



# 2019

**Annual Report**



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[www.hri.ie](http://www.hri.ie)



# Horse Racing Ireland Annual Report 2019

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## MISSION STATEMENT

*To develop and promote Ireland's horse racing and breeding industries, to administer and govern the sport of horse racing in Ireland, to cultivate and promote the highest standards of integrity and welfare.*

In identifying its mission statement, Horse Racing Ireland (HRI) has placed emphasis on Ireland's position in both the international horse racing and breeding industries and the quality of the product being offered to the racegoing public.

The continuity of funding necessary to develop strategies to achieve the mission is the key element of the HRI Strategic Plan.

The claim to be a world centre of excellence is a realistic one and the benefits of the strategies pursued to achieve the mission will be reflected in the economic, cultural and social environment of the country.

This mission gives expression to the values and sense of purpose of the organisation.

## BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND

### HORSE RACING IRELAND BOARD

<b>Nicholas Hartery</b>	<i>Chairperson</i>
<b>Bernard Caldwell</b>	<i>Stable staff nominee, HRI Industry Services Committee</i>
<b>Daragh Fitzpatrick</b>	<i>Chair, HRI Betting Committee</i>
<b>Christy Grassick</b>	<i>Representative of racehorse breeders</i>
<b>Michael Halford</b>	<i>Representative of racehorse trainers</i>
<b>Elizabeth Headon</b>	<i>Ministerial nominee</i>
<b>Harry McCalmont</b>	<i>Representative of the Racing Regulatory Body</i>
<b>Conor O'Neill</b>	<i>Representative of authorised racecourses</i>
<b>Robert Nixon</b>	<i>Representative of the horse racing industry in Northern Ireland</i>
<b>Carol Nolan</b>	<i>Chair, HRI Industry Services Committee</i>
<b>Peter Nolan</b>	<i>Ministerial nominee</i>
<b>Meta Osborne</b>	<i>Representative of the Racing Regulatory Body</i>
<b>John Powell</b>	<i>Representative of the Racing Regulatory Body</i>
<b>Caren Walsh</b>	<i>Representative of racehorse owners</i>

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## APPOINTMENTS & REMUNERATION COMMITTEE

Nicholas Hartery *Chairperson*  
Con Haugh  
Meta Osborne

## FIXTURES COMMITTEE

Harry McCalmont *Chairperson*  
Michael Halford  
Conor O'Neill  
Meta Osborne  
Caren Walsh

## BOOKMAKERS COMMITTEE

Mary O'Connor *Chairperson*  
Bernard Caldwell  
Raymond Horan

## FAIRYHOUSE COMMITTEE

Pat Byrne *Chairperson*  
Billy Bourke  
Bernard Caldwell  
Gordon Elliott  
Paul Grimes  
Dara Mullen  
David Robinson  
Mary Wallace

## FINANCE COMMITTEE

Nicholas Hartery *Chairperson*  
Brian Kavanagh  
Harry McCalmont  
Meta Osborne

## FOAL LEVY COMMITTEE

Jim Beecher *Chairperson*  
Bernard Caldwell  
Suzanne Eade  
Derek Icton  
Richard Kennedy  
John McEnery  
David O'Callaghan

## AUDIT & RISK COMMITTEE

Sasha Kerins *Chairperson*  
Robert Nixon  
Peter Nolan  
Nick Wachman  
Patricia O'Connor  
Meta Osborne

## HRI RACECOURSES BOARD

Nicholas Hartery *Chairperson*  
David Allman  
Pat Byrne  
Tom Gaffney  
Brian Kavanagh  
Noel Meade  
Paul Dermody

## ITM COMMITTEE

Dermot Cantillon *Chairperson*  
Victor Connolly  
Caoimhe Doherty  
Cathy Grassick  
Michael Halford  
Brian Kavanagh  
Jim McCartan  
Eimear Mulhern  
Richard Pugh  
David O'Loughlin  
John Osborne

