

MINISTRY PAPER # 6/010  
CAYMANAS TRACK LIMITED  
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR YEAR ENDED MARCH 31, 2008.

## 1.0 INTRODUCTION

1.0 The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements for Caymanas Track Limited (CTL) for the financial year (FY) ended March 31, 2008. The Company is incorporated in Jamaica, wholly owned by the Government of Jamaica through the Accountant General and the Commissioner of Lands and is limited by shares. CTL's principal activities comprise the promotion of horseracing at Caymanas Park under licence, as well as simulcast horseracing, the running of pari-mutuel pools (both on and off the track).

## 2.0 OPERATING OVERVIEW

2.1 Despite the ongoing competition for the gaming dollar, the CTL continued its focus on attracting new punters, maintaining its existing customer base and improving the facilities at the racing plant.

### 2.2 Racing

Table 1: Racing Activities

Particulars	# of Race-days/meets FY 2007/08	# of Race-days/meets FY 2006/07
Local Racing	80	83
Simulcast Betting (Racemeets)	306	311

Total income from racing activities \$2,481.46 million (2006/07 - \$2245.46 million)

2.2.1 Racing income was earned from local races (track and off-track) simulcast betting and the Racing Pool. Table 1 shows that local racing was the largest component of turnover, grossing \$2,481.46 million over 80 race-days. CTL scheduled 82 local race days for the year however, due to unfavourable weather conditions, only 80 days were completed.

### 2.3 Capital Expenditure

2.3.1 Work on improving the plant in line with international standards continued during the year, with expenditure of \$61.80 million (2007 - \$62.50 million) incurred. This included construction of additional stables, purchase of an ambulance and two garbage trucks as well as seats in the viewers box and an elevator.

### 2.4 Purses

2.4.1 Purse payments were increased by \$33.69 million resulting in a total of \$391.15 million paid for the year compared to \$357.45 million in the prior year.

### 3.0 DISCLOSURES

#### 3.1 Auditors' Report

3.1.1 The Auditors PricewaterhouseCoopers gave their unqualified opinion, indicating that proper accounting records were kept and that the financial statements prepared give a true and fair view of the affairs of the Company as at March 31, 2008. The statements were prepared in accordance with generally accepted accounting principles and complied with the provisions of the Jamaican Companies Act.

#### 3.2 Emoluments of Senior Executives

3.2.1 For the year ended March 31, 2008 the compensation package paid to the 7-member executive management team amounted to \$22.27 million and accounted for 8% of total staff costs of \$285.80 million. Total emoluments ranged from \$1.82 million to \$4.91 million paid to the Chief Executive Officer at the time. The full report on salary and allowances is enclosed in the annual report.

### 4.0 FINANCIAL HIGHLIGHTS

#### 4.1 Profit and Loss

Table 3: Profit and Loss Indicators			J\$m	
PARTICULARS	2007/08	2006/07	CHANGE	
			\$	%
Race Day Sales (Turnover)	4,353.43	3,939.40	414.03	11
Cost of Sales	-3,549.44	-3,204.30	-345.14	11
<b>Contribution</b>	<b>803.99</b>	<b>735.10</b>	<b>68.89</b>	<b>9</b>
Other Operating Income	125.377	118	7.38	6
Administrative Expenses	-219.87	-153.305	-66.57	43
Other Operating Expenses	-751.21	-670.428	-80.78	12
<b>Operating Profit/(Loss)</b>	<b>-41.71</b>	<b>29.37</b>	<b>-71.08</b>	<b>-242</b>
Finance Costs (net)	-1.51	-1.21	-0.30	25
<b>Profit/(Loss) Before Tax</b>	<b>-43.22</b>	<b>28.16</b>	<b>-71.38</b>	<b>-254</b>
Taxation	-8.40	10.42	-18.82	0.00
<b>Net Profit/(Loss)</b>	<b>-34.82</b>	<b>17.74</b>	<b>-52.56</b>	<b>-296</b>
<b>Total Revenue</b>	<b>4,478.81</b>	<b>4,057.40</b>	<b>421.41</b>	<b>10</b>
<b>Total Expenses</b>	<b>-4,522.03</b>	<b>-4,029.24</b>	<b>-492.79</b>	<b>12</b>

4.1.1 The profit and loss report outlined in Table 3 indicates that notwithstanding an increase of \$414.03 million in total revenues, CTL incurred a deficit of \$34.82 million compared to the profit of \$17.74 million realised in 2006/07. This deterioration was directly attributed to increases in administrative and other operating expenses.



**4.1.2** The racing contribution margin was \$803.99 million, an increase of \$68.89 million above that in the prior year. However, this was totally eroded by an increase of \$66.57 million and \$80.78 million in administrative cost and other operating expenses respectively. The rise of \$66.57 million in administrative costs was due primarily to an increase of \$47.64 million in staff costs since the Company placed on permanent staff some contracted/temporary employees and incurred additional amounts for benefits. Increase in purse payment of \$33.69 million as well as staff costs of \$28.89 million attributed to the rise in other operating costs.

## **5.0 Balance Sheet**

**5.1** Deterioration of CTL's liquidity position occurred resulting in the Company recording net current liabilities of \$109.50 million compared to the \$13.62 million for the previous year. The \$95.88 million decline in working capital was due primarily as current liabilities rose by \$85.72 million to \$484.36 million, while current assets decreased by \$10.16 million. In particular, trade payables increased by \$67.60 million to \$448.20 million.

**5.2** Notwithstanding the above, the Company continued to be solvent although this position was significantly eroded in comparison to the previous year. The Company honoured all long-term obligations, specifically, debenture loan to the Commissioner of lands.

## **CONCLUSION**

**6.0** Despite ongoing competition for the betting dollar, CTL's turnover grew, but the level of expenses remained a challenge and hence resulted in a deficit of \$34.82 million. The Company remained focused on enhancing its level of sales, as well as improving the physical condition of the facilities at the Track.

Audley Shaw, M.P.  
Minister of Finance and The Public Service  
August , 2009