KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Commissioners of
THE JAMAICA RACING COMMISSION

Report on the Financial Statements

We have audited the financial statements of The Jamaica Racing Commission ("Commission"), set out on pages 3 to 28, which comprise the balance sheet as at March 31, 2008, the statements of income and expenses, changes in accumulated funds and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and The Jamaica Racing Commission Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Elizabeth A. Jones
Caryl A. Fenton
R. Tarun Handa
Patrick A. Chin
Patricia O. Dailey-Smith

Linroy J. Marshall
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

To the Commissioners of
THE JAMAICA RACING COMMISSION

Report on the Financial Statements, cont'd

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of the Commission's affairs as at March 31, 2008 and of its results of operations, changes in accumulated funds and cash flows for the year then ended, and comply with the provisions of The Jamaica Racing Commission Act.

KPMG

February 13, 2009

THE JAMAICA RACING COMMISSION

Balance Sheet
March 31, 2008

	Notes	2008	2007
NON-CURRENT ASSETS			
Property, plant and equipment	3	24,895,929	28,715,393
Long-term receivables	4	433,239	673,064
Deferred tax asset	5	1,395,549	1,079,399
Total non-current assets		26,724,717	30,467,856
CURRENT ASSETS			
Cash and cash-equivalents	6	5,346,285	1,645,421
Resale agreements	7	618,710	11,231,070
Short-term investments	8	2,278,684	12,192,068
Trade and other receivables	9	53,551,640	6,180,538
Inventory		430,372	395,372
Taxation recoverable		8,120,919	8,592,522
Current portion of long-term receivables	4	969,861	1,924,310
Total current assets		71,316,471	42,161,301
TOTAL ASSETS		$98,041,188	72,629,157
ACCUMULATED FUNDS			
General fund		48,538,368	16,176,300
Reserve fund	10	1,481,403	1,353,624*
Fair value reserve		77,613	- *
Total accumulated funds		50,097,384	17,529,924
NON-CURRENT LIABILITIES			
Long-term loan	11	6,049,237	8,128,114
Employee benefit obligation	12	7,113,000	8,629,000
Total non-current liabilities		13,162,237	16,757,114
CURRENT LIABILITIES			
Income tax payable		3,191,347	1,970,567
Trade and other payables	13	26,485,046	33,132,124
Short term loan	14	1,700,011	-
Current portion of long-term loan	11	3,405,163	3,239,428
Total current liabilities		34,781,567	38,342,119
Total liabilities		47,943,804	55,099,233
TOTAL ACCUMULATED FUNDS AND LIABILITIES		$98,041,188	72,629,157

The financial statements on pages 3 to 28 were approved for issue by the Board of Commissioners on February 13, 2009 and signed on its behalf by:

________________ Chairman
Rudolph Muir

________________ Commissioner
Robert Martin

*Reclassified to conform to 2008 presentation.
The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Statement of Income and Expenses
Year ended March 31, 2008

	Notes	2008	2007
INCOME			
Government subventions:			
Levy - JRC		83,838,902	13,876,143
Government subsidy	15	53,886,802	91,030,000
		137,725,704	104,906,143
Other income:			
Fees, appeals, complaints		1,043,694	1,409,571*
Fines		1,133,868	2,513,893
Occupational group insurance		10,937,040	9,972,363
Publications		78,000	108,583
Registration fees and permits	17	6,347,500	5,035,811*
Apprentice jockey		-	88,628
Assistant trainers course		-	833,600
Rent		544,000	404,000
Service fee - blood typing		1,444,334	1,244,121
Tattooing		406,500	311,500
Track license		100,000	100,000
Lasix administration		7,381,500	8,052,500
Lasix endoscopy		199,000	259,000
Finance income	16(a)	846,726	1,348,048
Miscellaneous		360,749	289,189
		30,822,911	31,970,807
Total income		168,548,615	136,876,950
Expenses (from page 6)		(134,625,705)	(136,728,443)
Surplus before taxation		33,922,910	148,507
Taxation (charge)/credit	18	(1,560,842)	77,962
Surplus for the year		$ 32,362,068	226,469

* Reclassified to conform to 2008 presentation
The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Expenses
Year ended March 31, 2008

