

Betting Levy Board



ADMINISTRATIVE REPORT

JULY 01, 2008 - JUNE 30, 2009

75-2007
ADMINISTRATIVE REPORT

OF

BETTING LEVY BOARD

FOR

JULY 01, 2008 - JUNE 30, 2009

THE BETTING LEVY BOARD

Mr. Gerard Ferreira	Chairman	(Resigned 18 th June, 2009)
Mr. Joseph Hadeed	Government	
Ms Wilma Primus	Government	
Mr. Maniram Maharaj	Tobago Race Club	
Mr. Tyrone Kowlessar	Trinidad Race Club now Arima Race Club	
Mr. Gary de Freitas	Trinidad Race Club now Arima Race Club	
Mr. Brian Stollmeyer	Trinidad Race Club now Arima Race Club	(Resigned 15 th January, 2009)
Mr. Baskaran Bassawh	Racehorse Owners Association	
Mr. Peter George	Licensed Betting Pool Operator	
Mr. Ainsley Mark	Stud Farm Association	

EXECUTIVE OFFICERS

Mr. Richard Jackson	Chief Executive Officer
Mr. Norris Galbaran	Accountant

BANKERS

First Citizens Bank Limited	Hollis Avenue & Woodford Street, Arima
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LEGAL ADVISORS

Fitzwilliam, Stone, Furness-Smith & Morgan	48-50 Sackville Street, Port of Spain
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AUDITORS

PricewaterhouseCoopers	11-13 Victoria Avenue, Port of Spain
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OFFICE

Head Office/Compliance Unit/Printery:
Santa Rosa Racing Facility
Racecourse Road
Off Churchill Roosevelt Highway
O'Meara
Arima.

Senator The Honourable Mariano Browne
Minister of Trade & Industry
Ministry of Trade & Industry
Level 17
Nicholas Towers
Independence Square
PORT OF SPAIN

Dear Minister

Pursuant to Section 11 (2) of the Betting Levy Board Act No. 35 of 1989, proclaimed on November 15, 1989, the Board has the pleasure to present herewith, a report of its activities and audited financial statements for the period July 1, 2008 to June 30, 2009.

1. Proclamation of Act No. 35 of 1989:

The Betting Levy Board Act No. 35 of 1989 came into force on November 15, 1989 upon proclamation by the President of Republic of Trinidad and Tobago. It has since been amended by Act 31 of 1991, and the Finance Act No. 5 of 1995.

2. Functions and General Powers of the Betting Levy Board:

The Board shall be responsible for the development and improvement of every aspect of horse and dog racing, including the breeding of racehorses and dogs and the provision of benefits for jockeys and stable lads, and monitoring compliance with any rules relating to the operation of pool betting offices and pool betting outlets, including their opening and closing hours; and shall put all administrative, technical and other systems, in place to ensure compliance with the provisions of any written law relating to the payment of any tax or levy.

3. Collection of Taxes, Duties, Fees, etc.:

The Board shall collect any taxes, duties, fees or other payments referred to under the Act, and any such sums payable to it under the Gambling and Betting Act.

4. Application of Funds:

The Board shall, by means of monthly remittances pay one half of the monies collected under Section 9 of the Act to the Consolidated Fund.

The remaining half of the monies collected under subsection 9 (1) shall be applied:

- a) To meet its own expenses incurred in the performance of its function, and
- b) To meet the administrative expenses of the Racing Authority established under the Trinidad & Tobago Racing Authority Act 45 of 1976 on the basis of a budget prepared by that Authority, in consultation with the Board, and where there is a dispute regarding the said budget, an appeal may be made to the Minister.

5. Review of Period July 1, 2008 to June 30, 2009:

During the period under review a total of twelve (12) regular monthly meetings of the Board were held.

The Board also had several meetings with other organizations representing he various racing industry groups.

