

Betting Levy Board



ADMINISTRATIVE REPORT

JULY 01, 2017 - JUNE 30, 2018

THE BETTING LEVY BOARD

Mr. Kama Maharaj	Chairman	(Term expired 20 th May, 2018)
Dr. Jagdis Suratsingh	Government	(Term expired 20 th May, 2018)
Mr. Gerard Mathura	Government	(Term expired 20 th May, 2018)
Ms Madhavi Teeluckchan	Government	(Term expired 20 th May, 2018)
Mr. Charles James	Stud Farm Association	(Term expired 20 th May, 2018)
Mr. Hugh Henderson	Trinidad Race Club	(Term expired 20 th May, 2018)
	now Arima Race Club	
Mr. Kenneth Kong	Trinidad Race Club	(Term expired 20 th May, 2018)
	now Arima Race Club	
Mr. Baskaran Bassawh	Racehorse Owners	(Term expired 20 th May, 2018)
	Association	
Mr. Winston Govia	Tobago Race Club	(Died 20 th October, 2017)

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, 2017 to June 30, 2018.

1. Proclamation of Act No. 35 of 1989:

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

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

The 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.:

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:

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, 2017 to June 30, 2018:

The Betting Levy Board held eleven (11) regular monthly meetings during the period under review.

In an effort at ensuring a better understanding of stakeholder needs and engendering a united approach by all parties towards improving the local horseracing product the BLB also held several meetings with the ARC and other industry stakeholders during the year.

As a result of a meeting between stakeholders and line Minister Honourable Paula Gopee-Scoon in December 2017, the ARC after consultation with stakeholders submitted a business plan to the Ministry of Trade and Industry in February 2018 indicating a clear path towards making the Club self-sufficient.

In spite of the economic challenges and a diminishing revenue stream, 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 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 \$2.4M.
- A raceday subvention to the ARC, in the sum of \$10.0M 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 1st, 2nd and 3rd in all races run during the season in the sum of \$0.8M.
- 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 \$0.7M.
- 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 \$5.9M.
- An administrative subvention to the ARC in the sum of \$0.2M for the establishment of MBET, an online betting system enabling punters to place wagers with the Club from remote locations by means of their mobile phones or personal computer.

In reviewing its year end 2018 financial statements the BLB noted a decline in taxes received from the ARC from \$9.4 million at year end 2017 to \$8.0 million while the Private Betting Shops (PBS) fell from \$14.5 million to \$12.0 million.

The Board also took cognizance of the amount payable to the Consolidated Fund of \$87.5 million and resulting Accumulated Deficit of \$89.5 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:

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:

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:

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:

The Audited Financial Statements at year end 30 June 2018 as prepared by PKF Chartered Accountants and Business Advisors is attached as an Appendix to this Administrative Report.

Conclusion:

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

31 October 2018.

Mr. Richard Jackson
Chief Executive Officer
Betting Levy Board
Santa Rosa Racing Facility
Churchill Roosevelt Highway
O'Meara
ARIMA

Dear Mr. Jackson

We enclose one (1) bound and four (4) unbound copies of the audited financial statements of Betting Levy Board for the year ended 30 June 2018. We also enclose our billing for the additional copies.

Please have the Statements of Financial Position signed and returned to us as soon as possible so that we may insert our Independent Auditors' Reports.

We look forward to your assistance in this matter.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'PKF' or 'RLP', written over the printed name.

Renée-Lisa Philip

RLP/cg

encls.

PKF Chartered Accountants and Business Advisors (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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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

BETTING LEVY BOARD
FINANCIAL STATEMENTS
30 JUNE 2018



Chartered Accountants
& Business Advisors

BETTING LEVY BOARD

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Santa Rosa Park
O'Meara Road, Arima.
P.O.Box 79, Port of Spain, Trinidad, W.I.
Phone: 646-1986 ; 646-2004 • Fax: 646-0122

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 2018, 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
30th October, 2018

Richard Jackson
Chief Executive Officer
30th October, 2018

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 2018, 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 2018 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 **\$2,409,761**. 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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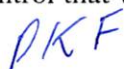
INDEPENDENT AUDITORS' REPORT (Cont'd)**Auditors' Responsibilities for the Audit of the Financial Statements**

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.