	2008	2007
Development:		
Equine drug testing	12,694,127	11,220,337
Equine sample collection	2,292,217	3,066,336
Industry Insurance Scheme – Premium	11,853,036	10,775,969
Parental verification (blood typing) equine	811,565	508,320
Racing year book & stud book	63,800	166,977
Training - Apprentice jockeys	205,322	612,408*
Benefit/benevolent schemes	133,025	122,350
Veterinary scholarship	-	1,700,673
Veterinary on-call services	325,481	200,714
Micro Chips	42,505	200,958
Jockey school expenses	2,000	712,723*
Other	1,883,414	1,033,471
	30,306,492	30,321,236
Total subvention and support services to the racing industry (to page 6)	$30,306,492	30,321,236

* Reclassified to conform to 2008 presentation
The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Expenses (Continued)
Year ended March 31, 2008

	Note	2008	2007
PERSONNEL EXPENSES			
Salaries, wages and national insurance		52,555,330	47,191,904
Commissioners' fees		2,710,000	2,423,926
First instance tribunal fees		1,051,796	1,157,880
National Housing Trust contributions		1,637,424	1,424,716
HEART tax contributions		1,261,752	-
Group pension and health scheme		2,027,755	1,730,002
Local travelling and upkeep		7,148,217	5,930,243
Overseas travelling		2,280,500	1,806,536
Staff educational development		959,013	1,019,171
Uniforms		102,281	816,099
Employee benefits	12(d)	1,176,000	9,444,000
Personal accident		-	176,654
Canteen expenses		889,203	1,005,879
		73,799,271	74,127,010
ESTABLISHMENT EXPENSES			
Light and power		2,694,637	2,359,560
Taxes, insurance and water rates		1,293,975	1,338,450
Depreciation of property, plant and equipment		4,391,780	4,739,466
Repairs to furniture and buildings		1,007,156	4,577,698
		9,387,548	13,015,174
ADMINISTRATION EXPENSES			
Advertising		85,740	101,069
Accounting		-	817,105
Audit fees - current year		850,000	770,000
- Prior year		114,650	-
Computer maintenance		284,188	244,991
Enquiries, appeals and complaints		272,608	358,782
Bank charges		138,690	142,489
Finance costs	16(b)	1,952,041	2,395,677
Hall of Fame		2,836,729	2,023,548
Legal and other professional fees		827,625	2,095,283
Legal claim settlement	22	2,121,532	-
Miscellaneous office expenses		2,687,123	2,070,081*
Printing and stationery		873,276	1,225,388
Publication		127,751	109,871
Racing membership fee		770,081	148,542
Security services - office		1,544,967	1,339,023
Special entertainment		1,088,227	1,151,513
Sponsorship		1,938,016	1,510,839
General Consumption Tax		1,362,585	1,483,047
Telephone, postage and telegrams		1,256,565	1,277,775
		21,132,394	19,265,023
Total personnel, establishment, motor vehicle and administration expenses		104,319,213	106,407,207
Total subvention and support services to the racing industry (from page 5)		30,306,492	30,321,236*
Total expenses for the year (to page 4)		$134,625,705	136,728,443

* Reclassified to conform to 2007 presentation.
The accompanying notes form an integral part of the financial statements.

THE JAMAICA RACING COMMISSION

Statement of Changes in Accumulated Funds
Year ended March 31, 2008

	General fund	Reserve fund (Note 10)	Fair value reserve [note 2 (g)]	Total
Balances at March 31, 2006	15,949,831	850,442	386,229	17,186,502
Surplus, being total gains recognised for the year	226,469	-	-	226,469
Unrealised gain on available-for sale investments	-	-	116,953	116,953
Transfer to reserve fund	-	503,182	(503,182)	-
Balances as at March 31, 2007	16,176,300	1,353,624	-	17,529,924
Surplus, being total losses recognised for the year	32,362,068	-	-	32,362,068
Unrealised gain on available-for sale investments	-	-	205,392	205,392
Transfer to reserve fund	-	127,779	(127,779)	-
Balances as at March 31, 2008	$48,538,368	1,481,403	77,613	50,097,384

