

# **Betting Levy Board**



## **ADMINISTRATIVE REPORT**

**JULY 01, 2016 - JUNE 30, 2017**



# **THE BETTING LEVY BOARD**

Mr. Kama Maharaj	Chairman
Dr. Jagdis Suratsingh	Government
Mr. Gerard Mathura	Government
Ms Madhavi Teeluckchan	Government
Mr. Charles James	Stud Farm Association
Mr. Hugh Henderson	Trinidad Race Club now Arima Race Club
Mr. Kenneth Kong	Trinidad Race Club now Arima Race Club
Mr. Baskaran Bassawh	Racehorse Owners Association
Mr. Winston Govia	Tobago Race Club

## **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**

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

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



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, 2016 to June 30, 2017.

**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, 2016 to June 30, 2017:**

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During the period under review, the Betting Levy Board held a total of twelve (12) meetings.

The BLB also held several meetings with other racing industry stakeholders in order to obtain and encompass their views in the overall development plans for the industry.

Prior to preparing its 2016/2017 budget, the Board noted a considerable reduction in taxes collected from the Private Betting Shops (PBS) and to a lesser extent the promoter of local racing, the Arima Race Club (ARC), when compared with the previous year and the BLB was forced to trim its annual budget by reducing in several areas assistance given to the industry in order for expenditure to fall in line with estimated revenue.

In September 2016 the BLB represented by its Chairman Mr. Kama Maharaj, member Charles James and Chief Executive Officer Mr. Richard Jackson, met with and had discussions with the line Minister, the Honorable Paula Gopee-Scoon on several matters relating to the industry, chief of which was a request for the preparation of a Note to Cabinet seeking approval retroactively from 2012 for the granting of a moratorium to the BLB on the payment of the 50% of fees collected and payable to the Consolidated Fund, such to be effected by an exchange of cheques between the Government and the BLB.

Discussion also encompassed the promulgation of the Gambling Bill and the benefits of that legislation to the BLB and local racing, the support of the Government in a possible move of the home for racing from Santa Rosa Park to Caroni and the establishment of an entertainment center at that location,

sponsorship of local racing by state entities such as National Lotteries Control Board (NLCB) and National Gas Company (NGC) and the long outstanding settlement of proposals for employees of the BLB for the period 1 January, 2011 to 31 December, 2013.

In spite of the economic challenges, the BLB in keeping with its mandate to develop the industry supplied financial assistance by offering incentives and providing subsidies to several sectors.

The resources available to the BLB were dispensed 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 \$12.9M 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 \$1.3M.
- As stipulated in the BLB Act, funding the maintenance of a non-contributory Pension Fund and Medical Plan for licensed jockeys and the former plan for grooms 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 \$0.2M.
- An administrative subvention to the ARC to assist in defraying the cost of operational expenditure in the sum of \$4.9M.

In reviewing its year end 2017 financial statements the BLB noted a precipitous fall in taxes received from the ARC from \$12.0 million at year end 2016 to \$9.4 million while the PBS fell from \$14.8 million to \$14.5 million.

The Board also took cognizance of the amount payable to the Consolidated Fund of \$77.5 million and resultant Accumulated Deficit of \$77.9 million, both the result of the BLB having retained and spent the 50% due to the Consolidated Fund in order to keep the local industry afloat, while not having received Cabinet approval to do so.

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

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There were sixteen (16) permanent employees of the Betting Levy Board during the period under review. These employees are based at:

➤ Head Office	-	10
➤ 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 horseracing and the breeding of horses the Betting Levy Board has identified the need to reduce and wean itself off of its dependence on the annual moratorium granted by the Government of the Republic of Trinidad and Tobago (GORTT) by increasing its own revenue stream and that of the local promoter in order to achieve self-sustenance of the industry.

In consideration of its declining income, the BLB proposes to set aside a fixed percentage of its annual revenue and identifying and targeting specific areas for development.

The BLB has identified the following areas for action:

- i. Certification of the computerized betting system used by all PBS to ensure that said systems are tamper-proof and produce accurate reports of all bets placed and the quantum of taxes to be remitted by each PBS on a daily basis.
- ii. To pursue amendment to the Gambling and Betting Act and promulgation of rules and regulations governing same that would give to the BLB the power to ensure compliance with the law by licensed betting shop operators.
- iii. In conjunction with the promoter of local racing, pursue the establishment of alternative revenue streams by means of installation of electronic gaming machines at Santa Rosa Park and at all Off-Track Betting Outlets, attracting new sponsors, owners and patrons to the track.