## LEOPARDSTOWN COMMITTEE

David Allman *Chairperson*  
Henry De Bromhead  
Chris Jones  
Brian Kavanagh  
Una Manning  
Tommy Breen  
Eimear Mulhern  
Jim Mulqueen  
Paddy Prendergast

## MEDIA RIGHTS COMMITTEE

Conor O'Neill *Chairperson*  
Nicholas Hartery  
Michael Moloney  
Robert Nixon  
Meta Osborne

## NAVAN COMMITTEE

Noel Meade *Chairperson*  
Eimear Hannon  
Jimmy Owens  
Pat Shiels  
William Flood  
Matt O'Connor  
Theresa Allen

## PROGRAMMES COMMITTEE

Harry McCalmont *Chairperson*  
Michael Halford  
Conor O'Neill  
Meta Osborne  
Caren Walsh

## TIPPERARY COMMITTEE

Maurice Moloney *Chairperson*  
Ciaran Conroy  
Matty Fogarty  
Daniel O'Connell  
John Power  
Peter Roe  
Michael Ryan  
Tim Hyde

## BETTING COMMITTEE

Daragh Fitzpatrick *Chairperson*  
Allan Byrne  
Sharon Byrne  
Elizabeth Headon  
Ross Kierans

## INDUSTRY SERVICE COMMITTEE

Carol Nolan *Chairperson*  
Bernard Caldwell  
Andrew Coonan  
John Flannery  
Michael O'Donoghue

# Horse Racing Ireland Annual Report 2019

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## HRI NOMINATIONS / APPOINTMENTS

<i>Dundalk</i>	<i>Cork</i>	<i>Irish Equine Centre</i>	<i>Punchestown</i>	<i>RACE</i>
Joe Collins	John Murphy	Suzanne Eade	Jason Morris	Suzanne Eade
Philip Furlong		John Malone	Dick O'Sullivan	Michael Halford
Ciaran Kennelly		Meta Osborne	Sandy Persse	Carol Nolan
			Nyall Speirs	
<i>Curragh Racecourse Limited</i>				
Brian Kavanagh				
Paul Dermody				
John Moloney				

## CHAIRMAN'S REPORT

On behalf of Horse Racing Ireland, I am pleased to present our 2019 Annual Report. It was a strong year for the racing and breeding industries, with most of the key figures showing gains, despite Brexit and other challenges.

Following a series of changes in betting tax arrangements, off course betting duty receipts collected by the Government amounted to €95m. This is perhaps the most significant figure for the twelve months covered by this report. In just six years, these receipts have grown from a figure of €25m and now significantly exceed the Exchequer funding provided for horse racing of €67.2m.

Horse racing is good for the rural economy, providing a hugely significant return year on year. A key driver of employment in the sector is the number of horses returned in training in racing stables across all regions, and in 2019, this figure rose for the third time in four years.

It is encouraging that the numbers taking an interest in horse racing are also increasing. In 2018, we saw an increase in the number of new owners being registered and this trend has continued. The total number of active owners was up 6.4% for the year and this includes a rise of 6.8% in the number of new owners participating in our sport. While attendances were marginally down the previous year, 2019 saw a welcome increase of over 3% in the total numbers attending our 26 racecourses.

As we write this, the industry is facing a number of challenges. The uncertainty of Brexit was a major factor as the value of Irish bloodstock sales suffered a decline in 2018, the first reversal recorded in nine years. However, there is an undoubted attraction for Irish horses on the international market and this shone through once again in last year's figures. Bloodstock sales at public auction and the value of Irish-foaled exported horses sold through the ring both increased with Irish-foaled horses exported to 32 countries. Our global reputation for excellence will always stand to us.

In presenting these financial statements, I again thank the Board of Horse Racing Ireland for their work in driving the industry forward. I also acknowledge the commitment of those who serve us all through the many subsidiary boards and statutory and advisory committees.

The dedication of the senior management team and staff of Horse Racing Ireland is to be commended. I thank each and every one of them, at Ballymany and on our racecourses at Fairyhouse, Leopardstown, Navan and Tipperary, for their tremendous efforts in the overall administration of Irish horse racing.

