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# BETTING LEVY BOARD

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## **ADMINISTRATIVE REPORT**

### **JULY 01, 2018 – JUNE, 30 2019**

## **THE BETTING LEVY BOARD**

Mr. Lindford Carrabon	Chairman	(Government Appointee)
Mr. Trevor Boissiere	Member	(Government Appointee)
Mr. Gary Pierre	Member	(Government Appointee)
Mr. Errol Mc David	Member	(Government Appointee)
Mr. John O'Brien	Member	(Arima Race Club)
Mr. Kenneth Kong	Member	(Arima Race Club)
Mr. Tansley Thompson	Member	(Arima Race Club)
Mr. Selwyn Raymond	Member	(Tobago Race Club)
Mr. Robert Bernard	Member	(Nominee of Stuff Farm Association)
Mr. Vishan Ali	Member	(Nominee of Race Horse Owners Association)

*The Board was appointed for a three (3) year term with effect from the 17<sup>th</sup> July 2018*

### **EXECUTIVE OFFICERS**

Mr. Davy Rajah	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**

PKF Chartered Accountants & Business Advisors	111 Eleventh Street, Barataria
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### **OFFICES**

Head Office / Printery:  
Santa Rosa Racing Facility  
Off Churchill Roosevelt Highway  
O'Meara  
Arima



Santa Rosa Park O'Meara Road, Arima  
P.O. Box 79, Port of Spain, Trinidad, W.I.  
Phone: 226-4BLB or 226-4252  
Fax: 646-0122

Senator The Honourable Paula Gopee-Scoon  
**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, the Board has the pleasure to present herewith, a report of its activities and audited financial statements for the period July 1, 2018 to June 30, 2019.

**1. Proclamation of Act No. 35 of 1989:**

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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:**

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The Betting Levy Board (BLB) 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.:**

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The BLB 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:**

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The BLB 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 Trinidad and Tobago Racing Authority (TTRA) 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, 2018 to June 30, 2019:**

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The Betting Levy Board (BLB) held Nine (9) regular monthly meetings and two (2) special meetings during the period under review.

The Betting Levy Board continued its approach of consensus building and better understanding of stakeholder needs by engendering a united approach by all parties.

The BLB held several meetings with the Arima Race Club (ARC) and other stakeholders over the period.

A new Board was appointed effective July 17, 2018 for a Three (3) year period. The Board held several meetings with the Line Minister Honourable Paula Gopee-Scoon with a view of resolving challenges and improving the Industry.

The Betting Levy Board continued to experience severe economic challenges and lowering of revenue streams. The BLB in keeping with its legal mandate continued to contribute financially to the industry by supplying financial assistance by offering incentive and providing subsidies.

The resources available to the BLB were disbursed as follows:

- As required by the BLB Act, by funding of the revenue shortfall of the Trinidad and Tobago Racing Authority (TTRA) to meet its administrative expenses in the sum of \$2.5M.



- A raceday subvention to the ARC, in the sum of \$2.5M to meet advertised stakes payable to winning owners and commissions to winning trainers, jockeys and grooms on each raceday.
- An incentive payable as Breeders and Sires Premiums to the owners of the mare and sire of horses born in Trinidad and Tobago which place 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> in all races run during the season in the sum of \$0.9M.
- As stipulated in the BLB Act, funding the maintenance of a non-contributory Pension Fund Plan for licensed jockeys and grooms and a Medical Plan for jockeys only at a cost of \$0.5M.
- An incentive to the owners of foals born in Trinidad and Tobago which have been registered to race by the TTRA at a cost of \$0.1M.
- An administrative subvention to the ARC to assist in defraying the cost of operational expenditure in the sum of \$2.5M.

In reviewing its year end 2018 financial statements the BLB noted a decline in taxes received from the ARC from \$8.1 Million at year end 2018 to \$7.1 Million while the Private Betting Shops (PBS) fell from \$12.1 million to \$10.1 million.

The Board also took cognizance of the amount payable to the Consolidated Fund increased by \$8.6 Million and resulting Accumulated Deficit of \$96.2 million, both the result of the BLB having retained and spent the 50% of taxes collected and due to the Consolidated Fund in order to keep the local industry afloat, despite not having received Cabinet approval to do so.