- iv. Pursuing the construction and establishment of the Apprentice Jockeys Training Academy to ensure that educational and training programs for industry personnel are ongoing through the agencies responsible for same under the law.
- v. Increased activity among breeders to improve the quality of locally bred thoroughbreds and by extension the quantity of same to ensure competitive racing.
- vi. A proper mix of incentives for the benefit of all stakeholders in the racing/breeding industry including expansion of the existing pension and medical plan for jockeys and grooms to encompass trainers.
- vii. Providing the stimulus for the sale of local bloodstock through the Stud Farm Association's Annual Yearling Sale and development of an export market for local breeders.
- viii. Renewal of inter-island rivalry by encouraging competition for local horses against our Caribbean neighbors to gauge the quality of our stock.
- ix. Reduction of administrative and operational costs associated with the promotion of local racing.

## **Auditor's Report:**

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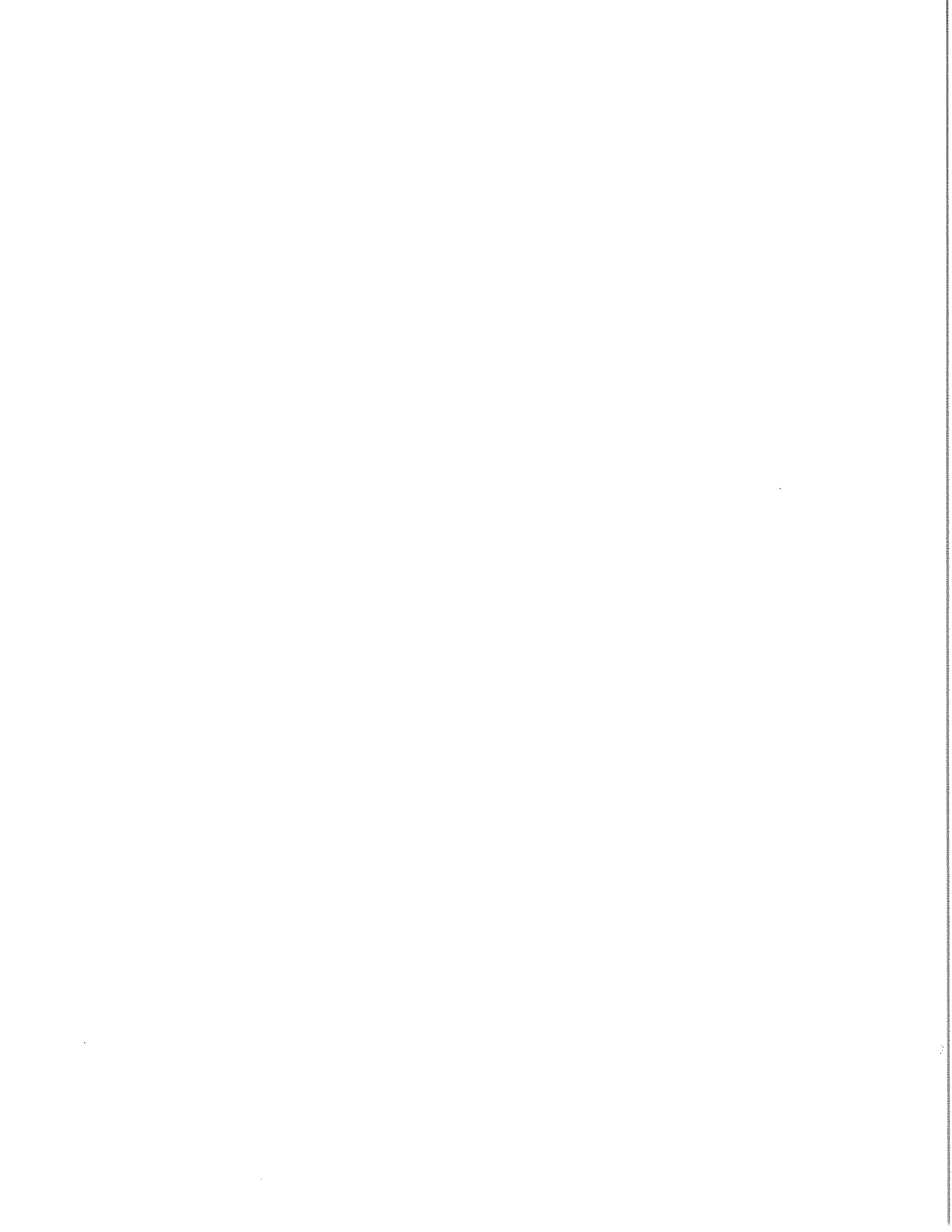
The Audited Financial Statements at year end 30 June 2017 as prepared by PKF Chartered Accountants and Business Advisors is attached as an Appendix to this Administrative Report.

