("the 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 the Jamaica Racing Commission and the Betting, Gaming and Lotteries Commission (BGLC) under the Public Sector Master Rationalisation 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. Application of New and Revised International Financial Reporting Standards

2.1 Amendments to IFRS that are mandatorily effective for the current year

In the current year the Commission has applied the following amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period that begins on or after 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 ‘Financial Instruments’ replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and 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.

The Commission has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives, thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the Commission’s previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Any restatements arising from the adoption of IFRS 9 is recognised directly in accumulated surplus as of 1 April 2018. The changes in the Commission’s accounting policies for financial instruments are disclosed in Note 3.

Details of the new requirements and the impact on the financial statements are as follows:

(a) Classification and measurement of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).
The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity (HTM), loans and receivables and available for sale (AFS).

2. Application of New and Revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS that are mandatorily effective for the current year (continued) Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The directors and management have reviewed and assessed the Commission's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date, and concluded that the initial application of IFRS 9 has not had a material impact as regards their classification and measurement.

Financial Assets classified as loans and receivables under IAS 39 that were measured at amortised cost, continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of payments of principal and interest on the principal amount outstanding. There has been no impact on the Commission's financial position, net deficit or surplus, other comprehensive income or total comprehensive income in the year. The original classification under IAS 39 as 'Loans and receivables' is now classified under IFRS 9 as 'Amortised cost'.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Commission's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an 'expected credit loss' (ECL) model as opposed to an ''incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile; also, greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of the loss allowance.

2. Application of New and Revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS that are mandatorily effective for the current year (continued)

For all trade receivables, contract assets and lease receivables in certain circumstances, the Commission applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected losses. In applying this approach the Commission considers the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

Otherwise, IFRS 9 requires measurement of the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition or if the financial asset is a purchased or originated credit-impaired financial asset. However, if the credit risk on an instrument has not increased significantly since initial recognition (except for those purchased or originated credit-impaired financial assets), the loss allowance is measured for that financial instrument at an amount equal to 12-months ECL.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Commission's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 is immaterial.

	Original classification under IAS 39	New classification under IFRS 9	Credit risk attributes at 1 April 2018
Financial assets			
Cash and cash equivalents	Loans and receivables	Amortised cost	
Receivables	Loans and receivables	Amortised cost	
Loans receivable	Loans and receivables	Amortised cost	
Long-term receivables	Loans and receivables	Amortised cost	

Assessed as low credit risk

12 Months ECL

12 Months ECL

12 Months ECL

(Expressed in Jamaican dollars)

2. Application of New and Revised International Financial Reporting Standards (continued)

2.1 Amendments to IFRS that are mandatorily effective for the current year

(continued) IFRS 15 Revenue from Contracts with Customers

The Commission has applied IFRS 15 (as amended in April 2016) in the current year which is effective for annual periods beginning on or after 1 January 2018. It introduces a new five-step model to revenue recognition. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Commission has applied IFRS 15 in accordance with the modified retrospective transition approach and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the Commission's previous accounting policy.

Apart from providing additional disclosures for the Commission's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Commission on transition at 1 April 2018.

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

	Effective for Annual Periods beginning on or after
Amendments to Standards IFRS 2 Share-based Payment:	1 January 2018
- Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 1 andAmendments arising from 2014 – 2016 IAS 28 Annual Improvements to IFRS	1 January 2018
- Removing short- term exemptions; Clarifying certain fair value measurements	1 January 2018
IAS 40 Investment Property - Amendments to clarify transfers of property to, or from, investment property	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	

2. Application of New and Revised International Financial Reporting Standards (continued)

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

New Standards
IFRS 16 Leases
IFRS 17 Insurance Contracts

Revised Standards

IFRS 9 Financial Instruments
- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

IFRS 3, 11, IAS 12, 23, Amendments arising from 2015 – 2017 Annual Improvements to IFRS
- Measurement of previously held interest in a joint operation (IFRS 3 &11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)