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

THE JAMAICA RACING COMMISSION

Statement of Cash Flows
Year ended March 31, 2008

	2008	2007
Cash flows from operating activities:		
Surplus for the year	32,362,068	226,469
Adjustments to reconcile surplus for the year to net cash used by operating activities:		
Appreciation in value of investments	205,392	116,953
Depreciation	4,391,779	4,739,466
Investment income	(820,802)	(1,079,285)
Interest expense	625,756	783,424
Employee benefits	(1,516,000)	3,799,000
Income tax (credit)/ expense	1,560,842	(77,962)
Adjustment for interest imputed on concessionary loans from BG&LC and loans to staff	1,094,971	1,343,490
Operating profit before changes in working capital	37,904,006	9,851,555
Adjustments for:		
Accounts receivable	(47,371,102)	(2,619,895)
Accounts payable	(6,647,078)	(73,443,639)
Inventory	(35,000)	(395,372)
Cash generated from operations	(16,149,174)	(66,607,351)
Interest paid	(625,756)	(783,424)
Taxation paid	(184,610)	(2,066,982)
Net cash used by operating activities	(16,959,540)	(69,457,757)
Cash flows from investment activities:		
Additions to property, plant and equipment	(572,315)	(8,041,385)
Interest received	820,800	1,079,285
Resale agreements	10,612,361	64,850,983
Short-term investments	9,913,385	8,336,005
Net cash provided by investment activities	20,774,231	66,224,888
Cash flows from financing activities:		
Short-term loan	1,700,011	-
Loan repayment	(3,239,428)	(1,469,507)
Loans to employees	1,425,590	81,872
Net cash used by financing activities	(113,827)	(1,387,635)
Net increase/(decrease) in cash and cash equivalents	3,700,864	(4,620,504)
Cash and cash equivalents at beginning of the year	1,645,421	6,265,925
Cash and cash equivalents at end of the year	$ 5,346,285	1,645,421

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

1. The Commission

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

The Commissioners as at March 31, 2008 are:

Mr. Rudolph Muir - Chairman
Dr. Graham Brown
Mr. Bruce Levy
Mr. Mark Croskery
Mr. Edison Chai
Mr. Robert Gore
Mr. Kenneth Gooden

Members of the management team are:-

Mrs. Ruth-Ann Smith-Sutherland, General Manager
Mr. Lloyd Cobran – Director of Racing
Mr. Ainsworth Carroll - Director of Finance & Administration
Dr. St. Aubyn Bartlett – Senior Veterinarian
Mr. Lawrence Brown – Information Technology Manager

The Commission has 34 (2007: 34) employees as at March 31, 2008.

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

(a) Statement of compliance:

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

(b) Basis of preparation:

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

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

(b) Basis of preparation (cont' d):

(i) Pension and other post-retirement benefits

The amounts recognised in the balance sheet and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Commision' s obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Residual values and useful lives of property, plant and equipment

The residual value and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset' s expected utility to the Commission.

It is reasonably probably, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(c) Cash and cash-equivalents:

Cash and cash-equivalents comprise cash and bank balances, including short-term deposits, with maturity dates within three months of placement.

(d) Trade and other receivables:

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

(e) Trade and other payables:

Trade and other payables are stated at cost.

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

(f) Provisions:

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

(g) Short-term investments:

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

Short-term investments are classified as held-to-maturity and available-for-sale. Held-to-maturity investments are shown at amortised cost and available-for-sale investments are shown at fair value. Gains and losses arising from changes in fair value are recognised directly in fair value reserve.

(h) Property, plant and equipment and depreciation:

(i) Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the asset will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in surplus or loss as incurred.

(ii) Depreciation:

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

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

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

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

(i) Impairment:

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

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

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

[ii] Reversals of impairment:

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

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

(j) Resale agreements:

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

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

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

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

(k) Taxation:

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

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

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

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

(l) Employee benefits asset and obligation:

(i) General benefits:

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

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

(ii) Defined-benefit pension scheme:

The Commission operates a defined-benefit pension scheme (see note 12) providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the Commission.

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

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

(ii) Defined-benefit pension scheme (cont'd):

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

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

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

To the extent that any cumulative actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of scheme assets, that portion is recognised in the statement of income and expenditure over the expected average remaining working lives of the employees participating in the scheme. Otherwise, the actuarial gain or loss is not recognised.

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

(m) Foreign currencies:

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

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

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

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

(n) Revenue recognition:

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

(o) Related party transactions

A party is related to an entity, if:

(i) directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries, where applicable);
(b) has an interest in the entity that gives it significant influence over the entity; or
(c) has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

In preparing these financial statements, the Commission has adopted the following revised standard which became effective during the year:

(p) Adoption of new and revised IFRS and interpretations:

- *IFRS 7 Financial Instruments: Disclosures and the Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures* require disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. The additional disclosures with respect to the commission's financial instruments are shown at note 20.