In August 2008, the Board's Chairman and Chief Executive Officer together with the Chairman and Secretary of the Trinidad and Tobago Racing Authority (TTRA) held discussions with the line Minister, Senator The Honourable Dr. Lenny Saith, with regard to the strategic business plan which was submitted to Minister Kenneth Valley in September 2007 under the seal of the Arima Race Club (ARC); following which Minister Saith in September 2008 appointed a Task Force Committee under the Chairmanship of Mr. Ainsley Mark to review the operations and structure of horseracing in Trinidad and Tobago, identify the challenges which deter the industry from achieving its full potential and to formulate a strategic plan inclusive of a budget and implementation schedule to facilitate the growth and development of the industry.

After numerous meetings and consultation with industry stakeholders, the plan was submitted to the Minister in June 2009.

In September 2008, the Betting Levy Board (BLB) hosted a symposium regarding the system of racing most suitable for Trinidad and Tobago. Following presentations by Justice Wendell Kangaloo on the present system and Mr. R. Freeman on the proposed rating system; debate, discussion and views were expressed without rancour. A wide cross section of the industry

noted the observations and comments made by learned Irish International Racing Consultant, Mr. Ciaran Kennelly, who gave support to the rating system.

In an effort to increase the imported horse stock, the Board purchased ten (10) horses from the Fasig-Tipton Yearling Sale in Keeneland, Kentucky in October 2008.

After re-sale by public auction the Board registered a surplus on expenditure of \$50,000.00 for the project.

In an attempt to encourage the importation of quality bloodstock, the Board in September 2008 approved the implementation of a new incentive for stallions, fillies and broodmares whose performance or pedigree had earned black type designation in the country from which they are imported.

Noting the increase in betting turnover generated by the Arima Race Club (ARC) since the implementation of commingled wagering, the Board approved a grant to the ARC in the sum of US\$146,800.00 for the purchase of forty-two (42) teller machines and eight (8) self service terminals from Amtote International to be used at Santa Rosa Park and the off-track betting shops.

In a collaborated effort with the Stud Farm Association, the Board facilitated the purchase of the well bred horse "Maraahel" from Sheikh Hamden Al Maktoum at a cost of US\$100,000.00 to be used as a stallion in Trinidad and Tobago.

In January 2009, the Board was instrumental in facilitating the visit of Mr. Dennis Testa, track Superintendent at Gulfstream Park in Florida for consultation and advice with regard to maintenance of the dirt and turf tracks at Santa Rosa Park.

The Board in February 2009 took the decision to relocate the office of the Compliance Unit, the arm of the BLB with responsibility for ensuring adherence with the Gambling and Betting Act by licensed betting offices, to the Head Office at Santa Rosa Park, Arima. With the simultaneous retirement of the Supervisor of the Unit, responsibility for the operations of the Compliance Unit now rests with the Board's Chief Executive Officer.

In the year under review the Board improved on its financial year end 2008 performance by attaining its highest ever level of income (\$28.3M) since incorporation in 1989. The Board noted increased tax collections from the ARC from \$6.3M in 2008 to \$8.8M in 2009 whereas the private betting shops increased from \$19.0M in 2008 to \$19.5M in 2009.

6. Staff of the Board:

There were seventeen (17) permanent employees of the Betting Levy Board during the period under review. These employees are based at:

➤ Head Office	-	9
➤ Printery	-	7
➤ Compliance Unit	-	1

7. Printery Operations:

The Board continues to operate its printing division with services provided to the various racing industry organizations including the Arima Race Club, Tobago Race Club, Trinidad & Tobago Racing Authority, Racehorse Owners Association, Stud Farm Association, Trainers Association; and from the private sector. The printing of the daily English Programme continues to be the prime responsibility of the Board's printery department.

This department reflected a net profit of \$57,306.00 in the period under review.

8. Development and Improvement of the Local Racing / Breeding Industry:

In keeping with its mandate to develop and improve all aspects of local racing and the breeding industry, the Board continues to provide subsidies and incentives to *Local Horseracing* by utilizing the fifty percent of taxes and levy collected under the Gambling and Betting Act which it is allowed to retain until 31st December 2009 through the moratorium granted by the Cabinet of the Government of Trinidad and Tobago.

