

OUR MISSION

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

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

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

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

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

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

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

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

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CHAIRMAN'S STATEMENT

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

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

R. E. A. Muir

Rudolph E. A. Muir
Chairman

COMMISSIONERS:

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

OFFICIALS:

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

DELEGATEES:

(1) Operations Stewards

(2) The First Instance Tribunal:

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

SUB-COMMITTEES

FINANCE AND HUMAN RESOURCES COMMITTEE

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

AUDIT COMMITTEE

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

OBSERVATION COMMITTEE

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

EQUINE DRUG TESTING COMMITTEE

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

HALL OF FAME TRUSTEES

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

RACING INDUSTRY INSURANCE SCHEME COMMITTEE

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

JOCKEYS' TRINING SCHOOL COMMITTEE

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

EMOLUMENTS SENIOR STAFF 2004/2005

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

CHAPTER 1

GOALS AND OBJECTIVES

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

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

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

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

CHAPTER 2

IMPACT OF HORSE RACING ON THE NATION

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

2.1 PUBLIC SUPPORT

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

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

2.2 RACEDAYS AND PURSES

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

TABLE 1

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

2.3 FINANCIAL SUPPORT TO THE INDUSTRY

TABLE II
GOVERNMENT'S CONTRIBUTION TO RACING

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

CHAPTER 3

ACTIVITIES

The Commission's activities over the year comprised

3.1 FINANCE

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

3.1.1 ACCOUNTS

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

3.2 DEVELOPMENT OF THE INDUSTRY

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

3.3 REGULATORY

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

The Administration of the Jamaica Racing Commission Racing Rules 1977

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

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

Seventh Schedule ~ to provide for the establishment of thresholds for selected substances, which would result in only concentrations above such thresholds being considered positive findings for these substances.

2. Amending the Jamaica Racing Commission (Appeals) Rules 1972, to provide for changes in the prescribed fees which are required upon submission of an appeal to the Commission against the decision of;
 - (a) the “First Instance Tribunal”
 - (b) the “Operations Stewards”
 - (c) the “Stewards of the Race meeting”
 - (d) the “Security Tribunal”
 - (e) the “Chairman”, “General Manager” & “Director of Finance & Administration”

3. The Commission as empowered by section 26 of the Jamaica Racing Commission Act, revoked the delegation instrument to the Operations Steward dated 25th day of June, 1998, and replaced it with one dated 16th December, 2004. This replacement included functions under Subsection (3) of Section 22 of the Act as well as those under paragraph (c) of section 25 of the Act.

4. The Commission continues to discharge its responsibility under the Jamaica Racing Commission Act 1972 and the Jamaica Racing Commission Racing Rules 1977, in relation to the issuing of licences and permits as well as the registration of owner entities.

3.4 REGISTRATION/LICENCES/PERMITS

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

| OCCUPATIONAL GROUPS | 2004/2005 | 2003/2004 |
|-------------------------------|------------------|------------------|
| Owners (Individuals) | 669 | 667 |
| Owners (Registered Companies) | 9 | 9 |
| Owners’ Agents | 1 | 1 |
| TOTAL | 679 | 677 |

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

3.5 PROMOTING COMPANY

3.5.1 Racedays

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

3.5.2 Review of Racing Programmes

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

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

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

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

3.6 VETERINARY

3.6.1 Race day Medication

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

3.6.2 Veterinary “On Call” System

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

3.7 REVIEW OF RACEDAY FILMS

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

3.8 OBSERVATION COMMITTEE

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

3.9 EQUINE DRUG TESTING PROGRAMME

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

3.10 REGISTRATION DEPARTMENT

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

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

3.11 JAMAICA STUD BOOK

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

CHAPTER 4

PROTECTIVE MEASURES

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

4.1 COMPULSORY VACCINATION

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

4.2 CULLING

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

4.3 HORSE WELFARE

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

4.4 MEDICAL EXAMINATIONS FOR JOCKEYS & EXERCISE RIDERS

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

4.5 SAFETY EQUIPMENT FOR JOCKEYS

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

CHAPTER 5

5.1 REVIEW OF ACTIVITIES

5.1.1 Raceday Activities:

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

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

5.1.2 Registration Activities

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

5.1.3 Tattooing

353 horses were tattooed during the year.