30 October 2018
Barataria
TRINIDAD

BETTING LEVY BOARD
STATEMENT OF FINANCIAL POSITION

		<u>ASSETS</u>	
		<u>Notes</u>	30 June
		<u>2018</u> (£)	<u>2017</u> (£)
Current Assets:			
Cash and cash equivalents	5	735,430	955,626
Other financial assets	6	1,430,214	1,018,388
Accounts receivable and prepayments	7	507,049	616,668
Inventory		<u>19,122</u>	<u>20,267</u>
Total Current Assets		2,691,815	2,610,949
Non-Current Assets:			
GORTT - Grant receivable	8	382,684	382,684
Property, plant and equipment	9	<u>95,830</u>	<u>161,363</u>
Total Assets		<u><u>3,170,329</u></u>	<u><u>3,154,996</u></u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities:			
Accounts payable and accruals	10	<u>5,101,576</u>	<u>3,623,460</u>
		5,101,576	3,623,460
Non-Current Liabilities:			
GORTT – Consolidated Fund payable	11	<u>87,575,147</u>	<u>77,479,540</u>
Total Liabilities		92,676,723	81,103,000
Equity:			
Accumulated Deficit		<u>(89,506,394)</u>	<u>(77,948,004)</u>
Total Liabilities and Equity		<u><u>3,170,329</u></u>	<u><u>3,154,996</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 30 October 2018 and signed on their behalf by:


Chairman


Director

(The accompanying notes form part of these financial statements)

BETTING LEVY BOARD
STATEMENT OF COMPREHENSIVE INCOME

		30 June	
	<u>Notes</u>	<u>2018</u> (\$)	<u>2017</u> (\$)
Income:			
Revenue	13	10,095,607	11,967,254
Direct operating expenses	14	<u>(19,918,970)</u>	<u>(22,347,331)</u>
		(9,823,363)	(10,380,077)
Printery income		1,142,301	1,209,830
Other income		<u>833,280</u>	<u>489,962</u>
Total Income		<u>(7,847,782)</u>	<u>(8,680,285)</u>
Expenditure:			
Administrative expenses	15	2,372,105	2,746,945
Printery expenses	17	<u>1,338,503</u>	<u>1,324,003</u>
Total Expenditure		<u>3,710,608</u>	<u>4,070,948</u>
Net loss for the year		<u><u>(11,558,390)</u></u>	<u><u>(12,751,233)</u></u>

(The accompanying notes form part of these financial statements)

BETTING LEVY BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Deficit (\$)	Total (\$)
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>(77,948,004)</u>	<u>(77,948,004)</u>
Balance as at 1 July 2017	(77,948,004)	(77,948,004)
Net loss for the year	<u>(11,558,390)</u>	<u>(11,555,380)</u>
Balance as at 30 June 2018	<u>(89,506,394)</u>	<u>(89,503,384)</u>

(The accompanying notes form part of these financial statements)

BETTING LEVY BOARD
STATEMENT OF CASH FLOWS

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Cash Flows from Operating Activities:		
Net loss for the year	(11,558,390)	(12,751,233)
Adjustments for:		
Depreciation	<u>80,218</u>	<u>85,771</u>
Operating loss before working capital changes	(11,478,172)	(12,665,462)
Net change in accounts receivable and prepayments	109,619	(307,767)
Net change in inventory	1,145	36,248
Net change in accounts payable and accruals	1,478,116	467,150
Net change in GORTT payable	<u>10,095,607</u>	<u>11,967,254</u>
Cash provided by/(used in) Operating Activities	<u>206,315</u>	<u>(502,577)</u>
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	<u>(14,685)</u>	<u>(8,280)</u>
Cash used in Investing Activities	<u>(14,685)</u>	<u>(8,280)</u>
Net cash and cash equivalents	191,630	(510,857)
Cash resources, beginning of year	<u>1,974,014</u>	<u>2,484,871</u>
Cash resources, end of year	<u><u>2,165,644</u></u>	<u><u>1,974,014</u></u>
Represented by:		
Cash and cash equivalents	735,430	955,626
Other financial assets	<u>1,430,214</u>	<u>1,018,388</u>
	<u><u>2,165,644</u></u>	<u><u>1,974,014</u></u>