IFRS 10, IAS 28 Consolidated Financial Statements; Investment in Associates and Joint Ventures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IAS 19 Employee Benefits
- Plan Amendment, Curtailment or Settlement

IAS 28 Investments in Associates and Joint Ventures
- Amendments regarding long –term interest in associates and joint ventures

Effective for annual periods beginning on or after

1 January 2019
1 January 2021

1 January 2019

Postponed indefinitely by IASB

1 January 2019

1 January 2019

1 January 2019

IFRS 3 Business Combinations
- Definition of a business

1 January 2020

IAS1, IAS 8 Presentation of financial statements; Accounting Policies, Changes in Accounting Estimates and Errors

1 January 2020

- Definiti
on of material New Interpretations

1 January 2019

IFRIC 23 Uncertainty over Income Tax Treatments

! January 2020

Conceptual Framework of Financial Reporting

2. Application of New and Revised International Financial Reporting Standards (continued)

2.2 New and Revised Standards and Interpretations in issue not yet effective (continued) The Commission has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective, and consider that the following are relevant to the operations of the Commission and are likely to impact amounts reported in the Commission's Financial Statements:

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).
This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted, with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less.

Lessor accounting is substantially the same as IAS 17, as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

The Commission expects to adopt the standard using a modified retrospective approach where the cumulative effect of initial application is recognized as an adjustment to the opening balance of retained earnings and comparatives are not restated. The Commission is also in the process of assessing the impact that the new standard will have on its financial statements.

3. Significant Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of IFRS Interpretations Committee (IFRIC IC).

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. Where necessary, prior year comparatives have been restated to conform to current year presentation.

(a) Basis of preparation

These Financial Statements have been prepared on the historical cost basis, except the use of the revaluation model for certain property, plant and equipment and the valuation of retirement benefit asset. Historical cost is generally based on the fair value of consideration given in exchange for assets. The principal accounting policies are set out below.

3. Significant Accounting Policies (continued)

a) Basis of preparation (continued)

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.

(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 (the functional currency) using the closing rate as at the reporting date.

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 profit or loss.

(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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission, and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Significant Accounting Policies (continued)

(c) Property, plant and equipment (cont'd)

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 valuer, 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 recognised 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 recognised 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	2½%
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.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(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.

(e)(e) Financial instruments (Policy applicable as of 1 April 2018)

3.10.1 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Commission holds the trade receivables with the objective to collect the contractual cash flows. These cash flows are solely payments of principal and interest (SPPI). Subsequent to initial recognition at fair value, the Commission measures trade receivables at amortised cost using the effective interest method.

3. 3. Significant Accounting Policies (continued)

(e) Financial instruments (Policy applicable as of 1 April 2018) (continued)

3.10.2 Other Financial Assets at Amortised Cost

The Commission classifies its other financial assets at amortised cost, as these assets are held only within a business model, the objective of which is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Other financial assets at amortised cost include cash and bank balances, loan receivables, finance lease receivables as well as other non-trade receivables and deposits.

3.10.3 Impairment

The Commission recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost, applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9.

The Commission recognises lifetime ECL for trade receivables applying the IFRS 9 simplified approach. The expected credit losses on these financial assets are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Commission recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Institute measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Commission in accordance with the contract and all the cash flows that the Commission expects to receive, discounted at the original effective interest rate.

3.10.4 Write-off

Financial assets are written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit

3. Significant Accounting Policies (continued)

(f) Financial instruments (Policy applicable prior to 1 April 2018)

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 arise principally through the provision of goods and service to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

The Commission's loans and receivables comprise trade receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non- current assets.

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 three months or less.

(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, less provision for impairment.

The Commission assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables, impairment provisions are recognized when there is objective evidence that the Commission will not collect all of the amounts due under the terms receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized in profit or loss. On confirmation that the trade receivable is uncollectible, it is written off against the associated allowance. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. Significant Accounting Policies (continued)

(f) Financial instruments (Policy applicable prior to 1 April 2018) (continued)

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: short term loans and trade payables.