In the year under review, the Board provided financial assistance and incentives in the following areas:

- ◀ Funding of the revenue shortfall of the Trinidad and Tobago Racing Authority, as required under the Act, in order to meet its administrative expenses in the sum of \$3,079,938.00.
- ◀ To the promoters of Racing, with the provision of a fixed amount as the Board's contribution towards the advertised Stakes for each raceday. This measure cost the Board \$12,635,788.00 for the period.

- < Payment of a premium to the Breeder and Owner of sires of horses born in Trinidad and Tobago and which place 1st, 2nd and 3rd in all races run during the season. This initiative cost \$2,374,064.00 in 2008/2009.
- < A subsidy to the jockeys of horses placed 2nd, 3rd and 4th in races where the total prize money does not exceed \$30,000.00 at a cost of \$14,540.00.
- < Provision of a *non-contributory Medical and Pension Fund* for licensed Jockeys and the latter plan for Grooms. Premiums paid for this benefit totaled \$427,532.00.
- < Incentives to owners of horses imported from within as well as outside the Caribbean for racing, thus boosting the number of horses in training and up-grading of the local breeding industry in the long term. This incentive cost \$1,505,000.00.
- < Payment of a subsidy to the owners of mares which had been registered with the Trinidad and Tobago Racing Authority and certified by a Veterinarian as being in foal. This subsidy cost \$387,500.00.
- < A grant of \$1.2M to the promoter of local racing, the Arima Race Club, to meet capital expenditure for the construction of sixty (60) stables.

VISION FOR DEVELOPMENT:

In pursuance of its mandate to develop and improve every aspect of horseracing and the breeding of horses the Betting Levy Board has identified the need to increase its own revenue stream and that of the local promoter in order to achieve self sustenance of the industry as follows:

- i. Enhance revenue collections of taxes on betting turnover to increase the level of funds available to the Betting Levy Board.
- ii. To pursue amendment to the Gambling and Betting Act and promulgation into law of rules and regulations governing same that would give teeth to the Betting Levy Board in its ability to ensure compliance with the law by licensed betting shop operators.
- iii. Increased activity among breeders to improve the quality of the locally bred thoroughbred and by extension the quantity to ensure competitive racing.

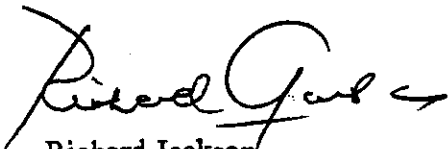
- iv. A proper mix of incentives for the benefit of all stakeholders in the racing/breeding industry including expansion of the Benevolent program for jockeys and grooms to encompass trainers.
- v. Ensuring that educational and training programs for industry personnel are ongoing through the agencies responsible for same under the law.
- vi. Providing the stimulus for the sale of local bloodstock through the Annual Yearling Sale and development of an export market.
- vii. Encourage competition for local horses against our Caribbean neighbors to gauge the quality of our stock.
- viii. Reduction of administrative and operational costs associated with local racing.

AUDITOR'S REPORT:

The Audited Financial Statements at year end 30 June 2009 as prepared by PricewaterhouseCoopers is attached as an Appendix to this Administrative Report.

CONCLUSION:

The Chairman and Members of the Board wish to record their appreciation to the Ministry of Trade and Industry, Ministry of Finance, Trinidad and Tobago Racing Authority, the Arima Race Club, Tobago Race Club, other Government Departments and Racing Organizations as well as the Staff of the Betting Levy Board for their support during the past year.