## **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.

Richard Jackson  
**Chief Executive Officer**





Chartered Accountants  
& Business Advisors

**BETTING LEVY BOARD**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2017**



Chartered Accountants  
& Business Advisors

## BETTING LEVY BOARD

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Santa Rosa Park  
O'Meara Road, Arima.  
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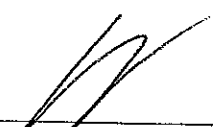
Management is responsible for the following:

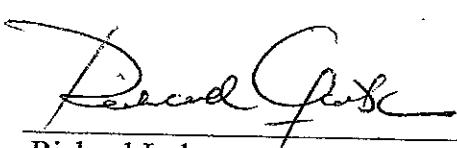
- preparing and fairly presenting the accompanying financial statements of the Betting Levy Board, which comprise the statement of financial position as at 30 June 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting 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.

  
Kama Maharaj  
Chairman  
13<sup>th</sup> December, 2017

  
Richard Jackson  
Chief Executive Officer  
13<sup>th</sup> December, 2017

**Board Members:** Kama Maharaj (Chairman), Jagdis Suratsingh (Dr), Gerard Mathura, Madhavi Teeluckchan, Hugh Henderson, Kenneth Kong, Charles James, [REDACTED], Baskaran Bassawh



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 2017, 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 2017 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.

#### 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.

Telephone: (868) 235-5063  
Address: 111 Eleventh Street, Barataria, Trinidad, W. I.  
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

**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*


**Port of Spain  
TRINIDAD**

**13 December 2017**

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

	<u>Notes</u>	30 June	
		<u>2017</u> (\$)	<u>2016</u> (\$)
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	5	955,626	586,760
Other financial assets	6	1,018,388	1,898,111
Trade, other receivables and prepayments (current)	7	616,668	308,901
GORTT – Grant receivable	8	-	382,684
Inventory		<u>20,267</u>	<u>56,515</u>
Total Current Assets		2,610,949	3,232,971
<b>Non-Current Assets:</b>			
GORTT – Grant receivable	8	382,684	-
Property, plant and equipment	9	<u>161,363</u>	<u>238,854</u>
<b>Total Assets</b>		<u><b>3,154,996</b></u>	<u><b>3,471,825</b></u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current Liabilities:</b>			
Trade and other payables and accruals	10	<u>3,623,460</u>	<u>3,156,310</u>
		3,623,460	3,156,310
<b>Non-Current Liabilities:</b>			
GORTT – Consolidated Fund payable	11	<u>77,479,540</u>	<u>65,512,286</u>
Total Liabilities		81,103,000	68,668,596
<b>Equity:</b>			
Accumulated Deficit		<u>(77,948,004)</u>	<u>(65,196,771)</u>
<b>Total Liabilities and Equity</b>		<u><b>3,154,996</b></u>	<u><b>3,471,825</b></u>

These financial statements were approved by the Board of Directors and authorised for issue on 13 December 2017 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>2017</u> (\$)	<u>2016</u> (\$)
<b>Income:</b>			
Revenue	13	11,967,254	13,419,452
Direct operating expenses	14	<u>(22,347,331)</u>	<u>(30,369,776)</u>
		(10,380,077)	(16,950,324)
Printery Income		1,209,830	1,096,565
Other Income		<u>489,962</u>	<u>11,753,780</u>
Total Income		<u>(8,680,285)</u>	<u>(4,099,979)</u>
<b>Expenditure:</b>			
Administrative expenses	15	2,746,945	3,212,544
Printery expenses	17	<u>1,324,003</u>	<u>1,175,066</u>
Total Expenditure		<u>4,070,948</u>	<u>4,387,610</u>
Net loss for the year		<u>(12,751,233)</u>	<u>(8,487,589)</u>