(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 and other payables

Trade and other payables are stated at cost.

(i) Revenue from Levy, fees and

permits Levy:

Levy is earned from two sources, Supreme Ventures Racing and Entertainment Limited (SVREL) formerly 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 4Y2 of racing promoter, Supreme Ventures Racing and Entertainment Limited (SYREL); of local and foreign sales. The amounts accrued are based on information provided by Tax Administration Jamaica and Betting, Gaming and lotteries Commission (BGLC).

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.

3. Significant Accounting Policies (continued)

(k) Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Deferred Revenues
Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current if they are earned within a year and there are no significant financing components. Revenues expected to be earned over more than twelve months are classified in non-current liabilities. Deferred revenue is amortised to income evenly over the period to which a licence is contracted if the licence extends over several periods.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. 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.

Revenue from sources other than customer contracts, interest and levies primarily relates to miscellaneous receipts. Revenue from these sources were not material to the total revenue for the current and previous financial year.

(l) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

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.

3. Significant Accounting Policies (continued)

(l) Current and deferred income taxes (cont'd)

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.

(m) 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.

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.

4. Critical Accounting Judgements and Estimates (continued):

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).

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 11).

4. Critical Accounting Judgements and Estimates (continued):

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

(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.

(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 is exposed to risks that arise from its use of financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

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.

(a) Principal financial instruments

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

- Cash and cash equivalents
- Short-term investments
- Trade and other receivables
- Short and long term loans receivable
- Payables
- Short-term loans payable

(b)(b) Financial instruments by category Financial

assets

Loans and receivables 2019 2018 $'0

Cash and cash equivalents
Short-term investment Trade
receivables
Other receivables
Short and long term loans receivable

Total financial assets Financial

liabilities

Payables
Short-term loans payable Total

financial liabilities

00$,00025,27035,381
2,331-
9,32415,985
41140
8,1154,292

0192018$,000$,00092,45165,726
27,75127,952

120,202
93,678

45,081
55,798

Financial liabilities at amortised cost 2

5. Financial Risk Management (continued):

(c) Financial instruments not measured at fair value

None of the Commission's financial instruments are measured at fair value after initial recognition except for short-term investments which are invested in a unit trust for which the issuer provides quoted prices to the public,

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

(d) Financial risk factors

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

The overall objective of the Commission 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:

(i) Market risk

Market risk arises from the Commission's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

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's 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 mix 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 a carrying value of $1.129 million (2018: $3.407 million).

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.

5. Financial Risk Management (continued):

(d) Financial risk factors (cont'd)

(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.

Trade receivables

Trade receivables include lasix receivable and levies from bookmakers and promoters. The Commission has a concentration of credit risk from Supreme Ventures Racing and Entertainment Limited (SVREL) whose balance represents 87% of trade and other receivables. In 2018 the Commission had a concentration of credit risk in respect of amounts due from CTL which represented 87% of trade and other receivables. CTL had undertaken to settle its long outstanding balances through monthly payments of $600,000 and the settlement of current balances as they fell 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 $45.081 Million (2018: $55.798 million) disclosed in 'Categories of financial instruments' in 5(b) above.

The aging of trade receivables are as follows:

	2019 $'000	2018 $'000
0-30 Days	7,284	12,060
31-60 Days	1,937	-
Over 90 Days	103	3,925
	9,324	15,985

Trade receivables that are past due but not impaired

At as 31 March 2019, trade receivables of $2.04 million (2018 - $3.925 million) were past due but not impaired. These relate to customers for whom there is no recent history of default and who honor current obligations.