Richard Jackson
Chief Executive Officer

Betting Levy Board

Financial Statements

30 June 2009

Betting Levy Board

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Betting Levy Board


Balance Sheet

(Expressed in Trinidad and Tobago Dollars)

	Notes	30 June	
		2009 \$	2008 \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	<u>877,194</u>	<u>973,080</u>
Current Assets			
Inventories - printing supplies		16,903	11,486
Government of Trinidad and Tobago			
- Grant receivable	5	6,876,411	18,388,564
Accounts receivable and prepayments	6	1,924,979	1,334,353
Cash and short term funds	7	<u>1,089,834</u>	<u>1,797,639</u>
		<u>9,908,127</u>	<u>21,532,042</u>
Total Assets		<u>10,785,321</u>	<u>22,505,122</u>
RESERVES & LIABILITIES			
Reserves			
Special reserve	8	83,061	83,061
Accumulated deficit		<u>(3,709,210)</u>	<u>(3,850,447)</u>
Total Reserves		<u>(3,626,149)</u>	<u>(3,767,386)</u>
Current Liabilities			
Bank overdraft and short-term advances		1,661,523	542,341
Borrowings - current portion	9	-	2,500,000
Payables and accruals	10	4,473,536	3,441,603
Government of Trinidad and Tobago			
- Consolidated fund	5	6,876,411	18,388,564
Refundable deposits	11	<u>1,400,000</u>	<u>1,400,000</u>
		<u>14,411,470</u>	<u>26,272,508</u>
Total Reserves And Liabilities		<u>10,785,321</u>	<u>22,505,122</u>

The notes on pages 5 to 15 are an integral part of these financial statements.

On 10 December 2009, the Board of Directors of Betting Levy Board authorised these financial statements for issue.

 Chairman
  Member

Betting Levy Board

Income And Expenditure Account (Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 June	
		2009 \$	2008 \$
Income			
Racing licenses, taxes and permits	12	14,324,663	13,712,490
Printery operations	13	57,306	110,186
Miscellaneous income		448,770	69,970
Government grant	5	<u>14,324,663</u>	<u>13,712,490</u>
		<u>29,155,402</u>	<u>27,605,136</u>
Expenditure			
Promotion and development of racing	14	(21,115,595)	(16,962,432)
Jockey insurance benefit plan		(427,532)	(356,850)
Overseas travel		(18,367)	(106,068)
Bank interest and charges		(166,549)	(614,348)
Depreciation		(128,309)	(1,526,548)
Salaries, wages and related costs	15	(1,204,021)	(1,111,291)
Subvention payment to the Trinidad and Tobago Racing Authority	16	(3,079,938)	(3,028,324)
Compliance unit expenses		(255,533)	(337,879)
Legal and professional fees		(31,018)	(101,059)
Settlement fee		(1,500,000)	—
Miscellaneous expenses		(34,765)	(31,025)
Repairs and maintenance		(435,615)	(419,458)
Board members' fees		(74,690)	(75,838)
Communication		(68,430)	(65,779)
Office stationery and supplies		(117,334)	(115,772)
Auditors' remuneration		(86,700)	(61,781)
Insurance		(37,127)	(37,109)
Equipment rental		(21,476)	(25,155)
Cash overs/(shorts)		—	407
Donations		(13,153)	(1,000)
Vacation leave expense		(1,226)	(26,936)
Security		(11,896)	(53,490)
Loss on Disposal of Fixed Asset		(534)	—
Input tax Disallowed		(184,347)	—
Bad debt expense		—	2,234
		<u>(29,014,165)</u>	<u>(25,001,639)</u>
Net Operating Income		141,237	2,503,497
Accumulated Deficit At Beginning Of Year		<u>(3,850,447)</u>	<u>(6,453,944)</u>
Accumulated Deficit At End Of Year		<u>(3,709,210)</u>	<u>(3,850,447)</u>

The notes on pages 5 to 15 are an integral part of these financial statements.