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

(q) New standards and interpretations not yet effective:

At the date of authorisation of the financial statements, there were certain new standards, amendments to standards, and interpretations which were in issue but were not yet effective, and have therefore not been applied in preparing these financial statements: Management has assessed that the following standards and interpretations would be relevant to the Commission:

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 becomes effective for annual reporting periods beginning on or after January 1, 2008. Management has not determined the impact on the Commission' s financial statements.

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and in a statement of comprehensive income. IAS 1 (revised) becomes effective for annual reporting periods beginning on or after January 1, 2009. The commission is considering what impact, if any, the revision will have on its financial statements.

- *IAS 23(Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23 becomes effective for annual reporting periods beginning on or after January 1, 2009 and will not have any significant impact on the commission' s financial statements.

3. Property, plant and equipment

	Freehold Land	Buildings	Computer equipment	Furniture, Fixtures and equipment	Total
At cost:					
March 31, 2006	51,000	3,623,638	5,381,102	40,438,640	49,494,380
Additions	-	4,880,514	1,293,796	1,867,075	8,041,385
March 31, 2007	51,000	8,504,152	6,674,898	42,305,715	57,535,765
Additions	-	-	188,119	384,196	572,315
March 31, 2008	51,000	8,504,152	6,863,017	42,689,911	58,108,080

3. Property, plant and equipment (cont' d)

	Freehold Land	Buildings	Computer equipment	Furniture, Fixtures and equipment	Total
Depreciation:					
March 31, 2006	-	1,077,889	3,805,423	19,197,594	24,080,906
Charge for the year	-	114,096	553,957	4,071,413	4,739,466
March 31, 2007	-	1,191,985	4,359,380	23,269,007	28,820,372
Charge for the year	-	212,604	712,642	3,466,533	4,391,779
March 31, 2008	-	1,404,589	5,072,022	26,735,540	33,212,151
Net book values:					
March 31, 2008	$51,000	7,099,563	1,790,995	15,954,371	24,895,929
March 31, 2007	$51,000	7,312,167	2,315,518	19,036,708	28,715,393
March 31, 2006	$51,000	2,545,749	1,575,679	21,241,046	25,413,474

Buildings include $1,263,800 (2007: $1,263,800) which is the cost of a Jockeys school, which was built on land leased for 49 years [see note 19 (a)].

4. Long-term receivables

	2008	2007
Loans to employees, re-measured for concessionary interest rate	1,745,379	2,799,673
Less: Current portion	(969,861)	(1,924,310)
Re-measurement for concessionary interest rate	(342,279)	(202,299)
	$ 433,239	673,064

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

5. Deferred tax asset

Deferred tax asset is attributable to the following:

	2008	2007
Employee benefit asset	426,780	632,793
Property, plant and equipment	19,108	(145,501)
Trade and other payables	949,661	592,107
	$1,395,549	1,079,399

5. Deferred tax asset (cont' d)

Movement in temporary differences during the year:

	Balance at March 31, 2007	Recognised in income [note 17 (a) (ii)]	Balance at March 31, 2008
Property, plant and equipment	(145,501)	164,609	19,108
Other payables and accruals	592,107	357,554	949,661
Pension asset	632,793	(206,013)	426,780
	$1,079,399	316,150	1,395,549

6. Cash and cash equivalents

	2008	2007
RBTT Bank of Jamaica Limited:		
Current account - Lasix	811,374	2,449,228
Current - Main	175,901	(5,513,099)
Purse account	-	40,882
Foreign currency account	128,925	515,517
Fixed deposit account - Jamaica Public Service Company Limited (JPSCo)	823,896	771,586
Racing Industry Insurance Scheme/NCB	2,400,630	2,962,383
Petty cash imprest and cash in hand	10,000	10,000
NCB current account	979,519	392,884
NCB savings account	16,040	16,040
	$5,346,285	1,645,421

7. Resale agreements

	2008	2007
Purse – Jamaica Money Market Brokers Limited (JMMB)	618,710	9,237,272
Capital Credit Merchant Bank Limited (CCMB)	-	900,898
Jamaica Money Market Brokers Limited	-	1,092,900
	$618,710	11,231,070

The fair value of the underlying securities for securities purchased under resale agreements is $618,710 (2007:$11,231,070).