(The accompanying notes form part of these financial statements)

**BETTING LEVY BOARD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Accumulated Deficit (\$)</b>	<b>Total (\$)</b>
Balance as at 1 July 2015	(56,709,182)	(56,709,182)
Net loss for the year	<u>(8,487,589)</u>	<u>(8,487,589)</u>
Balance as at 30 June 2016	<u><b>(65,196,771)</b></u>	<u><b>(65,196,771)</b></u>
Balance as at 1 July 2016	(65,196,771)	(65,196,771)
Net loss for the year	<u>(12,751,233)</u>	<u>(12,751,233)</u>
Balance as at 30 June 2017	<u><b>(77,948,004)</b></u>	<u><b>(77,948,004)</b></u>

(The accompanying notes form part of these financial statements)

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

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<b>Cash Flows from Operating Activities:</b>		
Net loss for the year	(12,751,233)	(8,487,589)
Adjustments for:		
Depreciation	<u>85,771</u>	<u>118,588</u>
Operating loss before working capital changes	(12,665,462)	(8,369,001)
Net change in trade, other receivables and prepayments	(307,767)	961,267
Net change in inventory	36,248	(38,578)
Net change in trade, other payables and accruals	467,150	(3,612,114)
Net change in GORTT payable	<u>11,967,254</u>	<u>13,419,452</u>
Cash (used in)/provided by Operating Activities	<u>(502,577)</u>	<u>2,361,026</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property, plant and equipment	<u>(8,280)</u>	<u>(55,264)</u>
Cash used in Investing Activities	<u>(8,280)</u>	<u>(55,264)</u>
Net cash and cash equivalents	(510,857)	2,305,762
Cash resources, beginning of year	<u>2,484,871</u>	<u>179,109</u>
Cash resources, end of year	<u><u>1,974,014</u></u>	<u><u>2,484,871</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	955,626	586,760
Other financial assets	<u>1,018,388</u>	<u>1,898,111</u>
	<u><u>1,974,014</u></u>	<u><u>2,484,871</u></u>

(The accompanying notes form part of these financial statements)

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****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.

**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, except for IFRS 9 Financial Instruments:

IFRS 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).

IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****2. Summary of Significant Accounting Policies (Cont'd):****c) New Accounting Standards and Interpretations (cont'd) –**

- IFRS 4 Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
- IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
- 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 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).

**BETTING LEVY BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2017**

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

**c) New Accounting Standards and Interpretations (cont'd) –**

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).

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

**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.

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****2. Summary of Significant Accounting Policies (Cont'd):****e) Going concern -**

The Board has generated net losses of **\$12,751,233** for the year ended 30 June 2017. This net loss has increased the Board's accumulated deficit to **\$(77,948,004)**. 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 internally generated cash flow and 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.

**g) Financial instruments -**

Financial assets and financial liabilities are recognised on the Board's Statement of Financial Position when the Betting Levy Board becomes a party to the contractual provisions of the instrument.

**Cash and cash equivalents**

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

**Trade, other receivables and prepayments**

Trade, other receivables and prepayments are measured at initial recognition at transaction cost and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Income and Accumulated Deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Inventory**

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

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

2. Summary of Significant Accounting Policies (Cont'd):g) **Financial instruments (cont'd)**Trade, other payables and accruals

Trade, other payables and accruals are initially measured at transaction cost and are subsequently measured at amortised cost, using the effective interest rate method.

Leasing commitments

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals paid under operating leases are charged to the Statement of Income and Accumulated Deficit on a straight line basis over the period of the lease.

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.

k) **Comparative figures -**

These financial statements have been prepared on the going concern basis despite the excess of current liabilities over current assets, as it is expected that Government funding would be used to uphold the gaming industry.