Betting Levy Board

Cash Flow Statement

(Expressed in Trinidad and Tobago Dollars)

	Note	Year Ended 30 June	
		2009 \$	2008 \$
Cash Flows From Operating Activities			
Net operating income		141,237	2,603,497
Adjustments to reconcile income to net cash from operating activities			
Depreciation		128,309	1,526,548
Loss on disposal of fixed asset		534	--
Net changes in operating assets and liabilities	17	<u>435,890</u>	<u>711,155</u>
Net Cash Generated From Operating Activities		<u>705,970</u>	<u>4,841,200</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		<u>(32,957)</u>	<u>(113,653)</u>
Net Cash Used In Investing Activities		<u>(32,957)</u>	<u>(113,653)</u>
Cash Flows From Financing Activities			
Repayment of loans		<u>(2,500,000)</u>	<u>(4,500,000)</u>
Net Cash Used In Financing Activities		<u>(2,500,000)</u>	<u>(4,500,000)</u>
Net (Decrease)/Increase In Cash ,Cash Equivalents And Bank Overdrafts		(1,826,987)	227,547
Cash, Cash Equivalents and Bank Overdrafts At Beginning Of Year		<u>1,255,298</u>	<u>1,027,751</u>
Cash, Cash Equivalents And Bank Overdrafts At End Of Year		<u>571,689</u>	<u>1,255,298</u>
Represented By			
Cash and cash equivalents		523,521	217,465
Bank overdrafts		(1,661,523)	(542,341)
Short term deposits		<u>566,313</u>	<u>1,580,174</u>
	7	<u>571,689</u>	<u>1,255,298</u>

The notes on pages 5 to 15 are an integral part of these financial statements.

Betting Levy Board

Notes To The Financial Statements

30 June 2009

1 Incorporation And Principal Activity

The Betting Levy Board was incorporated by an Act of Parliament on 6 September 1989 and is responsible for the development and improvement of every aspect of horse and dog racing, including the breeding of race horses and dogs and the provision of benefits for jockeys and stable lads. The Board is also responsible for the collection of all taxes, duties, fees or other payments as stipulated in the Act and any such sums payable to it under the Gambling and Betting Act.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

These financial statements are prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and are expressed in Trinidad and Tobago dollars.

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 Board's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations effective in 2008 but not relevant

The following Interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Board's operations:

- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum trading requirements and their interaction, provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability maybe affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the group's financial statements; as the group has a pension deficit and is not subject to any minimum funding requirements.
- IFRIC 11, IFRS 2 - Group and treasury share transaction, provides guidance on whether share - based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity settled or cash-settled share based payments transactions in the stand-alone accounts of the parent and group companies. The interpretation does not have an impact on the group's financial statements.
- IFRIC 12, 'Service concession arrangements' and
- IFRIC 13, 'Customer loyalty programmes'

Betting Levy Board

Notes To The Financial Statements

30 June 2009

2 Summary of Significant Accounting Policies (Continued)

2.2 Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the Board are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars, which is the Board's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less 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 Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office furniture and equipment	- 10%
Computer equipment	- 20%
Plant & machinery	- 5% - 20%
Motor vehicles	- 25%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within other (losses)/gains – net, in the income and expenditure account.

Betting Levy Board

Notes To The Financial Statements 30 June 2009

2 Summary of Significant Accounting Policies (Continued)

2.4 Financial assets

The Board classifies its financial assets in the category: 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Board's loans and receivables comprise 'accounts and other receivables', (note 2.6) and 'grant receivable' from the Government of Trinidad and Tobago. (note 5)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of accounts receivable is described in note 2.6.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first out (FIFO) method.

2.6 Accounts receivables

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the account receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income and expenditure account. When an account receivable is uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited against expenses in the income and expenditure account.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts.

Betting Levy Board

Notes To The Financial Statements

30 June 2009

2 Summary of Significant Accounting Policies (Continued)

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Board has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.9 Current and deferred income taxes

Revenues derived from racing licenses, taxes, permits and related activities are exempt from corporation tax.

2.10 Pensions

The Board operates a defined contribution plan. This scheme is funded through payments to Colonial Life Insurance Company Limited.