## **6. Staff of the BLB:**

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There were fifteen (15) permanent employees of the Betting Levy Board during the period under review. These employees are based at:

➤ Head Office	-	9
➤ Printery	-	6

## **7. Printery Operations:**

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The Board continues to operate its printing division with services provided to the various racing industry organizations including the Arima Race Club, Trinidad

and Tobago Racing Authority, Racehorse Trainers Association and Stud Farm Association.

In furtherance of the copyright agreement held by the BLB with GBI Racing in the United Kingdom, the BLB is responsible for the reproduction and printing of the daily English Race Program for use by punters at PBS and the local race program for racing conducted at Santa Rosa Park.

A number of private sector jobs were also produced during the year.

## **Development Plan:**

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In pursuance of its mandate to develop and improve every aspect of local horseracing, the BLB remains committed to rendering financial and administrative support to stakeholders while weaning itself and by extension the industry off the dependence on the moratorium granted by the Government of the Republic of Trinidad and Tobago (GORTT) to the BLB on the payment of 50% of taxes collected to the Consolidated Fund.

The BLB proposes to continue to lend support and assist the local promoter in fulfilling all aspects of its business plan and continuing pursuit of other initiatives identified in previous administrative reports as a means to self-sustenance of the industry.

## **Auditor's Report:**

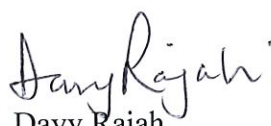
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The Audited Financial Statements at year end 30 June 2019 as prepared by PKF Chartered Accountants and Business Advisors is attached as an Appendix to this Administrative Report.

## **Conclusion:**

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

  
Davy Rajah

**Chief Executive Officer**



Chartered Accountants  
& Business Advisors

**BETTING LEVY BOARD**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2019**



Chartered Accountants  
& Business Advisors

## BETTING LEVY BOARD

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Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of the Betting Levy Board, which comprise the statement of financial position as at 30 June 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the board keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the board's assets, detection/prevention of fraud, and the achievement of board operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; and
- using reasonable and prudent judgement in the determination of estimates.

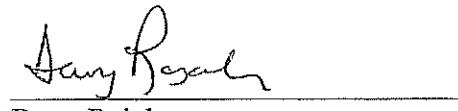
In preparing these audited financial statements, management utilised the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the board will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

  
Linford Carrabon  
Chairman

November 20, 2019

  
Davy Rajah  
Chief Executive Officer

November 20, 2019

**Board Members:** Linford Carrabon (Chairman), Gary Pierre, Trevor Boissiere, Errol Mc David, John O'Brien, Kenneth Kong, Tansley Thompson, Selwyn Raymond, Robert Bernard, Vishan Ali



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

### Betting Levy Board

#### Opinion

We have audited the financial statements of Betting Levy Board, which comprise the statement of financial position as at 30 June 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Betting Levy Board as at 30 June 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to **Note 2(e)** to the financial statements, which indicates that the Betting Levy Board's current liabilities exceeded its current assets by **\$4,781,582**. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Betting Levy Board's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Betting Levy Board's financial reporting process.

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Address: 111 Eleventh Street, Barataria, Trinidad, West Indies  
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Betting Levy Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Betting Levy Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Betting Levy Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*PKF*

20 November 2019

Barataria  
TRINIDAD

**BETTING LEVY BOARD**  
**STATEMENT OF FINANCIAL POSITION**

	<u>ASSETS</u>	30 June	
	<u>Notes</u>	<u>2019</u> (\$)	<u>2018</u> (\$)
<b>Current Assets:</b>			
Cash and cash equivalents	5	428,259	735,430
Other financial assets	6	1,448,551	1,430,214
Accounts receivable and prepayments	7	662,091	507,049
Inventory		<u>17,174</u>	<u>19,122</u>
Total Current Assets		2,556,075	2,691,815
<b>Non-Current Assets:</b>			
GORTT - Grant receivable	8	382,684	382,684
Property, plant and equipment	9	<u>133,486</u>	<u>95,830</u>
Total Assets		<u><u>3,072,245</u></u>	<u><u>3,170,329</u></u>
 <b><u>LIABILITIES AND EQUITY</u></b>  			
<b>Current Liabilities:</b>			
Accounts payable and accruals	10	<u>7,337,657</u>	<u>5,101,576</u>
		7,337,657	5,101,576
<b>Non-Current Liabilities:</b>			
GORTT – Consolidated Fund payable	11	<u>96,241,375</u>	<u>87,575,147</u>
Total Liabilities		103,579,032	92,676,723
<b>Equity:</b>			
Accumulated Deficit		<u>(100,506,787)</u>	<u>(89,506,394)</u>
Total Liabilities and Equity		<u><u>3,072,245</u></u>	<u><u>3,170,329</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 November 2019 and signed on their behalf by:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