Nicky Hartery  
Chairman

## CHIEF EXECUTIVE'S REPORT

Building on a number of gains made in the previous twelve months, 2019 was another successful year for the Irish racing and breeding industries. Our focus on ownership paid dividends once again, leading to a further increase in the number of horses-in-training and to more horses competing in a strong racing programme.

The numbers running in Flat races was up by over 7% with an increase of close to 4% in National Hunt races. This is a consequence of a welcome rise in the number of horses in-training, all emanating from another year of solid growth in racehorse ownership.

The number of new owners rose significantly once again, and the rate of owner retention was at its highest in over a decade. Owners active for two consecutive years was recorded at 75%, the highest that this key figure has been since 2007.

A significant increase in commercial sponsorship, up for the fourth straight year, and a rise in racecourse contributions were the key to a 4% growth in prizemoney which topped €67.6m for the year. All 20 Grade 2 and Grade 3 racecourses took advantage of a special fund of €500,000 to boost the value of their feature races, enhancing the quality of key racing days throughout the country and the year.

We can also be encouraged by the increase of over 3% in attendance figures for 2019 and the increased demand for Irish horses at the sales, which was so welcome given the uncertainty of Brexit.

The success of Irish horses was far reaching. There were fourteen Irish-trained winners, spread across seven different trainers, at the Cheltenham Festival, including victories for Al Boum Photo in the Cheltenham Gold Cup and Espoir D'Allen in the Unibet Champion Hurdle. Rachael Blackmore went to Cheltenham seeking her first festival winner and came home with two. Tiger Roll led home an Irish-trained 1-2-3 as he became the first horse since Red Rum in 1974 to win the Aintree Grand National for the second consecutive year.

On the Flat, Aidan O'Brien won three British Classics, including a record-equalling seventh Epsom Derby victory. At the Curragh, Siskin gave trainer Ger Lyons his first Group 1 and in the United States, Joseph O'Brien won his first race at the Breeders' Cup, becoming the youngest winning trainer at the meeting, eight years after he became the youngest jockey to win a Breeders' Cup race.

Brian Kavanagh  
Chief Executive



## FINANCE REVIEW

The financial statements of the Horse Racing Ireland Group show a deficit for the year ended 31<sup>st</sup> December 2019. HRI's deficit for the year decreased from €3.450m in 2018 to €1.054m in 2019.

### *GROUP INCOME AND EXPENDITURE ACCOUNT*

Turnover for the year decreased by 10%, or €8.041m to €72.990m compared to €81.031m in 2018, the largest element of which related to Tote betting. Tote Ireland turnover decreased from €65.235m to €56.476m. For the majority, this can be accounted for by a significant drop in international money being bet into Irish pools. The Share of Stakes Placed decreased by €1.065m compared to 2018 and is reflective of the decline experienced in turnover.

Racecourse income has increased by €0.557m. This increase has been offset by an increase in racecourse operating costs of €1.617m. Income from bookmakers increased by €0.161m in 2019 which was mainly driven by improved turnover in 2019.

The number of fixtures staged in Ireland in 2019 was 363, the same as in 2018. The total number of races run was 2,663 compared to 2,644 in 2018.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2019 and on [www.goracing.ie](http://www.goracing.ie).

### *OTHER INCOME*

The movement in other income can be attributed to an increase in the Horse and Greyhound Racing Fund, growth in prizemoney, media income and registrations income and a decrease in other income and fair value of investment properties.

The allocation to horse racing from the Horse and Greyhound Racing Fund increased by €3.200m in 2019. The total allocation to horse racing in 2019 was €67.200m.

The increase in media income is due primarily to an increase in streaming figures and additional racecard information customers.

The increase in registrations income was due primarily to higher bookage income and volume increases for both names and colours registrations.