A defined contribution plan is a pension plan under which the Board pays fixed contribution into a separate entity. The Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Plan which is effective from 1 January 1990 covers all permanent employees. The annual cost of providing this benefit is charged against current earnings.

2.11 Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.12 Revenue recognition

Revenue derived from permits and licenses is accounted for on the accruals basis. Revenue from racing taxes is accounted for on a cash basis because of the uncertainty of collection. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Betting Levy Board

Notes To The Financial Statements 30 June 2009

3 Financial Risk Management

3.1 Financial Risk Factors

The Board's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

Risk management is carried out by Board's management under policies approved by the Board of Directors.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

(a) *Market Risk*

(i) Foreign exchange risk

The Board operates solely locally and in Trinidad and Tobago dollars, hence its exposure to foreign exchange risk is minimised.

(ii) Price risk

The Board is not exposed to equity securities price risk as there are no investments held by the Board. The Board is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

Cash flow and fair value interest rate risks are impacted by variable and fixed market interest rates respectively. They arise from cash short-term deposits and overdrafts with banks and financial institutions.

However there is no significant exposure due to the short-term nature of assets held by the board.

(b) *Credit Risk*

The Board has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and provision of services are made to customers with an appropriate credit history.

Betting Levy Board

Notes To The Financial Statements 30 June 2009

3 Financial Risk Management (Continued)

3.1 Financial risk factors (continued)

(c) *Liquidity Risk*

Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Board aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Board's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$
At 30 June 2009				
Payables	4,473,536	--	--	--
Bank overdraft	1,661,523	--	--	--
Refundable deposits	1,400,000	--	--	--
At 30 June 2008				
Payables	3,441,603	--	--	--
Bank overdraft	542,341	--	--	--
Borrowings	2,500,000	--	--	--
Refundable deposits	1,400,000	--	--	--

3.2 Fair value estimation

The carrying value less impairment provision of accounts receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Board for similar financial instruments.

Betting Levy Board

Notes To The Financial Statements 30 June 2009

4 Property, Plant And Equipment

	Office Furniture and Equipment \$	Computer Equipment \$	Motor Vehicles \$	Plant and Machinery \$	Total \$
Year ended 30 June 2009					
Opening net book amount	123,644	25,036	8,333	816,067	973,080
Additions	32,957	--	--	--	32,957
Disposal	(534)	--	--	--	(534)
Depreciation charge	(20,205)	(7,672)	(8,333)	(92,009)	(128,309)
Closing net book amount	<u>135,862</u>	<u>17,364</u>	<u>--</u>	<u>723,968</u>	<u>877,194</u>
At 30 June 2009					
Cost	459,289	80,444	40,000	15,701,565	16,281,298
Accumulated depreciation	<u>(323,427)</u>	<u>(63,080)</u>	<u>(40,000)</u>	<u>(14,977,597)</u>	<u>(15,404,104)</u>
Net book amount	<u>135,862</u>	<u>17,364</u>	<u>--</u>	<u>723,968</u>	<u>877,194</u>
Year ended 30 June 2008					
Opening net book amount	60,501	26,912	18,333	2,280,229	2,385,975
Additions	76,153	7,500	--	30,000	113,653
Depreciation charge	(13,010)	(9,376)	(10,000)	(1,494,162)	(1,526,548)
Closing net book amount	<u>123,644</u>	<u>25,036</u>	<u>8,333</u>	<u>816,067</u>	<u>973,080</u>
At 30 June 2008					
Cost	427,590	80,490	40,000	15,701,563	16,249,643
Accumulated depreciation	<u>(303,946)</u>	<u>(55,454)</u>	<u>(31,667)</u>	<u>(14,885,496)</u>	<u>(15,276,563)</u>
Net book amount	<u>123,644</u>	<u>25,036</u>	<u>8,333</u>	<u>816,067</u>	<u>973,080</u>
At 30 June 2007					
Cost	351,437	72,990	40,000	15,671,563	16,135,990
Accumulated depreciation	<u>(290,936)</u>	<u>(46,078)</u>	<u>(21,667)</u>	<u>(13,391,334)</u>	<u>(13,750,015)</u>
Net book amount	<u>60,501</u>	<u>26,912</u>	<u>18,333</u>	<u>2,280,229</u>	<u>2,385,975</u>