5.2 Drug-Testing/Sample - Collection

5.2.1 Testing Barn (Equine Sample Collection Centre)

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

5.2.2 Lasix

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

5.2.3 UWI Laboratory

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

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

CHAPTER 6

JUDICIAL ACTIVITIES

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

6.1 DELEGATION

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

6.2 APPEALS

The following appeals were heard and determined during the period:

6.2.1 Against the First Instance Tribunal:

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

6.2.2 Against the Stewards of Race meetings:

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

6.2.3 Investigations by the Commission

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

6.2.4 Investigations by the First Instance Tribunal

The substances found were:

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

6.2.5 Suits against the Commission

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

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

CHAPTER 7

SPECIAL PROJECTS

7.1 JOCKEYS' TRAINING PROGRAMME

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

TABLE III

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

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

TABLE IV

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

TABLE V

COMPARATIVE PERFORMANCE OF GRADUATES AND NON-GRADUATES

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

7.2 HALL OF FAME

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

7.2.1 CATEGORY A – HORSES

Broodmare

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

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

7.2.2 CATEGORY C – JOCKEYS

CHARLES LAWRENCE HUSSEY

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

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

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

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

7.2.3 CATEGORY D – GROOMS

TOYANELL ELIONS WYNTER (AKA - Joe Bongo)

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

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

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

7.2.4 CATEGORY E- OTHER RACING PERSONALITIES

SYDNEY WATSON

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

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

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

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

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

CHAPTER 8

WELFARE PROGRAMME

8.1 BENEVOLENT FUND

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

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

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

Benevolent Fund:

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

FUNERAL GRANT

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

8.2 HUMAN DRUG TESTING

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

8.3 LITERACY TESTS

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

| Group | Pass | Failed |
|-------------------|-------------|---------------|
| Exercise Riders | 8 | 9 |
| Stable Assistants | 4 | 1 |
| Grooms | 5 | 4 |

8.4 COUNSELLING/GUIDANCE

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

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

8.5 RELATIONS BETWEEN TRAINERS AND STABLE EMPLOYEES

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

8.6 WAGE BOOKS/STATUTORY DEDUCTIONS

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

8.7 RACING INDUSTRY INSURANCE SCHEME

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

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

8.8 DEATHS

Mrs. Sonia Carnegie (Stable Assistant) died on 14th February, 2005.

CHAPTER 9

ADMINISTRATION

9.1 COMMISSION MEETINGS

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

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

9.2 STAFFING

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

9.3 TRAINING AND DEVELOPMENT

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

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

9.4 PUBLICATIONS

The 2005 Racing year Book was published.

CHAPTER 10

INTERNATIONAL AFFILIATIONS

10.1 MEMBERSHIPS/ASSOCIATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.2 RED STRIPE SUPERSTAKES FORGING AN INTERNATIONAL LINK

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

i. **The Red Stripe Superstakes**

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

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

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

iii. **The Red Stripe Mile**

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

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

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

v. **The Red Stripe Claiming Sprint**

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

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

10.3 VISITS ABROAD

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

- Racing Commissioners International Inc. (RCI) summer Board Meeting
 - ~ New -Jersey, USA
 - ~ July 29 – August 2, 2004

- University of Louisville/RCI Continuing Education for Accredited Stewards
 - ~ Louisville, Kentucky, USA
 - ~ November 15 – 16, 2004

- West Indian Thoroughbred Racing Association (WITRA) Annual General Meeting & WITRA Classic
 - ~ St. Michael, Barbados
 - ~ February 9 – 14, 2005

- University of Louisville/RCI Continuing Education for Accredited Stewards
 - ~ Charles Town, West Virginia
 - ~ March 14 – 15, 2005

CHAPTER 11

FINANCIAL STATEMENTS

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

THE JAMAICA RACING COMMISSION

Statement of Income and Expenditure

Year ended March 31, 2005

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

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

THE JAMAICA RACING COMMISSION

Expenditure
Year ended March 31, 2005

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

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

THE JAMAICA RACING COMMISSION

Expenditure (Continued)

Year ended March 31, 2005

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

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

THE JAMAICA RACING COMMISSION

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

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

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

THE JAMAICA RACING COMMISSION

Statement of Cash Flows
Year ended March 31, 2005

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements

March 31, 2005

1. The Commission

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

The Commissioners as at March 31, 2005 are:

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

Members of the management team are:-

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

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

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

(a) Statement of compliance:

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

(b) Basis of preparation:

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

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

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

(c) Cash and cash-equivalents:

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

(d) Trade and other receivables:

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

(e) Trade and other payables:

Trade and other payables are stated at cost.