(The accompanying notes form part of these financial statements)

**BETTING LEVY BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**

	<u>Notes</u>	30 June	
		<u>2019</u> (\$)	<u>2018</u> (\$)
<b>Income:</b>			
Revenue	13	8,666,228	10,095,607
Direct operating expenses	14	<u>(16,623,017)</u>	<u>(19,918,970)</u>
		(7,956,789)	(9,823,363)
Printery income		822,024	1,142,301
Other income		<u>543,578</u>	<u>833,280</u>
Total Income		<u>(6,591,187)</u>	<u>(7,847,782)</u>
<b>Expenditure:</b>			
Administrative expenses	15	3,066,843	2,372,105
Printery expenses	17	<u>1,342,363</u>	<u>1,338,503</u>
Total Expenditure		<u>4,409,206</u>	<u>3,710,608</u>
Net loss for the year		<u>(11,000,393)</u>	<u>(11,558,390)</u>

(The accompanying notes form part of these financial statements)



**BETTING LEVY BOARD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Accumulated Deficit (\$)</b>	<b>Total (\$)</b>
Balance as at 1 July 2017	(77,948,004)	(77,948,004)
Net loss for the year	<u>(11,558,390)</u>	<u>(11,558,390)</u>
Balance as at 30 June 2018	<u>(89,506,394)</u>	<u>(89,506,394)</u>
Balance as at 1 July 2018	(89,506,394)	(89,506,394)
Net loss for the year	<u>(11,000,393)</u>	<u>(11,000,393)</u>
Balance as at 30 June 2019	<u>(100,506,787)</u>	<u>(100,506,787)</u>

(The accompanying notes form part of these financial statements)

**BETTING LEVY BOARD**  
**STATEMENT OF CASH FLOWS**

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
<b>Cash Flows from Operating Activities:</b>		
Net loss for the year	(11,000,393)	(11,558,390)
Adjustments for:		
Gain on sale of property, plant and equipment	(8,889)	-
Depreciation	<u>29,797</u>	<u>80,218</u>
Operating loss before working capital changes	(10,979,485)	(11,478,172)
Net change in accounts receivable and prepayments	(155,042)	109,619
Net change in inventory	1,948	1,145
Net change in accounts payable and accruals	2,236,081	1,478,116
Net change in GORTT payable	<u>8,666,228</u>	<u>10,095,607</u>
Cash (used in)/provided by Operating Activities	<u>(230,270)</u>	<u>206,315</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of property, plant and equipment	8,889	-
Purchase of property, plant and equipment	<u>(67,453)</u>	<u>(14,685)</u>
Cash used in Investing Activities	<u>(58,564)</u>	<u>(14,685)</u>
Net cash and cash equivalents	(288,834)	191,630
Cash resources, beginning of year	<u>2,165,644</u>	<u>1,974,014</u>
Cash resources, end of year	<u><u>1,876,810</u></u>	<u><u>2,165,644</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	428,259	735,430
Other financial assets	<u>1,448,551</u>	<u>1,430,214</u>
	<u><u>1,876,810</u></u>	<u><u>2,165,644</u></u>

(The accompanying notes form part of these financial statements)

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2019****1. Principal Activity:**

The Betting Levy Board was established by an Act of Parliament of the Republic of Trinidad and Tobago 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 Gambling and Betting Act of 1963 and any such sums payable to it under the Gambling and Betting Act.

The Board's principal place of business is Santa Rosa Racing Facility, Churchill Roosevelt Highway O'Meara, Arima.