Betting Levy Board

Notes To The Financial Statements 30 June 2009

5	Grant Receivable From The Government Of Trinidad And Tobago	2009 \$	2008 \$
	Balance at beginning of year	18,388,564	19,683,074
	Received during the year	(25,836,816)	(15,007,000)
	Current year grant (See note 12)	<u>14,324,663</u>	<u>13,712,490</u>
		<u>6,876,411</u>	<u>18,388,564</u>

The Government of Trinidad and Tobago extended the moratorium granted to the Betting Levy Board on payments due to the Consolidated Fund in accordance with the provision of section 12 of the Betting Levy Board Act 1989 to 31 December 2009. The arrangement also provides for an exchange of cheques, whereby the Betting Levy Board would deposit monies into the Consolidated Fund and simultaneously receive from Government a cheque of an equivalent sum representing a grant for the development of the local horse racing industry.

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Board will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income and expenditure account over the period necessary to match them with the costs that they are intended to compensate. Grants relating to compensation for expenses/losses already incurred are recognised as income in period in which they are receivable.

6	Accounts Receivable And Prepayments	2009 \$	2008 \$
	Accounts receivable	38,634	42,878
	Less: Provision for bad debts	<u>(17,562)</u>	<u>(17,569)</u>
	Accounts receivable – net	21,072	25,309
	Amounts due from betting offices	601,633	651,522
	Value Added Tax recoverable	426,751	483,276
	Other receivables	485,700	174,246
	Staff loans	69,823	–
	Receivable from Stud Farm	<u>320,000</u>	<u>–</u>
		<u>1,924,979</u>	<u>1,334,353</u>

The fair values of accounts receivables and prepayments are as follows:

Accounts receivables	21,072	25,309
Amounts due from betting offices	601,633	651,522
Other receivables	485,700	174,246
Value Added Tax recoverable	426,751	483,276
Staff loans	69,823	–
Receivable from Stud Farm	<u>320,000</u>	<u>–</u>
	<u>1,924,979</u>	<u>1,334,353</u>

Accounts receivables that are less than three months past due are not considered impaired.

Betting Levy Board

Notes To The Financial Statements 30 June 2009

6 Accounts Receivable And Prepayments (Continued)

As of 30 June 2009, there were no accounts receivable balances that were past due but not impaired (2008: \$4,991).

	2009 \$	2008 \$
Ageing analysis of accounts receivables that are past due but not impaired:		
Up to 3 months	--	589
3 to 6 months	--	--
6 to 12 months	--	--
Over 12 months	--	4,402
	<u>--</u>	<u>4,991</u>

As of 30 June 2009, accounts receivables of \$17,569 (2008: \$17,569) were impaired and provided for. The ageing of these receivables is as follows:

3 to 6 months	--	--
6 to 12 months	--	--
Over 1 year	17,562	17,569
	<u>17,562</u>	<u>17,569</u>

Movements on the provision for impairment of accounts receivables are as follows:

At 1 June	17,569	57,847
Decrease in provision	(7)	--
Unused amounts reversed	--	(40,278)
	<u>17,562</u>	<u>17,569</u>

The creation and release of provision for impaired receivables have been included in expenditure in the income and expenditure account. Amounts charged to the provision account are generally written off where there is no expectation of recovering additional cash.

The other classes within accounts and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 30 June 2009 is the fair value of each class of receivable mentioned above. The Board does not hold any collateral as security.

7 Cash And Short Term Funds

	2009 \$	2008 \$
Cash at bank and on hand	523,521	217,465
Short term bank deposits	566,313	1,580,174
	<u>1,089,834</u>	<u>1,797,639</u>

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement.