THE JAMAICA RACING COMMISSION

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March 31, 2008

8. Short-term investments

	2008	2007
Available-for-sale, stated at fair value:		
DB&G - Money Market Fund units	797,281	719,668
Barita Unit Trust Investments:		
Reserve fund (note 10)	1,481,403	1,353,624
	2,278,684	2,073,292
Certificates of deposit:		
Purse – City of Kingston Credit Union Limited	-	4,304,692
City of Kingston Credit Union Limited	-	5,814,084
	-	10,118,776
	$2,278,684	12,192,068

9. Trade and other receivables

	2008	2007
Levy receivable allocated to JRC	52,647,105	5,172,093
Deposit with JPSCo	25,323	25,323
Prepaid expenses	879,212	983,122
	$53,551,640	6,180,538

10. Reserve fund

This is represented by funds held with Barita Unit Trust (note 8).

11. Long-term loan

	2008	2007
Betting Gaming & Lotteries Commission Loan	10,747,047	13,986,475
Effect of IFRS Re-measurement – IAS 39	(1,292,648)	(2,618,933)
	9,454,399	11,367,542
Less: Current portion	(3,405,162)	(3,239,428)
	$ 6,049,237	8,128,114

This represents the balance on a $20 million five-year loan from the Betting Gaming & Lotteries Commission (BG&LC) in 2003, bearing interest at $12^{1}/_{2}$% per annum on the reducing balance method, and is secured by a promissory note and a corporate resolution from The Jamaica Racing Commission. Interest was payable in the first two years of the loan, while principal was payable thereafter.

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

12. Employee benefit obligation

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

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

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

(a) Employee benefit obligation:

	2008 $' 000	2007 $' 000
Present value of obligations	131,046	116,121
Fair value of plan asset	(123,933)	(107,492)
	7,113	8,629
Asset not recognised	(23,122)	(25,908)
Unrecognised actuarial losses	23,122	25,908
Net obligation at end of year	7,113	8,629

(b) Movement in the net obligation recognised in the balance sheet:

	2008 $' 000	2007 $' 000
Net obligations at April 1	8,629	4,830
Contributions	(2,692)	(5,645)
	5,937	(815)
Expense recognized in income statement	1,176	9,444
Net obligation at March 31	7,113	8,629

(c) (i) Movements in the present value of the defined benefit obligation:

	2008 $' 000	2007 $' 000
Balance at beginning of year	116,121	90,383
Benefits paid	(5,478)	(772)
Service and interest costs	16,055	14,026
Contributions paid	4,297	3,686
Actuarial loss	51	8,798
Balance at end of year	131,046	116,121

12. Employee benefit obligation (cont' d)

(c) (ii) Movements in plan assets:

	2008 $'000	2007 $'000
Fair value of plan assets at April 1	107,492	85,553
Contributions paid	6,989	9,331
Expected return on plan assets	12,987	10,765
Benefits paid	(5,478)	(772)
Actuarial gain	1,943	2,615
Fair value of plan assets on March 31	123,933	107,492

Plan assets consist of the following:

	2008	2007
Equity	41,897	27,543
Mortgage & real estate	22,149	18,009
Fixed Income	47,251	49,789
Money Market Fund	3,607	3,178
Foreign exchange	9,029	7,414
Other	-	1,559
	123,933	107,492

(d) Expense recognised in income statement:

	2008 $' 000	2007 $' 000
Current service costs	4,143	3,225
Interest on obligation	11,912	10,801
Actuarial gains recognised	894	712
Expected return on plan assets	(12,987)	(10,765)
Change in unrecognised asset	(2,786)	5,471
Expense recognised in income statement (page 6)	1,176	9,444
Actual return on plan assets	13.5%	12%

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

	2008 %	2007 %
Discount rate at December 31	13.5	12.0
Expected return on plan assets at December 31	13.0	12.0
Future salary increases	10.0	9.0
Future pension increases	3.5	3.5
Future health cost increases	9.0	7.0

The overall expected long-term rate of return of assets is 9.5%. The expected long-term rate of return is based on the experience of the scheme and represents the best estimate of anticipated experience under the scheme.