**2. Summary of Significant Accounting Policies:****a) Basis of accounting -**

These financial statements are prepared under the historical cost convention, expressed in Trinidad and Tobago dollars and are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Trinidad and Tobago. No account has been taken of the effects of inflation.

**b) Use of estimates -**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Board accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

**BETTING LEVY BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2019**

**2. Summary of Significant Accounting Policies (Cont'd):**

**c) New Accounting Standards and Interpretations -**

- i)** The Betting Levy Board has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Betting Levy Board or have no material impact on its financial statements:

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).

IAS 19 Employee Benefits - Amendment in Plan Amendment, Curtailment or Settlement (effective for accounting periods on or after 1 January 2019).

IAS 28 Investments in Associates - Amendments regarding the clarification on the application of IFRS 9 "Financial Instruments" (effective for accounting periods beginning on or after 1 January 2019).

IAS 40 Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).

IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

Annual improvements to IFRS 2015–2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Taxes and IAS 23 Borrowing Costs.

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2019**

**2. Summary of Significant Accounting Policies (Cont'd):**

**d) Property, plant and equipment -**

Property, plant and equipment are initially measured at cost to bring to its location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided using the straight-line method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:

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

At each reporting date, the entity assesses impairment of property, plant and equipment and transfers any impairments to profit or loss together with any compensation receivable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Accumulated Deficit.

**e) Going concern -**

The Betting Levy Board has generated net losses of **\$11,000,393** for the year ended 30 June 2019 which resulted in an accumulated deficit of **(\$100,506,787)**. Additionally, the Board's current liabilities exceeded its current assets by **\$4,781,582**. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Betting Levy Board's ability to continue as a going concern. Notwithstanding this fact, the financial statements have been prepared on the going concern basis. This basis has been deemed appropriate in view of the Board's ability to continue its operation using funding from the Government of the Republic of Trinidad and Tobago.

**f) Revenue recognition -**

The Board derives its income primarily from the collection of racing licenses, taxes and permits in accordance with the Gambling and Betting Act of 1963. Income is accounted for on the accruals basis.



**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2019****2. Summary of Significant Accounting Policies (Cont'd):****g) Financial instruments -**

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The Board reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

**Initial measurement**

All financial instruments are initially measured at the fair value of consideration given or received.

The company measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

2. Summary of Significant Accounting Policies (Cont'd):

## g) Financial instruments (cont'd) -

**Subsequent measurement**

Those financial assets which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCI'*.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the company has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as *'Net FV gain/(loss) on financial assets classified at FVTPL'*. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

**Reclassification**

If the business model under which the Board holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model.

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2019****2. Summary of Significant Accounting Policies (Cont'd):****g) Financial instruments (cont'd) -****Write-off**

Financial assets are written-off when the Board has no reasonable expectations of recovery, for example, when the Board determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the Board's enforcement activities will result in gains.

**Financial liabilities**

Since the Board does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

**h) Foreign currency -**

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Income and Accumulated Deficit.

**i) Provisions -**

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**j) Comparative figures -**

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**3. Financial Risk Management:**

**Financial Instruments**

The following table summarises the carrying amounts and fair values of the Board's financial assets and liabilities:

	<b>2019</b>	
	<b><u>Carrying</u></b>	<b><u>Fair</u></b>
	<b><u>Value</u></b>	<b><u>Value</u></b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Financial Assets</b>		
Cash and cash equivalents	428,259	428,259
Other financial assets	1,448,551	1,448,551
Accounts receivable and prepayments	662,091	662,091
GORTT Grant receivable	382,684	382,684
<b>Financial Liabilities</b>		
Accounts payable and accruals	7,337,657	7,336,957
GORTT – Consolidated Fund payable	96,241,375	96,241,375
	<b>2018</b>	
	<b><u>Carrying</u></b>	<b><u>Fair</u></b>
	<b><u>Value</u></b>	<b><u>Value</u></b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Financial Assets</b>		
Cash and cash equivalents	735,430	735,430
Other financial assets	1,430,214	1,430,214
Accounts receivable and prepayments	507,049	507,049
GORTT Grant receivable	382,684	382,684
<b>Financial Liabilities</b>		
Accounts payable and accruals	5,101,576	5,101,576
GORTT – Consolidated Fund payable	87,575,147	87,575,147

**Financial risk factors**

The Board is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Board to manage these risks are discussed below:

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**3. Financial Risk Management (Cont'd):**

Financial risk factors (cont'd)

**a) Interest rate risk -**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Board is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including customer deposits and other funding instruments.