5. Financial Risk Management (continued):

(d) Financial risk factors (cont'd)

(ii) Credit risk

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:

	2019 $'000	2018 $'000
Government entities	-	11,925
Other	9,324	4,060
	9,324	15,985

(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 $'000
31 March 2019 Payables	92,451
Short term loan payables	27,751
Total financial liabilities (contractual maturity dates)	120,202

5. Financial Risk Management (continued):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash Flows of financial liabilities

	1 year Or less $'000
31 March 2018 Payables	65,726
Short term loan payables	27,952
Total financial liabilities (contractual maturity dates)	93,678

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 Levies 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. Levies

	2019 $'000	2018 $'000
Levies comprise the following:		
Levy – Bookmakers	72,960	79,800
Levy - Supreme Ventures Racing and Entertainment Limited	60,934	59,464
	133,894	139,264

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars)

7. Other Income

	2019 $'000	2018 $'000
Assistant trainers' course	-	1,000
Apprentice Jockey training	8,115	4,080
Fees, appeals 8: complaints	2,113	1,351
Finance income	348	512
Fines	1,833	3,155
Lasix administration	20,040	15,336
Micro chipping	627	452
Miscellaneous	(38)	604
Publications	1	3
Rent	1,368	2,943
Registration fees and permits	7,660	9,471
Service fee - blood typing	1,142	1,302
Track licence	-	4,840
Sponsorship	-	3,000
(Loss)/Gain on disposal of property, plant and equipment	(45)	300
	43,164	48,349

8. Expense by Nature:

Total operating and administrative expenses –

	2019 $'000	2018 $'000
Staff costs (note 21)	107,370	99,476
Board members fees	1,158	2,234
Legal and professional fees	3,503	3,903
Audit fees	1,650	1,500
Repairs and maintenance	3,832	6,530
Insurance	2,025	1,944
Other operating supplies and material	13,881	24,175
Electricity, water and telephone	7,816	7,8670
Other	64,138	48,894
Depreciation	6,570	5,584
Occupational group health insurance	2,291	8,966
Hall of Fame	1,955	6,388
	216,189	217,464

Further details of expenses are included at Note 26.

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.

Income tax is based on the loss for the year, adjusted for tax purposes. Current and deferred have been computed using the tax rate of 25% (2018: 25%).

	2019 $'000	2018 $'000
Current tax	-	-
Deferred tax (note 13)	-	10,634
	-	10,634

The tax expense differs from the theoretical amount that would arise using the applicable tax rate of 25%, reconciled as follows:

	2019 $'000	2018 $'000
Loss before taxation	(39,131)	(29,851)
Tax calculated at domestic tax rate (25%)	(9,783)	(7,463)
Adjusted for the effects of:		

-	516
9,783	17,581
-	10,634

Depreciation charge and capital allowances Other charges and credits

Tax losses of approximately $32.269 million (2018: $24.596 million) (subject to the agreement of the Commissioner General, Tax Administration Jamaica) is available for set-off against future taxable profits. No deferred tax asset has been recognised on these losses due to the uncertainty of the timing of future taxable profits to utilise these losses.

10. Property, Plant and Equipment

	Freehold Land	Building (V)	Computer Equipment	Motor Vehicles	Furniture Fixtures and Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation (V)						
At 1 April 2017	60,000	91,326	13,023	3,165	68,946	236,460
Additions	-	807	2,374	-	3,692	6,873
Disposals	-	-	(10,948)	(3,165)	(42,306)	(56,419)
At 31 March 2018	60,000	92,133	4,449	-	30,332	186,914
Additions	-	-	2,458	-	1,632	4,090
Disposals	-	-	(56)	-	-	(56)
Revaluation increase	16,000	19,000	-	-	-	35,000
At 31 March 2019	76,000	111,133	6,851	-	31,964	225,948
Accumulated Depreciation						
At 1 April 2017	-	7,665	11,436	3,165	55	77,701
Charge for the year	-	2,283	577	-	2,724	5,584
Eliminated on disposals	-		(10,948)	(3,165)	(42,306)	(56,419)
At 31 March 2018	-	9,948	1,065	-	15,853	26,866
Charge for the year	-	2,304	1,239	-	3,026	6,569
Eliminated on disposals	-	-	(11)	-	-	(11)
Eliminated on revaluation	-	(9,000)	-	-	-	(9,000)
At 31 March 2019	-	3,252	2,293	-	18,879	24,424
Carrying amount						
At 31 March 2019	76,000	107,881	4,558	-	13,085	201,524