12. Employee benefit obligation (cont' d)

(f) Historical information:

	2008 $' 000	2007 $' 000	2006 $' 000	2005 $' 000	2004 $' 000
Present value of the defined benefit obligation	(131,046)	(116,121)	(90,383)	(73,874)	(47,876)
Fair value of plan assets	123,933	107,492	85,553	73,405	53,588
(Deficit)/ surplus in plan	(7,113)	(8,629)	(4,830)	(469)	5,712
Experience adjustments arising on plan liabilities	51	8,798	5,249	15,610	(7,861)
Experience adjustments arising on plan assets	1,943	2,615	4,391	4,854	2,005

(g) The estimated pension contribution expected to be paid into the plan for the next financial year is $2,648,000.

13. Trade and other payables

	2008	2007
Government levy scheme contributions – Purse [see note 21 (b)]	2,984,969	16,442,799
Benevolent Fund account	646,338	513,312
Special revolving loan fund	318,699	318,699
Contractual payments – University of the West Indies	3,770,165	646,584
Statutory deductions	5,052,569	1,153,380
Accrued vacation	8,518,907	8,054,192
Other	5,193,399	6,003,158
	$26,485,046	33,132,124

14. Short-term loan

This represents a loan from the JRC Benevolent Fund. The loan is repayable in the second quarter of the next financial year at an interest rate equivalent to rate of return on the Benevolent Fund Investment.

15. Budgetary subvention from the Government

This represents subvention received, at the request of the Ministry of Finance and Planning, in respect of the Commission' s projected deficit.

16. Financing income/(costs)

	2008	2007
(a) Finance income:		
Interest on fixed deposits	401,637	920,147
Other	445,089	427,901
	$ 846,726	1,348,048
(b) Finance costs:		
Loan interest – BGLC, being financial expense	$(1,952,041)	(2,395,677)

17. Registration fees and permits

	2008	2007
Registration and transfers	2,958,400	2,860,511
Owners permits	1,836,000	554,500
Occupational permits	683,500	672,300
Registration of claims	869,600	948,500
	$6,347,500	5,035,811

18. Taxation

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

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

	2008	2007
(i) Current tax charge:		
Income tax at 33⅓%	1,876,992	488,297
(ii) Deferred tax charge:		
Origination of temporary differences (note 5)	(316,150)	(566,259)
Tax charge/(credit) recognised in the statement of income and expenses	$1,560,842	(77,962)

18. Taxation (cont' d)

(b) The effective tax rate is 4.33 % (2007: -10.23%) of pre-tax surplus of $ 36,061,360 (2007: $148,507), compared to a statutory rate of $33^{1}/_{3}$% (2007: $33^{1}/_{3}$%). The actual tax charge differed from the expected tax charge for the year as follows:

	%	2008	%	2007
		$		$
(Deficit)/surplus before taxation		36,061,360		148,507
Computed "expected" tax charge at $33^{1}/_{3}$%	33.33	12,020,453	33.33	49,502
Difference between profit for financial statement and tax reporting purposes on:				
Depreciation and capital allowances	1.18	425,750	258.24	383,515
Disallowed expenses	0.32	115,364	52.32	77,703
Employee benefit obligation	(0.83)	(299,320)	632.59	939,440
Trade and other payables	(0.57)	(209,316)	194.33	288,594
Income exempt from income tax	(29.10)	(10,492,089)	(1,181.05)	(1,753,949)
Actual tax charge/(credit)	4.33	1,560,842	(10.23)	(15,195)

19. Commitments

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

	2008	2007
Within one year	5,000	5,000
Subsequent years	150,000	155,000
	$155,000	160,000

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

20. Financial risk management

The commission has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk and currency risk. This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Commissioners has overall responsibility for the establishment and oversight of the commission's risk management framework.

20. Financial risk management (cont' d)

The risk management policies are established to identify and analyse the risk faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligation.

The commission does not use derivatives as a part of its risk management strategy at this time.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation resulting in financial loss to the other party.

The credit risk for the Commission is primarily in respect of cash and cash equivalents, long term receivable, resale agreements, short-term investments and trade and other receivables.

(i) Cash and cash equivalents:

Cash and cash equivalents are held with reputable financial institutions.

(ii) Long term receivable:

Long-term receivable include motor vehicle loans to employees.

(iii) Resale agreements and short-term investments:

Resale agreements and short-term investments are held with reputable financial institutions. Management has an established policy for placing investments which minimises exposure to credit risk.