### *PRIZEMONEY*

The total prizemoney pool of €67.602m showed an increase of €2.690m from the previous year's total of €64.912m. Owners contributions increased by €0.695m which is partly due to increased entry fees but also because entry levels rose year on year by 2.8%. Sponsorship increased by €0.649m due primarily to increases at the Curragh, Leopardstown, Galway and Dundalk. Prizemoney increased by €2.690m due to increased contributions from owners, sponsors and Horse Racing Ireland together with the impact of the relaunch of the Curragh.

### *POINT TO POINTS*

Within the overall prizemoney pool, Point to Point prizemoney in 2019 totalled €1.539m, an increase of 7%. Payments made in respect of Point to Point Integrity costs remained similar year on year and amounted to €0.732m in 2019.

## FINANCE REVIEW (continued)

There was an increase of two point to point fixtures from 98 in 2018 to 100 in 2019. There was a decrease of seven point to point races from 637 in 2018 to 630 in 2019.

### *EXPENDITURE*

During 2019, Group expenditure excluding prizemoney decreased to €35.539m which was a decrease of 8% or €3.176m from the 2018 figure of €38.715m.

Investment properties, which include a health and fitness club, a retail unit and an office building, were valued to fair value by Knight Frank. The methods used to determine fair value were the comparative and investment methods and significant assumptions were applied to size, location, terms, covenant and other material factors. There are no restrictions on the realisability of any of the investment properties.

During the year, works to the properties amounted to €2.055m and there was an increase in the fair value of the properties of €0.195m. The additions primarily related to the conversion works of the former Irish Horseracing Authority Office Building. These works were completed in Aug 2019. The fair value of the properties as at 31 December 2019 was €13.950m.

HRI established a capital development scheme for racecourses in 2015. Under this scheme HRI provides up to a maximum of 40% of funding for approved capital projects at Authorized Racecourses with the balance being funded by the racecourses. Racecourse capital grants decreased by €4.822m in 2019 which was the final year of the scheme.

HRI provides funding to the Irish Horseracing Regulatory Board to meet the cost of providing on-course integrity services. Integrity and the associated Racecourse Services costs amounted to €12.636m in 2019 with integrity services increasing by €0.542m or 6% in the year. The increase in spend in 2019 relates to IT capital spending relating to the weigh in procedure and an online licensing application system.

Additionally, HRI directly funds Racecourse Service costs for which includes the mobile camera and broadcast unit, starting stalls & photo finish. Racecourse services costs showed an increase of 4% or €0.133m over 2019. This increase is primarily due to legal & consultancy costs associated with the new broadcasting tender in 2019.

Grants paid to industry bodies remained broadly in line with the amounts paid during 2018.

Distributions paid under the Foal Levy Scheme in 2019 remained broadly the same as 2018 at €1.550m. The primary third-party beneficiaries of the Foal Levy funds in 2019 were the Irish Equine Centre, in receipt of €0.900m and the Irish Thoroughbred Breeders' Association, in receipt of €0.450m. Irish Thoroughbred Marketing Limited was also a beneficiary and received €0.450m.

Horse Racing Ireland's administration costs increased from €7.374m in 2018 to €7.834m in 2019. The increase in administration costs related predominantly to an increase in labour and IT costs, including licensing and security.

## **FINANCE REVIEW (continued)**

Marketing and Communications costs increased by €0.534m, primarily driven by costs associated with development of a new HRI brand and the commissioning of a Regional Economic Impact Survey.

### *GROUP CASH FLOW*

In 2019, Group cash inflows from operating activities amounted to €9.487m. The net cash outflows from investing activities totalled €23.341m, giving total cash outflow of €13.854m.

During the year, Group payments to acquire tangible fixed assets totalled €14.194m and investment in associate undertakings amounted to €5.500m.

During the year the Group purchased listed investments of €14.883m and sold listed investments of €12.383m. This resulted in a net outflow of cash of €2.500m.

During 2019, €12.500m in loans were drawn down and bank loans of €3.000m were repaid.