At 31 March 2018	60,000	82,185	3,384	-	14,479	160,048

10. Property, Plant and Equipment (continued):

Buildings include $1.326 million (2018: $1.326 million) which is the cost of a building on land leased for 49 years which houses a Jockeys School (see note 26). Freehold land and buildings, with the exception of the Jockeys School, were revalued on 11 May 2018 (previously 5 September 2014) by an independent valuator - Victoria Mutual Property Services Limited, Chartered Surveyors - and the resultant revaluation surplus recognised in revaluation reserve.

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 $76 million and $109 million respectively. Under the cost model, land would have been carried at $0.051 million and buildings at $9.277 million (2018: $0.051 million and $9.277 million)

11. Long-term Receivables

	2019 $'000	2018 $'000
Loan to employees	7,539	2,655
Less: current portion	(3,139)	(1,027)
	4,400	1,628

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

12. Deferred Tax

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax asset against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	2019 $'000	2018 $'000
Deferred tax liability	(13,326)	(13,326)

The movement on the deferred tax account is as follows:

	2019 $'000	2018 $'000
Balance at start of year	(13,326)	1,921
Recognised in other comprehensive income	-	(4,613)
Charge for the year (note 10)	-	(10,634)
	(13,326)	(13,326)

12. Deferred Tax (continued):

Deferred tax is due to the following temporary differences:	2019 $'000	2018 $'000
Accelerated capital allowances	1,404	1,404
Employee benefits obligations	(22,196)	(22,196)
Tax losses	6,149	6,149
Other	1,317	1,317
	(13,326)	(13,326)

Deferred tax charge to profit or loss and other comprehensive income comprises the following:

	2019 $'000	2018 $'000
Decelerated capital allowances	-	(1,274)
Employee benefits obligations	-	(9,621)
Tax losses	-	543
Other	-	(282)
	(10,634)	(10,634)

Deferred tax recognised in other comprehensive income comprises the following:

	2018 $'000
Employee benefits obligations	(4,614)
	-

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.

13. Retirement Benefit Asset

(a) Pension Plan

The Commission participates in a multi-employer defined benefit pension plan which is open to all permanent employees and administered by Sagicor Life Jamaica Limited. The Commission and the Betting Gaming and Lotteries Commissions (BGLC) operate the plan 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.

(Expressed in Jamaican dollars)

13. Retirement Benefit Asset (continued):

The actuarial report indicates that the assets are allocated between two sponsors on the basis of projected benefits obligation, and this basis of allocation is not economic because the contribution and premium rates are composite rates and, therefore, the subsequent accounts and asset schedules are purely notional.

The pension plan is legally separate from the commission and is administered by Sagicor Life Jamaica Limited.

The most recent valuation of the plan's assets and the present value of the defined benefit obligation at March 31, 2019 was carried out by Ravi Rambarran, Fellow of the Institute of Actuaries (Rambarran & Associates Limited). The present value of the defined benefit obligation and the related asset service cost were measured using the projected unit credit method.

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.
- 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.

(a) Actuarial assumptions

The key financial assumptions used in valuing the retirement benefit obligations at the reporting date are as follows:

	2018 %	2018 %
Discount rate (J$)	7.0	7.5
Discount rate (US$)	6.0	5.0
Future salary increases	5.0	6.5
Future pension increases	1.0	1.5
Inflation rate	3.0	4.5

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

Demographic assumptions include assumed retirement age of 60 for members enrolled before 1 December 2003 and 65 for all other employees (normal retirement age). Assumptions regarding future mortality are based on American 1994 Group Annuitant Mortality Static (GAM94S) table with a 5 year mortality improvement. No assumption was made for exit prior to retirement age.