(iv) Trade and other term receivable:

Trade and other receivables include levy receivable from bookmakers (see note 9).

The Commission' s exposure to credit risk is represented by the following:

	2008	2007
Resale agreements	618,710	11,231,070
Short-term investments	2,278,683	12,192,068
Trade and other receivables	52,647,105	5,172,093
	$55,544,498	28,595,231

20. Financial risk management (cont' d)

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Commission manages this risk by ensuring that reliable budgets are submitted to the Government of Jamaica to facilitate timely receipt of subventions. Sufficient cash resources are also maintained.

The contractual maturities of financial liabilities are represented in the table below:

	2008				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$
Financial liabilities:					
Long-term loan	966,296	2,898,887	7,730,368	-	11,595,551
Trade and other payables	11,031,164	3,950,008	-	-	14,981,172
	11,997,460	6,848,895	7,730,368	-	26,576,723

	2007				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$
Financial liabilities:					
Long-term loan	966,296	2,898,887	11,569,551	-	15,434,734
Trade and other payables	6,408,619	2,226,515	-	-	8,635,134
	7,374,915	5,125,402	11,569,551	-	24,069,868

(c) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the balance sheet date, the Commission' s did not have any financial instruments subject to interest rate risk.

20. Financial risk management (cont' d)

(c) Market risk (cont' d):

(ii) Currency risk:

The Commission is exposed to currency risk on investments that are denominated in a currency other than the respective functional currency of Commission, which is the Jamaica dollar (JMD). The main currency is the United States dollar (US$).

The Commission ensures that the risk is kept to an acceptable level by monitoring their risk exposure and by maintaining funds in US dollars as a hedge against adverse fluctuations in exchange rates.

Exposure to currency risk:

The Commission' s exposure to foreign currency risk at balance sheet date was as follows, based on notional amounts:

	March 31, 2008	
	JMD	USD
Gross balance sheet exposure		
Cash and cash equivalents	128,925	1,811

	March 31, 2007	
	JMD	USD
Gross balance sheet exposure		
Cash and cash equivalents	515,517	7,603

The exchange rate as at March 31, 2008 was US$1:J$70.9413 (2007:US$1:J$67.6821).

Sensitivity analysis:

A 5% weakening/strengthening of the Jamaica dollar against the US$ at 31 march would have increased profit/loss by J$6,423 (2007: J$25,729). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

(d) Capital management:

The Board seeks to maintain a strong capital base so as to ensure continuity. The Commission defines capital as general fund and reserves. There were no changes in the Commission' s approach to capital management during the year.

The Commission is not subject to externally imposed capital requirement.

21. Related party balances and transactions

(a) Identity of related parties:

The Commission has a related party relationship with other government agencies, as well as with its Commissioners, senior officers and executives. The Commissioners and certain senior officers and executives are collectively referred to as "key management personnel".

(b) In addition to those stated separately thereon, the balance sheet includes balances, arising in the ordinary course of business, from transactions with related parties, as follows:

	2008 $	2007 $
Key management personnel:		
Long-term receivables	391,243	100,793
Pension obligation	121,000	926,000
Other government agencies:		
Investments	618,710	9,002,443
Trade and other payables	2,984,969	16,422,799
Long-term loan	8,128,114	9,755,289

(c) The statement of income and expenses includes income earned from, and expenses incurred in, transactions with related parties, as follows:

		2008 $	2007 $
Administration and general expenses:			
Key management personnel	- travel allowances	1,134,000	1,379,426
	- fees	1,576,000	1,044,500
	- pension obligation	121,000	926,000
	- compensation	15,389,378	13,502,510

22. Subsequent event

At the balance sheet date, the Commission was contigently liable in respect of a suit in which the claimant seeks damages for an alleged libel published against him in the Jamaica Observer on the 30th September 2003 and again on the radio program "Scoreboard" aired on the 6th October 2003 on KLAS FM. The words complained of were actually written and spoken on the radio by the 1st Defendant, Dr. St. Aubyn Bartlett who was at the time, and still is, employed to the Racing Commission as its Chief Veterinarian.

The claim against the Jamaica Observer was discontinued.

Subsequent to the year-end, on November 13, 2008, judgement was delivered against the Commission in the amount of $2,000,000 as settlement for the suit. This amount has been recognised in these financial statements.