**BETTING LEVY BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2017**

**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>2017</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	955,626	955,626
Other financial assets	1,018,388	1,018,388
Trade and other receivables	616,668	616,668
GORTT Grant receivable	382,684	382,684
<b>Financial Liabilities</b>		
Trade and other payables and accruals	3,623,460	3,623,460
GORTT – Consolidated Fund payable	77,479,540	77,479,540
	<b>2016</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	586,760	586,760
Other financial assets	1,898,111	1,898,111
Trade and other receivables	308,901	308,901
GORTT Grant receivable	382,684	382,684
<b>Financial Liabilities</b>		
Trade and other payables and accruals	3,156,310	3,156,310
GORTT – Consolidated Fund payable	65,512,286	65,512,286

**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 2017

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.

	2017					
	<u>Effective</u> <u>Rate</u> (\$)	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Non -</u> <u>Interest</u> <u>Bearing</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>						
Cash and cash equivalents	0.10%	952,626	-	-	3,000	955,626
Other financial assets	1% - 4%	1,018,388	-	-	-	1,018,388
Trade and other receivables	0.00%	-	-	-	616,668	616,668
GORTT Grant receivable	0.00%	-	-	-	382,684	382,684
		<u>1,971,014</u>	<u>-</u>	<u>-</u>	<u>1,002,352</u>	<u>2,973,366</u>
<b>Financial Liabilities</b>						
Trade and other payables and accruals	0.00%	-	-	-	3,623,460	3,623,460
GORTT – Consolidated Fund payable	0.00%	-	-	-	77,479,540	77,479,540
		<u>-</u>	<u>-</u>	<u>-</u>	<u>81,103,000</u>	<u>81,103,000</u>
	2016					
	<u>Effective</u> <u>Rate</u> (\$)	<u>Up to</u> <u>1 year</u> (\$)	<u>1 to</u> <u>5 years</u> (\$)	<u>Over</u> <u>5 years</u> (\$)	<u>Non -</u> <u>Interest</u> <u>Bearing</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>						
Cash and cash equivalents	0.10%	583,760	-	-	3,000	586,760
Other financial assets	1% - 4%	1,898,111	-	-	-	1,898,111
Trade and other receivables	0.00%	-	-	-	308,901	308,901
GORTT Grant receivable	0.00%	-	-	-	382,684	382,684
		<u>2,481,871</u>	<u>-</u>	<u>-</u>	<u>694,585</u>	<u>3,176,456</u>
<b>Financial Liabilities</b>						
Trade and other payables and accruals	0.00%	-	-	-	3,156,310	3,156,310
GORTT – Consolidated Fund payable	0.00%	-	-	-	65,512,286	65,512,286
		<u>-</u>	<u>-</u>	<u>-</u>	<u>68,668,596</u>	<u>68,668,596</u>

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****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 trade 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 2017

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.

	2017			
	<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	955,626	-	-	955,626
Other financial assets	1,018,388	-	-	1,018,388
Trade and other receivables	616,668	-	-	616,668
GORTT Grant receivable	-	382,684	-	382,684
	<u>2,590,682</u>	<u>382,684</u>	<u>-</u>	<u>2,973,366</u>
<b>Financial Liabilities</b>				
Trade and other payables and accruals	3,623,460	-	-	3,623,460
GORTT – Consolidated Fund payable	-	-	77,479,540	77,479,540
	<u>3,623,460</u>	<u>-</u>	<u>77,479,540</u>	<u>81,103,000</u>
	2016			
	<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	586,760	-	-	586,760
Other financial assets	1,898,111	-	-	1,898,111
Trade and other receivables	308,901	-	-	308,901
GORTT Grant receivable	-	382,684	-	382,684
	<u>2,793,772</u>	<u>382,684</u>	<u>-</u>	<u>3,176,456</u>
<b>Financial Liabilities</b>				
Trade and other payables and accruals	3,156,310	-	-	3,156,310
GORTT – Consolidated Fund payable	-	-	65,512,286	65,512,286
	<u>3,156,310</u>	<u>-</u>	<u>65,512,286</u>	<u>68,668,596</u>

**BETTING LEVY BOARD****NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2017****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 2017****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 Income and Retained Earnings 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 critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether leases are classified as operating leases or finance leases.
- ii) Which depreciation method for property, plant and equipment is used.

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) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property, Plant and Equipment

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.