13. Retirement Benefit Asset (continued):

(b) The defined benefit asset recognised in the statement of financial position is determined as follows:

	2019 $'000	2018 $'000
Fair value of plan assets	460,743	406,965
Present value of obligation	(334,218)	(318,184)
Movement in asset ceiling	(52,297)	-
Asset recognised in the statement of financial position	74,228	88,781

(c) The movement in the net retirement benefit asset in the year is as follows:

	2019 $'000	2018 $'000
Net defined benefit asset at beginning of the year	88,781	31,842
Amounts (charged)/ credited to income	(2,187)	34
(Expense)/income recognised in other comprehensive income	(15,000)	54,692
Employer contributions	2,634	2,213
Net defined benefit asset at end of year	74,288	88,781

(d) The movement in the fair value of the pension plan assets during the year is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	406,965	358,659
Contributions - employees	3,930	3,211
- employer	2,634	2,213
Interest income	30,270	32,272
Benefits paid	(19,137)	(28,136)
Value of repurchased annuities	5,721	7,994
Actuarial (gains)/losses arising from:		
Financial assumptions		
Experience adjustments	5,712	18,596
	24,648	12,156
Balance at end of year	24,648	406,965

13. Retirement Benefit Asset (continued):

(e) The movement in the present value of the defined benefits obligation during the year is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	(318,184)	(301,278)
Current service cost	(9,087)	(3,242)
Interest cost	(23,370)	(26,570)
Employees' contributions	(3,930)	(3,211)
Benefits paid	19,137	28,136
Value of annuities purchased	(5,721)	(7,994)
Actuarial (gains)/losses arising from:		
Financial assumptions	9,692	33,280
Experience adjustments	(2,755)	(37,305)
Balance at end of year	(334,218)	(318,184)

(f) The movement in the asset ceiling is as follows:

	2019 $'000	2018 $'000
Unrecognised asset due to asset ceiling, beginning of year	-	25,359
Interest on effect of asset ceiling	-	2,426
Re-measurement – experience adjustment	52,297	(22,965)
Unrecognised asset, end of year	52,297	-

(g) Amounts recognised in profit or loss for the year in respect of the plan are as follows:

	2019 $'000	2018 $'000
Current service costs	9,087	3,242
Interest cost on obligation	23,370	26,570
Interest income on plan assets	(30,270)	(32,272)
Interest on effect of the asset ceiling	-	2,426
Net expense recognised in staff costs (note 23)	2,187	(34)

(h) Amounts recognized in other comprehensive income in respect of the plan are as follows:

	2019 $'000	2018 $'000
Re-measurement (gain)/loss:		
Acturial changes arising from changes in		
-Financial assumptions	(15,404)	(51,876)
Experience adjustments	30,404	(2,816)
Total included in staff costs (note 23)	15,000	(54,692)

13. Retirement Benefit Asset (continued):

(i) The re-measurement (gain)/loss in other comprehensive income is further analysed as follows:

	Financial assumptions $'000	Experience Adjustments $'000	Net $'000
2019			
Fair value plan assets	(5,712)	(24,648)	(30,360)
Defined benefit obligation	(9,692)	2,755	(6,937)
Movement in asset ceiling	-	52,297	52,297
Recognized in other comprehensive income (Note 14(h))	(15,404)	30,404	15,000

Re-measurement (gain)/loss in other comprehensive income (continued)

	Financial assumptions $'000	Experience Adjustments $'000	Net $'000
2018			
Fair value plan assets	(18,596)	(12,156)	(30,752)
Defined benefit obligation	(33,280)	37,305	4,025
Movement in asset ceiling	-	(27,965)	(27,965)
Recognized in other comprehensive income (Note 14(h))	(51,876)	(2,816)	(54,692)

(j) At the end of the reporting period the plan assets are invested in unitized segregated funds of the Sagicor Pooled Pension Investment Fund with estimated fair values and distribution as follows:

	2019		2018	
	%	Market value of assets $'000	%	Market value of assets $'000
Equity fund	47	215,035	40	163,241
Mortgage and real estate fund	12	55,934	14	58,403
Fixed income fund	-	1,462	-	403
Money market fund	-	1,285	-	1,199
Foreign currency fund	1	1,898	1	1,787
International Equity fund	-	1,450	-	556
Inflation linked fund	10	46,786	13	52,180
Value of annuities fund	30	137,224	32	128,717
Adjustments	-	(331)	-	479
	100	460,743	100	406,965

13. Retirement Benefit Asset (continued):

(k) 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.