(The accompanying notes form part of these financial statements)

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

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 2018

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 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 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). |

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

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's current liabilities exceeded its current assets by \$2,409,761. 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 2018

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

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.

Accounts receivable and prepayments

Accounts receivable 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.

Accounts payable and accruals

Accounts payable 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.

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

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

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 2018

3. Financial Risk Management:

Financial Instruments

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

	2018	
	<u>Carrying Value</u>	<u>Fair Value</u>
	(\$)	(\$)
Financial Assets		
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
Financial Liabilities		
Accounts payable and accruals	5,101,576	5,101,576
GORTT – Consolidated Fund payable	87,575,147	87,575,147
	2017	
	<u>Carrying Value</u>	<u>Fair Value</u>
	(\$)	(\$)
Financial Assets		
Cash and cash equivalents	955,626	955,626
Other financial assets	1,018,388	1,018,388
Accounts receivable and prepayments	616,668	616,668
GORTT Grant receivable	382,684	382,684
Financial Liabilities		
Accounts payable and accruals	3,623,460	3,623,460
GORTT – Consolidated Fund payable	77,479,540	77,479,540

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 2018

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.

2018						
	Effective Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non - Interest Bearing (\$)	Total (\$)
Financial Assets						
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>
Financial Liabilities						
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>
2017						
Financial Assets						
Cash and cash equivalents	0.10%	952,626	-	-	3,000	955,626
Other financial assets	1% - 4%	1,018,388	-	-	-	1,018,388
Accounts receivable and prepayments	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>
Financial Liabilities						
Accounts payable 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>

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

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 2018

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.

	2018			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
Financial Assets				
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>
Financial Liabilities				
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>
	2017			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
Financial Assets				
Cash and cash equivalents	955,626	-	-	955,626
Other financial assets	1,018,388	-	-	1,018,388
Accounts receivable and prepayments	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>
Financial Liabilities				
Accounts payable 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>

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

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 2018

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 2018

5. Cash and Cash Equivalents:

	30 June	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Cash in hand	3,000	3,000
First Citizens Bank Limited - Current account	680,409	934,032
- US\$ Account	<u>52,021</u>	<u>18,594</u>
	<u>735,430</u>	<u>955,626</u>

6. Other Financial Assets:

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

7. Accounts Receivable and Prepayments:

	30 June	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Accounts receivable	2,953	-
Amounts due from betting offices	356,552	210,541
Other receivable	31,448	280,408
Staff loans	<u>116,096</u>	<u>125,719</u>
	<u>507,049</u>	<u>616,668</u>

8. GORTT – Grant Receivable:

	30 June	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Grant receivable	<u>382,684</u>	<u>382,684</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.