Cash and cash equivalents	1,089,834	1,797,639
Bank overdrafts	(1,661,523)	(542,341)
	<u>(571,689)</u>	<u>1,255,298</u>

Betting Levy Board

Notes To The Financial Statements 30 June 2009

8 Special Reserve

This reserve represents the aggregate of waived directors' fees net of amounts withdrawn for use in financing special projects approved by the directors.

9 Borrowings

	Current \$	Non Current \$	2009 Total \$	2008 Total \$
First Citizens Bank Limited	--	--	--	<u>2,500,000</u>

The demand loan was secured by a First Demand Debenture over the fixed and floating assets of the Arima Race Club. Incorporated in this debenture was a First Demand Mortgage over the property at Santa Rosa Park, Arima, stamped to cover \$30 million. This property was professionally valued in 1998 at \$63.5 million.

This loan was fully repaid in May 2009.

10 Payables And Accruals

	2009 \$	2008 \$
Unclaimed cheques	118,830	14,411
Staledated cheques	112,954	124,576
Un-utilised staff vacation	142,445	141,219
Incentives to breeders	150,000	165,000
Subvention payment to TTRA	333,052	136,984
Mare-Subsidy	380,000	100,000
Unclaimed dividends	623,307	656,519
Breeders and sires premium	610,062	538,819
Stakes payable to the Arima Race Club	892,200	328,300
Other payables	<u>1,110,686</u>	<u>1,235,775</u>
	<u>4,473,536</u>	<u>3,441,603</u>

11 Refundable Deposits

These represent the quarterly levy of \$100,000 paid in advance by the betting offices. These deposits are refundable to the extent that the accumulated weekly levy for the quarter ended 30 June 2009 exceeds the \$100,000.

12 Racing Licenses, Taxes And Permits

Race clubs	9,744,211	7,774,653
Betting offices	<u>18,905,115</u>	<u>19,650,327</u>
	28,649,326	27,424,980
Allocated to the Consolidated Fund (50%)	<u>(14,324,663)</u>	<u>(13,712,490)</u>
	<u>14,324,663</u>	<u>13,712,490</u>

The Board was granted a moratorium on monthly payments due to the Consolidated Fund (see Note 5).

Betting Levy Board

Notes To The Financial Statements 30 June 2009

	2009	2008
	\$	\$
13 Printery Operations		
Income	1,260,780	1,422,841
Direct expenses	<u>(1,203,474)</u>	<u>(1,312,655)</u>
	<u>57,306</u>	<u>110,186</u>
14 Promotion And Development Of Racing		
Stakes	12,635,788	8,699,633
Breeders and sires premiums	2,374,064	1,848,096
Subsidies for imported horses	1,505,000	900,000
Mare subsidy	387,500	345,000
Promotional events	349,266	690,754
Jockey incentives	14,540	77,525
Incentive to breeders	24,000	235,500
Assistance to racing organisations	53,605	18,000
Quarantine facility	--	49,000
Assistance to Arima Race Club	<u>3,771,832</u>	<u>4,098,924</u>
	<u>21,115,595</u>	<u>16,962,432</u>
15 Salaries, Wages And Related Costs		
Wages and salaries	766,607	714,578
Pension costs - defined contribution plan	88,883	106,255
Allowances	57,496	56,050
National insurance	72,953	53,008
Board and staff welfare	<u>218,082</u>	<u>181,400</u>
	<u>1,204,021</u>	<u>1,111,291</u>
Average number of persons employed during the year	<u>17</u>	<u>20</u>
16 Subvention Payment		
The Board makes subvention payments to meet the administrative expenses of the Trinidad and Tobago Racing Authority on the basis of an annual budget prepared by that Authority and approved by the Board.		
17 Net change in operating assets and liabilities		
Increase in Inventories	(5,417)	12,487
Increase in Receivables and Prepayments	(590,626)	(248,789)
Increase in Accounts Payables and Accruals	<u>1,031,933</u>	<u>947,457</u>
	<u>435,890</u>	<u>711,155</u>



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