	2019		2018	
	1% Decrease $'000		1% Increase $'000	1% Decrease $'000
Discount rate	(21,355)	27,390	(22,729)	29,288
Future salary increase	9,161	(7,968)	10,209	(8,877)
Future pension increases	30,930	(26,324)	30,447	(25,882)

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 $2.212 million (2018 - $2. 334 million).

(l) Membership summary

	2019 $	2018 $
Active members	22	22
Pensioners	12	13
Terminated vested members	1	1
Terminated non-vested members	1	1
All participants	36	37

The weighted average duration of the defined benefit obligation as at March 31, 2019 is 29 years.

The estimated pension contribution expected to be paid into the plan by the Commission for the next financial year is $2.416 million (2018: $3.662 million).

14. Inventories

	2019 $'000	2018 $'000
Lasix	3,004	4,281

Microchip	3,696	194
	6,700	4,475

(Expressed in Jamaican dollars)

15. Receivables 2019

aidexpenses

Trade receivables

8,114	2,259
-	3,925
-	8,000
1,210	1,801
9,324	15,985
15	15
26	125
-	2,082
9,365	18,207

Due from Supreme Ventures Racing and Entertainment Limited
Due from Caymanas Track Limited (note 24)
Levies receivable
Lasix administration receivable

RentalincomeOtherreceivablesPrep

2018	$'000

16. Short-term Loan Receivables

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

	2019 $'000	2018 $'000
Cash in hand	30	30
Cash at bank	24,111	31,944
	24,141	31,974
Short-term deposits	1,129	3,407
	25,270	35,381

17. Cash, bank and Short-term Investments

Cash and cash equivalents

The weighted average interest rate on short-term deposit was 1.3% (2018 - 1.3%) and these deposits mature within days (2018 - 90 days).

Short-term investment	2019 $'000	2018 $'000
Investment in unit trust: 181,179 units at an original cost of $2.18 million	2,331	-
	2,331	-

18. Revaluation Reserve

This represents revaluation surplus on land and building.

19. Payables:

	2019 $'000	2018 $'000
Benevolent Fund	1,393	1,196
Contract payments - University of the West Indies	14,624	3,249
Statutory deduction	26,757	31,178
Accrued vacation	6,464	5,267
Levy payable	32,102	17,846
Other	11,111	6,990
	92,451	65,726

20. 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.

	2019 $'000	2018 $'000
Benevolent Fund loan	15,362	16,862
Interest payable	12,389	11,090
	27,751	27,952

In the previous financial year the interest payable was classified in payables. The comparative has been reclassified for consistency with the current year classification.

21. Staff Costs

	2019 $'000	2018 $'000
Salaries and wages	67,311	63,026
Allowance and other benefits	34,896	28,667
Pension (note 13)	2,187	(34)
Employer's statutory costs	2,976	7,817

107,37099,476

The number of persons employed by the Commission at the end of the year was 70 (2018 – 51).

22. Related Party Transactions and Balances

(a) Key management compensation

	2019 $'000	2018 $'000
Wages and salaries	21,371	20,575
Pension	1,909	1,510
Other	12,563	8,563
	35,843	30,648
Commissioners' emoluments -		
Fees	300	690
Travelling	858	1,544
	1,158	2,234

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

	2019 $'000	2018 $'000
Due from Caymanas Track Limited (CTL)	-	3,925

This represents the year end balances due from CTL arising mainly from levies payable to the Commission. The balance is included in receivables (note 16). No interest is charged on the balance and there are no fixed terms of payment.