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

9. Property, Plant and Equipment:

	<u>Plant and Machinery</u> <u>(\$)</u>	<u>Motor Vehicles</u> <u>(\$)</u>	<u>Computer Equipment</u> <u>(\$)</u>	<u>Office Furniture & Fittings</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Cost					
Balance as at 1 July 2017	15,723,010	40,000	40,463	370,362	16,173,835
Additions	<u>-</u>	<u>-</u>	<u>10,990</u>	<u>3,695</u>	<u>14,685</u>
	<u>15,723,010</u>	<u>40,000</u>	<u>51,453</u>	<u>374,057</u>	<u>16,188,520</u>
Balance as at 30 June 2018					
Accumulated Depreciation	15,629,185	40,000	34,691	308,596	16,012,472
Balance as at 1 July 2017	<u>47,547</u>	<u>-</u>	<u>11,062</u>	<u>21,609</u>	<u>80,218</u>
Charge for the year	<u>15,676,732</u>	<u>40,000</u>	<u>45,753</u>	<u>330,205</u>	<u>16,092,690</u>
Balance as at 30 June 2018					
Net Book Value					
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>
	<u>Plant and Machinery</u> <u>(\$)</u>	<u>Motor Vehicles</u> <u>(\$)</u>	<u>Computer Equipment</u> <u>(\$)</u>	<u>Office Furniture & Fittings</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Cost					
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	<u>-</u>	<u>-</u>	<u>(26,844)</u>	<u>(12,695)</u>	<u>(39,539)</u>
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>
Accumulated Depreciation					
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	<u>-</u>	<u>-</u>	<u>(26,844)</u>	<u>(12,695)</u>	<u>(39,539)</u>
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>
Net Book Value					
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>

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

10. Accounts Payable and Accruals:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Other creditors and accruals	3,860,429	2,036,423
Unclaimed winnings	749,335	865,682
Unclaimed cheques	307,359	544,761
Vacation accrual	<u>184,453</u>	<u>176,594</u>
	<u><u>5,101,576</u></u>	<u><u>3,623,460</u></u>

11. GORTT – Consolidated Fund Payable:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Balance brought forward	77,479,540	65,512,286
Allocated to the Consolidated Fund (50%)	<u>10,095,607</u>	<u>11,967,254</u>
Balance carried forward	<u><u>87,575,147</u></u>	<u><u>77,479,540</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 six (6) 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 2018, the Board has not made any provision for doubtful debts relating to amounts owed by related parties (2017: Nil).

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

12. Related Party Transactions (Cont'd):

	30 June	
	<u>2018</u> (\$)	<u>2017</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>2,402,000</u>	<u>2,451,969</u>
ii) Key management compensation		
- Salaries and other short-term employee benefits	<u>675,525</u>	<u>635,574</u>

13. Revenue:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Race clubs	8,115,512	9,434,310
Betting offices	<u>12,075,702</u>	<u>14,500,198</u>
	20,191,214	23,934,508
Allocated to the Consolidated Fund (50%)	<u>(10,095,607)</u>	<u>(11,967,254)</u>
	<u>10,095,607</u>	<u>11,967,254</u>

14. Direct Operating Expenses:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Assistance to Arima Race Club	5,894,098	4,949,937
Assistance to racing organisations	17,187	8,643
Breeders and sires premiums	831,391	1,332,664
Incentive to breeders	137,500	200,000
Jockey insurance benefit plan	652,488	497,354
Promotional events	306	30,764
Stakes	9,984,000	12,876,000
Subvention – Trinidad and Tobago Racing Authority	<u>2,402,000</u>	<u>2,451,969</u>
	<u>19,918,970</u>	<u>22,347,331</u>

BETTING LEVY BOARD
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

15. Administrative Expenses:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Compliance unit	-	58,443
Depreciation	80,218	85,771
Director fees	369,043	445,200
Employee benefits (Note 16)	1,236,342	1,245,368
Legal and professional fees	222,642	457,220
Other expenses	394,381	377,213
Repairs and maintenance	69,479	77,730
	<u>2,372,105</u>	<u>2,746,945</u>

16. Employee Benefits:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Allowances	168,862	184,121
Board and staff welfare	198,234	126,176
National Insurance	77,139	76,937
Pension costs – defined contribution plan	80,487	77,175
Wages and salaries	711,620	780,959
	<u>1,236,342</u>	<u>1,245,368</u>

17. Printery Expenses:

	30 June	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Equipment repairs and maintenance	34,335	53,040
Other expenses	517,457	554,314
Paper	151,452	160,639
Rent	9,000	9,000
Salaries	305,599	224,111
S.I.S. Copyright fees	243,365	245,668
Supplies	77,295	77,231
	<u>1,338,503</u>	<u>1,324,003</u>