(f) Provisions:

A provision is recognised in the balance sheet when the Commission has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(g) Investments:

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

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

(h) Property, plant and equipment and depreciation:

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

(ii) Depreciation:

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

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

THE JAMAICA RACING COMMISSION

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

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

(i) Impairment:

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

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

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

[ii] Reversals of impairment:

An impairment loss in respect of originated loans and receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed, if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined; if no impairment loss had been recognised.

(j) Securities purchased under resale agreements:

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

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

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

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

(k) Taxation:

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

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

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

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

(l) Employee benefits asset and obligation:

(i) General benefits:

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

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

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

(ii) Defined-benefit pension scheme:

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

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

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

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

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

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

(m) Foreign currencies:

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

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

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

(n) Revenue recognition:

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

(o) Related party transactions

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

3. Property, plant and equipment

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

4. Long-term receivables

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

(i) Loans to employees are unsecured, bear interest at 8% per annum and are repayable between 1 to 6 years.

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

5. Employee benefit obligation/(asset)

A defined-benefit pension scheme is administered by Life of Jamaica Limited, for all employees of the Commission and the Betting Gaming & Lotteries Commission (BG&LC) [see note 2(1)(ii), who satisfy certain minimum services requirements.

The benefits are computed by reference to final salary.

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

THE JAMAICA RACING COMMISSION

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

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

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

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

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

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

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

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

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

6. Cash and cash-equivalents

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

THE JAMAICA RACING COMMISSION

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

7. Short-term investments

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

8. Trade and other receivables

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

9. Reserve fund

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

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

10. Other reserve

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

THE JAMAICA RACING COMMISSION

Notes to the Financial Statements (Continued)

March 31, 2005

11. Deferred tax asset/ (liability)

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

Movement in temporary differences during the year:

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

12. Long-term loan

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

This represents the balance on a \$20 million five-year loan from the Betting Gaming & Lotteries Commission (BG&LC) in 2003, bearing interest at 12¹/₂% per annum on the reducing balance method, and is secured by a promissory note and a corporate resolution from The Jamaica Racing Commission. Interest was payable in the first two years of the loan, while principal was payable thereafter.

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

13. Trade and other payables

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

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

14. Budgetary Subvention from Government

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

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

15. Registration fees and permits

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

THE JAMAICA RACING COMMISSION

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

16. Taxation

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

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

| | <u>2005</u> | <u>2004</u> |
|---|----------------------|-------------------|
| (i) Current tax charge: | | |
| Income tax at 33 $\frac{1}{3}$ % | (926,050) | - |
| (ii) Deferred tax credit/(charge): | | |
| Origination of temporary differences (note 11) | <u>612,575</u> | <u>(459,161)</u> |
| Tax charge recognised in the statement of income and expenditure | \$(<u>313,475</u>) | <u>(459,161)</u> |

- (b) The effective tax rate is 2.59% (2004: \$19.8%) of pre-tax surplus/(deficit) of \$12,092,506 [2004: (\$2,309,197) pro-rated], compared to a statutory rate of 33 $\frac{1}{3}$ %. The actual tax charge differed from the expected tax charge for the year as follows:

| Reconciliation of effective tax rate: | | |
|--|----------------------|--------------------|
| | <u>2005</u> | <u>2004</u> |
| Surplus/(deficit) before taxation | <u>\$12,092,506</u> | <u>(2,309,197)</u> |
| Computed "expected" tax (charge)/credit, pro-rated | (625,648) | 192,433 |
| Difference between profit for financial statements and tax reporting purposes on: | | |
| Depreciation and capital allowances | 1,426,170 | (1,618,427) |
| Employee benefit obligation/asset | 1,433,700 | (1,687,500) |
| Trade and other payables | (2,443,026) | 2,815,889 |
| Other disallowable expenses | <u>(104,671)</u> | <u>(161,556)</u> |
| Actual tax (charge)/credit | \$(<u>313,475</u>) | <u>(459,161)</u> |

THE JAMAICA RACING COMMISSION

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

17. Commitments

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

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

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

18. Financial instruments

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

- (a) Fair values:

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

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

THE JAMAICA RACING COMMISSION

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

18. Financial instruments (cont'd)

(a) Fair values (cont'd):

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

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

(b) Financial instrument risks:

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

(i) Credit risk:

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

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

(ii) Interest rate risk:

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

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

(iii) Foreign currency risk:

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

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

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

(iv) Market risk:

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

18. Financial instruments (cont'd)

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

(v) Liquidity risk:

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

(vi) Cash flow risk:

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