**AUDITED GROUP  
FINANCIAL STATEMENTS  
HORSE RACING IRELAND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**



**HORSE RACING IRELAND**  
**BOARD MEMBERS AND OTHER INFORMATION**

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<b>Board Members</b>	Mr. Nicholas Hartery (Chairperson)	(Appointed 24 May 2018)
	Mr. Bernard Caldwell	
	Mr. Daragh Fitzpatrick	(Appointed 26 January 2018)
	Mr. Christy Grassick	(Appointed 26 January 2018)
	Mr. Michael Halford	
	Ms. Elizabeth Headon	
	Mr. Harry McCalmont	
	Mr. Robert Nixon	
	Ms. Carol Nolan	(Appointed 28 March 2018)
	Mr. Peter Nolan	
	Mr. Conor O'Neill	(Appointed 10 December 2018)
	Ms. Meta Osborne	
	Mr. John Powell	
Ms. Caren Walsh	(Appointed 10 October 2019)	
Mr. James Gough	(Retired 10 October 2019)	
<b>Secretary</b>	Mr. Raymond Horan	
<b>Registered Office</b>	Ballymany The Curragh Co. Kildare	
<b>Auditors</b>	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1	
<b>Solicitors</b>	William Fry 2 Grand Canal Square Dublin 2	
	LK Shields 40 Mount Street Upper Dublin 2	
<b>Bankers</b>	Bank of Ireland Allied Irish Banks p.l.c. KBC Bank Ireland p.l.c. Permanent tsb Group Holdings p.l.c. Ulster Bank Ireland DAC	

# HORSE RACING IRELAND

## GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

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### **Governance**

The Board of Horse Racing Ireland was established under the Irish Horseracing Industry Act, 1994 (as amended) ("the Act").

The functions of the Board are set out in section 10 of the Act. The Board is accountable to the Minister for Agriculture, Food and the Marine and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of Horse Racing Ireland are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and senior management of Horse Racing Ireland.

Horse Racing Ireland is also responsible for the administration of its nine subsidiaries and the authorisation of transactions in each of the subsidiaries. The governance arrangements and control procedures within Horse Racing Ireland also apply to each of the subsidiaries.

Horse Racing Ireland's mission is to develop and promote Ireland's horse racing and breeding industries, to administer and govern the sport of horse racing in Ireland, to cultivate and promote the highest standards of integrity and welfare.

### **Board Member Responsibilities**

The work and responsibilities of the members are set out in the Schedule of Reserved Board Functions, which also contains the matters specifically reserved for Board decision. Standing items considered by the Board include:

- Strategic and business planning
- Financial management
- Resource allocation
- Corporate governance
- Reports from committees
- Financial reports / management accounts
- Risk management

The Board also considers declaration of interests and performance reporting as well as the above matters reserved for Board decision.

Section 29 of the 1994 Act requires the Board of Horse Racing Ireland to keep, in such form as may be approved by the Minister for Agriculture, Food and the Marine with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of Horse Racing Ireland is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Horse Racing Ireland and the Group will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the financial statements are prepared in accordance with Section 29 of the Act and accounting standards generally accepted in Ireland. The maintenance and integrity of the publication of the corporate and financial information for Horse Racing Ireland is the responsibility of the Board.

The Board is responsible for approving the strategic plan and the annual budget which are evaluated on an ongoing basis. The 2020-2024 strategic plan was approved by the Board and is available online.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of Horse Racing Ireland give a true and fair view of the financial performance and the financial position of Horse Racing Ireland at 31 December 2019.

**HORSE RACING IRELAND**  
**GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT (CONTINUED)**

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**Board Structure**

The Board consists of a Chairperson and thirteen ordinary members, all of whom are appointed by the Minister for Agriculture, Food and the Marine. Members of the Board are generally appointed for a period of four years. In some instances, a second term may be served or the period of appointment may be longer. Members meet between 8 - 10 times per calendar year. The date of appointment of current members has been included at Note 15 to the Financial Statements. Following a change in Chair and strategic planning work, the Board commenced an internal Board Effectiveness and Evaluation Review which is ongoing and will be completed in 2020.