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

5. Cash and Cash Equivalents:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Cash in hand	3,000	3,000
First Citizens Bank Limited - Current account	934,032	454,395
- US\$ Account	<u>18,594</u>	<u>129,365</u>
	<u><u>955,626</u></u>	<u><u>586,760</u></u>

6. Other Financial Assets:

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

7. Trade, Other Receivables and Prepayments:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Amounts due from betting offices	210,541	158,040
Other receivable	280,408	96,599
Staff loans	<u>125,719</u>	<u>54,262</u>
	<u><u>616,668</u></u>	<u><u>308,901</u></u>

8. GORTT – Grant Receivable:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Grant receivable	<u><u>382,684</u></u>	<u><u>382,684</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 a shortfall of payments received from The Government of the Republic of Trinidad and Tobago. The Betting Levy Board anticipates receipt of this shortfall.

Based on the long-standing nature of this balance, the classification has been changed from current asset to non-current asset.

## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

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 2016	15,723,010	40,000	65,017	377,067	16,205,094
Additions	-	-	2,290	5,990	8,280
Disposals	-	-	(26,844)	(12,695)	(39,539)
Balance as at 30 June 2017	<u>15,723,010</u>	<u>40,000</u>	<u>40,463</u>	<u>370,362</u>	<u>16,173,835</u>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2016	15,572,007	40,000	55,126	299,107	15,966,240
Charge for the year	57,178	-	6,409	22,184	85,771
Disposals	-	-	(26,844)	(12,695)	(39,539)
Balance as at 30 June 2017	<u>15,629,185</u>	<u>40,000</u>	<u>34,691</u>	<u>308,596</u>	<u>16,012,472</u>
<b>Net Book Value</b>					
Balance as at 30 June 2017	<u>93,825</u>	<u>-</u>	<u>5,772</u>	<u>61,766</u>	<u>161,363</u>
Balance as at 30 June 2016	<u>151,003</u>	<u>-</u>	<u>9,891</u>	<u>77,960</u>	<u>238,854</u>

9. Property, Plant and Equipment (Cont'd):

	<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 2015	15,681,010	40,000	61,122	367,698	16,149,830
Additions	<u>42,000</u>	<u>-</u>	<u>3,895</u>	<u>9,369</u>	<u>55,264</u>
Balance as at 30 June 2016	<u>15,723,010</u>	<u>40,000</u>	<u>65,017</u>	<u>377,067</u>	<u>16,205,094</u>
<b>Accumulated Depreciation</b>					
Balance as at 1 July 2015	15,481,839	40,000	49,035	276,778	15,847,652
Charge for the year	<u>90,168</u>	<u>-</u>	<u>6,091</u>	<u>22,329</u>	<u>118,588</u>
Balance as at 30 June 2016	<u>15,572,007</u>	<u>40,000</u>	<u>55,126</u>	<u>299,107</u>	<u>15,966,240</u>
<b>Net Book Value</b>					
Balance as at 30 June 2016	<u>151,003</u>	<u>-</u>	<u>9,891</u>	<u>77,960</u>	<u>238,854</u>
Balance as at 30 June 2015	<u>199,171</u>	<u>-</u>	<u>12,087</u>	<u>90,920</u>	<u>302,178</u>



## BETTING LEVY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

15. Administrative Expenses:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Compliance unit	58,443	115,355
Depreciation	85,771	118,588
Director fees	445,200	445,678
Employee benefits (Note 16)	1,245,368	1,445,995
Legal and professional fees	457,220	609,000
Other expenses	377,213	420,330
Repairs and maintenance	77,730	57,598
	<u>2,746,945</u>	<u>3,212,544</u>

16. Employee Benefits:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Allowances	184,121	162,684
Board and staff welfare	126,176	174,148
National Insurance	76,937	77,153
Pension costs – defined contribution plan	77,175	84,476
Wages and salaries	780,959	947,534
	<u>1,245,368</u>	<u>1,445,995</u>

17. Printery Expenses:

	30 June	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Equipment repairs and maintenance	53,040	30,445
Other expenses	554,314	421,009
Paper	160,639	131,116
Rent	9,000	9,000
Salaries	224,111	271,961
S.I.S. Copyright fees	245,668	234,415
Supplies	77,231	77,120
	<u>1,324,003</u>	<u>1,175,066</u>