		2019					
	Effective Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non - Interest Bearing (\$)	Total (\$)	
<b>Financial Assets</b>							
Cash and cash equivalents	0.10%	425,259	-	-	3,000	428,259	
Other financial assets	1% - 4%	1,448,551	-	-	-	1,448,551	
Accounts receivable and prepayments	0.00%	-	-	-	662,091	662,091	
GORTT Grant receivable	0.00%	-	-	-	382,684	382,684	
		<u>1,873,810</u>	<u>-</u>	<u>-</u>	<u>1,047,775</u>	<u>2,921,585</u>	
<b>Financial Liabilities</b>							
Accounts payable and accruals	0.00%	-	-	-	7,337,657	7,337,657	
GORTT – Consolidated Fund payable	0.00%	-	-	-	96,241,375	96,241,375	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>103,579,032</u>	<u>103,579,032</u>	
<b>2018</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	0.10%	732,430	-	-	3,000	735,430	
Other financial assets	1% - 4%	1,430,214	-	-	-	1,430,214	
Accounts receivable and prepayments	0.00%	-	-	-	507,049	507,049	
GORTT Grant receivable	0.00%	-	-	-	382,684	382,684	
		<u>2,162,644</u>	<u>-</u>	<u>-</u>	<u>892,733</u>	<u>3,055,377</u>	
<b>Financial Liabilities</b>							
Accounts payable and accruals	0.00%	-	-	-	5,101,576	5,101,576	
GORTT – Consolidated Fund payable	0.00%	-	-	-	87,575,147	87,575,147	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>92,676,723</u>	<u>92,676,723</u>	



**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2019****3. Financial Risk Management (Cont'd):****Financial risk factors (cont'd)****b) Credit risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Board relies heavily on a written Accounting Policies and Procedures Manual, which sets out in detail the current policies governing the granting of credit and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Board's granting of credit philosophy, provide policy guidelines to team members involved in the granting of credit, establish minimum standards for credit analysis, documentation, decision-making and post-disbursement administration, as well as create the foundation for a sound credit portfolio.

The Board's receivable portfolio is managed and consistently monitored by management and provisions will be established for any potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Board has policies to limit the amount of exposure to any financial institution.

The Board also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

**c) Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Board has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Board is exposed to daily calls on its available cash resources to settle financial and other liabilities.

**i) Risk management**

The matching and controlled mismatching of financial assets and liabilities are fundamental to the management of the Board. The Board employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by generating sufficient cash from customers' deposits.

To manage and reduce liquidity risk the Board's management actively meets to match cash inflows with liability requirements.

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

3. Financial Risk Management (Cont'd):Financial risk factors (cont'd)c) Liquidity risk (cont'd) -ii) Liquidity gap

The Board's exposure to liquidity risk is summarised in the table below which analyses assets and liabilities based on the remaining period at the reporting date to the contractual maturity date.

	2019			
	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>				
Cash and cash equivalents	428,259	-	-	428,259
Other financial assets	1,448,551	-	-	1,448,551
Accounts receivable and prepayments	662,091	-	-	662,091
GORTT Grant receivable	-	382,684	-	382,684
	<u>2,538,901</u>	<u>382,684</u>	<u>-</u>	<u>2,921,585</u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	7,337,657	-	-	7,337,657
GORTT – Consolidated Fund payable	-	-	96,241,375	96,241,375
	<u>7,337,657</u>	<u>-</u>	<u>96,241,375</u>	<u>103,579,032</u>
	2018			
	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>				
Cash and cash equivalents	735,430	-	-	735,430
Other financial assets	1,430,214	-	-	1,430,214
Accounts receivable and prepayments	507,049	-	-	507,049
GORTT Grant receivable	-	382,684	-	382,684
	<u>2,672,693</u>	<u>382,684</u>	<u>-</u>	<u>3,055,377</u>
<b>Financial Liabilities</b>				
Accounts payable and accruals	5,101,576	-	-	5,101,576
GORTT – Consolidated Fund payable	-	-	87,575,147	87,575,147
	<u>5,101,576</u>	<u>-</u>	<u>87,575,147</u>	<u>92,676,723</u>