CTL ceased to be a related party of the Commission during the 2018 financial year.

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:

	2019 $'000	2018 $'000
Key management personnel:		
Short-term loans receivable – staff loan	4,970	677
Payables – accrued vacation	(1,182)	(2,826)
Employee benefit obligation – pension	47	(1)

23. Contingent Liabilities

The Commission is liable to the Tax Administration Jamaica (TAJ) in respect of unpaid statutory deductions, including interest and penalties, amounting to $81.713 million (2018: $83.196 million). Of this balance $26.757 million (2018: $31.178 million) are included in payables (see note 21).

Applications for waiver of the outstanding amounts has been made to the various entities. The outcome of the applications is uncertain; hence no additional provisions have been made in these Financial Statements.

The unpaid statutory deductions, rates of interest and penalty included in payables at the reporting date were as follows:

	2019 $'000	2018 $'000	Interest %	Penalty %
Human Employment and Resource Training (HEART)		2,641	20	up to 50
Pay-As-You-Earn (PAYE)		13,776	20	up to 50
Education Tax (Ed. Tax)		14,183	20	10
National Housing Trust (NHT)		366	20	
National Insurance Scheme (NIS)		212	20	

24. Commitments

The Commission entered into a forty-nine-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 11). The unexpired portion of the lease is payable as follows:

	2019 $'000	2018 $'000
Within one year	5	5
Subsequent years	95	100
	100	105

25. Bookmaker's Levy

The bookmakers' levy received from Tax Administration Jamaica (TAJ), for the year ended 31 March 2019 and previous periods was an estimated amount. TAJ was unable to determine the actual amounts due to the Jamaica Racing Commission (JRC) because of information technology issues. When these issues are resolved by TAJ the amounts remitted to JRC will be adjusted accordingly. Therefore, we were unable to satisfy ourselves as to the completeness of the bookmakers' levy for the reporting period.

JAMAICA RACING COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars)

26. Expenses

Administrative:	2019	2018 $'000
		-
	-	
Advertising	1,650	1,500
Audit fees	562	414
Bank charges	664	66
Computer maintenance	1,287	1,314
Enquiries, appeals and complaints	1,299	1,416
Finance costs	6,659	5,914
General Consumption Tax (GCT)	1,955	6,389
Hall of Fame expenses	3,503	3,903
Legal and professional fees	-	765
Motor vehicle repairs and maintenance	38	2,183
Overseas travelling	4,371	5,273
Office expenses	1,785	1,616
Printing and stationery	202	388
Publications	-	2,791
Racing membership fees	5,755	4,152
Security services	429	495
Special entertainment	1,601	2,497
Sponsorship	3,099	1,864
Telephone, postage and telegrams		
	34,859	42,940

Development	2019 $'000	2018 $'000
	197	219
	20,616	21,025
	6,325	5,527
	3,037	10,169
	148	209
	4,006	3,150
	584	379
	120	90
	1,253	1,406
	1,392	2,421
	12,695	7,487
	5,061	929
	47	-

Benefit/benevolent schemes
Equine drug testing
Equine sample collection

Industry Insurance Scheme
Human drug testing
Lasix supplies Micro
chips supplies
Miscellaneous
Parental verification (blood typing) equine Race
day stewards fees
Training - Occupational
Veterinary on-call services
Stud/Rules Book

26. Expenses (continued):

	2019 $'000	2018 $'000
Establishment		
Personnel		
Salaries, wages and statutory contributions	70,288	70,843
Canteen	6,575	5,050
Commissioners' emoluments	1,158	2,234
Pension	2,187	(34)
First instance tribunal fees	1,250	1,396
Group pension and health scheme	5,031	4,015
Local travelling and upkeep	12,731	10,613
Staff educational development	6,571	4,581
Uniforms	2,446	2,807
Personal accident	291	205
	108,528	101,710