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2019****3. Financial Risk Management (Cont'd):****Financial risk factors (cont'd)****d) Currency risk -**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Board's measurement currency. The Board is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Board's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**e) Operational risk -**

Operational risk is the risk that derives from the deficiencies relating to the Board's information technology and control systems as well as the risk of human error and natural disasters. The Board's systems are evaluated, maintained and upgraded continuously.

**f) Compliance risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Ministry of Trade and Industry, as well as by the monitoring controls applied by the Board.

**g) Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to the Board's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Board. The Board applies procedures to minimize this risk.

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**4. Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions in the process of applying the Board's accounting policies. See Note 2 (b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Board makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Significant increase of credit risk

The Board computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

ii) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Board uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Board uses valuation models to determine the fair value of its financial instruments.

iii) Fixed assets

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets. Judgement is also used in determining which depreciation method for fixed assets is used.

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**5. Cash and Cash Equivalents:**

	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	(\$)	(\$)
Cash in hand	3,000	3,000
First Citizens Bank Limited - Current account	373,199	680,409
- US\$ Account	52,060	52,021
	<b>428,259</b>	<b>735,430</b>

**6. Other Financial Assets:**

This short term investment is held at the Trinidad and Tobago Unit Trust Corporation.

**7. Accounts Receivable and Prepayments:**

	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	(\$)	(\$)
Accounts receivable	254,617	2,953
Amounts due from betting offices	312,776	356,552
Other receivable	11,310	31,448
Staff loans	83,388	116,096
	<b>662,091</b>	<b>507,049</b>

**8. GORTT – Grant Receivable:**

	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	(\$)	(\$)
Grant receivable	<b>382,684</b>	<b>382,684</b>

The Government of the Republic 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. The arrangements also provide 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. This balance represents a shortfall of payments received from The Government of the Republic of Trinidad and Tobago. The Betting Levy Board anticipates receipt of this shortfall.

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**9. Property, Plant and Equipment:**

	<u>Plant and Machinery</u> (\$)	<u>Motor Vehicles</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Office Furniture &amp; Fittings</u> (\$)	<u>Total</u> (\$)
<b>Cost</b>					
Balance as at 1 July 2018	15,723,010	40,000	51,453	374,057	16,188,520
Additions	-	62,222	-	5,231	67,453
Disposals	-	(40,000)	-	-	(40,000)
Balance as at 30 June 2019	<u>15,723,010</u>	<u>62,222</u>	<u>51,453</u>	<u>379,288</u>	<u>16,215,973</u>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2018	15,676,732	40,000	45,753	330,205	16,092,690
Charge for the year	6,630	7,778	3,435	11,954	29,797
Disposals	-	(40,000)	-	-	(40,000)
Balance as at 30 June 2019	<u>15,683,362</u>	<u>7,778</u>	<u>49,188</u>	<u>342,159</u>	<u>16,082,487</u>
<b>Net Book Value</b>					
Balance as at 30 June 2019	<u>39,648</u>	<u>54,444</u>	<u>2,265</u>	<u>37,129</u>	<u>133,486</u>
Balance as at 30 June 2018	<u>46,278</u>	<u>-</u>	<u>5,700</u>	<u>43,852</u>	<u>95,830</u>
<b>Cost</b>					
Balance as at 1 July 2017	15,723,010	40,000	40,463	370,362	16,173,835
Additions	-	-	10,990	3,695	14,685
Balance as at 30 June 2018	<u>15,723,010</u>	<u>40,000</u>	<u>51,453</u>	<u>374,057</u>	<u>16,188,520</u>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2017	15,629,185	40,000	34,691	308,596	16,012,472
Charge for the year	47,547	-	11,062	21,609	80,218
Balance as at 30 June 2018	<u>15,676,732</u>	<u>40,000</u>	<u>45,753</u>	<u>330,205</u>	<u>16,092,690</u>
<b>Net Book Value</b>					
Balance as at 30 June 2018	<u>46,278</u>	<u>-</u>	<u>5,700</u>	<u>43,852</u>	<u>95,830</u>
Balance as at 30 June 2017	<u>93,825</u>	<u>-</u>	<u>5,772</u>	<u>61,766</u>	<u>161,363</u>

**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**10. Accounts Payable and Accruals:**

	30 June	
	<u>2019</u> (\$)	<u>2018</u> (\$)
Other creditors and accruals	6,392,710	3,860,429
Unclaimed winnings	561,666	749,335
Unclaimed cheques	250,756	307,359
Vacation accrual	<u>132,525</u>	<u>184,453</u>
	<u><u>7,337,657</u></u>	<u><u>5,101,576</u></u>

**11. GORTT – Consolidated Fund Payable:**

	30 June	
	<u>2019</u> (\$)	<u>2018</u> (\$)
Balance brought forward	87,575,148	77,479,540
Allocated to the Consolidated Fund (50%)	<u>8,666,227</u>	<u>10,095,607</u>
Balance carried forward	<u><u>96,241,375</u></u>	<u><u>87,575,147</u></u>

The Government of the Republic 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. The arrangements also provide 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. This balance represents anticipated payment for eight (8) years.

**12. Related Party Transactions:**

Parties are considered to be related if one has the ability to control or exercise significant influence over the entity or the other party in making financial or operational decisions. A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out at commercial terms and at market rates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Board has not made any provision for doubtful debts relating to amounts owed by related parties (2018: Nil).

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

12. Related Party Transactions (Cont'd):

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
The following transactions were carried out with related parties:		
i) Transactions for the period		
- Subvention payment to the Trinidad and Tobago Racing Authority	<u>2,584,164</u>	<u>2,402,000</u>
ii) Key management compensation		
- Salaries and other short-term employee benefits	<u>763,992</u>	<u>675,525</u>

13. Revenue:

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
Race clubs	7,193,128	8,115,512
Betting offices	<u>10,139,327</u>	<u>12,075,702</u>
	17,332,455	20,191,214
Allocated to the Consolidated Fund (50%)	<u>(8,666,227)</u>	<u>(10,095,607)</u>
	<u>8,666,228</u>	<u>10,095,607</u>

14. Direct Operating Expenses:

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
Assistance to Arima Race Club	2,536,786	5,894,098
Assistance to racing organisations	10,504	17,187
Breeders and sires premiums	862,690	831,391
Incentive to breeders	140,000	137,500
Jockey insurance benefit plan	504,873	652,488
Promotional events	-	306
Stakes	9,984,000	9,984,000
Subvention -- Trinidad and Tobago Racing Authority	<u>2,584,164</u>	<u>2,402,000</u>
	<u>16,623,017</u>	<u>19,918,970</u>



**BETTING LEVY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2019**

**15. Administrative Expenses:**

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
Compliance unit	11,400	-
Depreciation	29,797	80,218
Director fees	468,539	369,043
Employee benefits (Note 16)	1,772,776	1,236,342
Legal and professional fees	311,519	222,642
Other expenses	407,076	394,381
Repairs and maintenance	<u>65,736</u>	<u>69,479</u>
	<u><u>3,066,843</u></u>	<u><u>2,372,105</u></u>

**16. Employee Benefits:**

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
Allowances	174,117	168,862
Board and staff welfare	137,224	198,234
National Insurance	78,091	77,139
Pension costs – defined contribution plan	137,983	80,487
Wages and salaries	<u>1,245,361</u>	<u>711,620</u>
	<u><u>1,772,776</u></u>	<u><u>1,236,342</u></u>

**17. Printery Expenses:**

	30 June	
	<u>2019</u>	<u>2018</u>
	(\$)	(\$)
Equipment repairs and maintenance	33,305	34,335
Other expenses	456,378	517,457
Paper	104,961	151,452
Rent	9,000	9,000
Salaries	505,105	305,599
S.I.S. Copyright fees	163,411	243,365
Supplies	<u>70,203</u>	<u>77,295</u>
	<u><u>1,342,363</u></u>	<u><u>1,338,503</u></u>