The Board has established five committees. Four of these committees are required by statute and one is required by the Code of Practice for the Governance of State Bodies. Their membership is defined by reference to the underlying statutory provisions, Code provisions or internal terms of reference and complies with same. No committee members receive any fees in relation to these appointments.

**Statutory Committees**

*Fixtures Committee*

The fixtures committee is responsible for determining and recommending proposals for the annual list of race fixtures, new or additional fixtures in the event of abandonment or cancellation of fixtures, monitoring the programme of race fixtures and proposing policies and strategies which form the basis for determining race fixtures.

*Media Rights Committee*

The media rights committee holds responsibility for determining and recommending media rights policies and strategies which form the basis for media rights contracts and arrangements, monitoring the international media landscape / market, overseeing the negotiation and financial arrangements associated with the sale or licensing relating to media rights.

*Betting Committee*

The betting committee determines and recommends strategies and policies for Horse Racing Ireland in relation to the betting sector in accordance with the terms of the Act.

*Industry Services Committee*

The industry services committee is responsible for determining and recommending initiatives and proposals, that could be implemented and/or supported by Horse Racing Ireland, as industry initiatives in order to strengthen the skills, learning and development and represent the interests of those employed in the industry.

*Fixtures Committee (3 meetings)*

Harry McCalmont	<i>Board member</i>
<i>(Chairperson)</i>	
Michael Halford	<i>Board member</i>
Conor O'Neill	<i>Board member</i>
Meta Osborne	<i>Board member</i>
Caren Walsh <i>(Appointed 16/12/19)</i>	<i>Board member</i>
James Gough <i>(Retired 16/12/19)</i>	<i>Board member</i>
John Moloney <i>(Retired 16/12/19)</i>	<i>External member</i>

*Media Rights Committee (3 meetings)*

Conor O'Neill	<i>Board member</i>
<i>(Chairperson)</i>	
Nicholas Hartery	<i>Board member</i>
Michael Moloney <i>(Appt. 16/12/19)</i>	<i>External member</i>
Robert Nixon <i>(Appt. 16/12/19)</i>	<i>Board member</i>
Meta Osborne	<i>Board member</i>
James Gough <i>(Retired 16/12/19)</i>	<i>Board member</i>
Derek McGrath <i>(Retired 16/12/19)</i>	<i>External member</i>

*Betting Committee (5 meetings)*

Daragh Fitzpatrick	<i>Board member</i>
<i>(Chairperson)</i>	
Allan Byrne	<i>External member</i>
Sharon Byrne	<i>External member</i>
Elizabeth Headon	<i>Board member</i>
Ross Kierans <i>(Appointed 16/12/19)</i>	<i>External member</i>

*Industry Services Committee (5 meetings)*

Carol Nolan	<i>Board member</i>
<i>(Chairperson)</i>	
Bernard Caldwell	<i>Board member</i>
Andrew Coonan	<i>External member</i>
John Flannery	<i>External member</i>
Michael O'Donoghue	<i>External member</i>

**HORSE RACING IRELAND**  
**GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT (CONTINUED)**

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**Code of Practice for the Governance of State Bodies Committees**

**Audit & Risk Committee**

The audit and risk committee is responsible for oversight and assistance to the HRI Board in relation to compliance, internal control framework, internal and external audit reviews, risk management and other regulatory or compliance matters.

**Audit & Risk Committee (5 meetings)**

Sasha Kerins (Chairperson)	(Appointed 04/03/19)	External member
Robert Nixon	(Appointed 16/12/19)	Board member
Peter Nolan		Board member
Patricia O'Connor	(Appointed 10/06/19)	External member
Meta Osborne	(Appointed 16/12/19)	Board member
Nick Wachman		External member
Con Haugh	(Retired 04/03/19)	External member
Bernard Caldwell	(Retired 16/12/19)	Board member
James Gough	(Retired 16/12/19)	Board member

**Schedule of Attendance, Fees and Expenses**

A schedule of attendance of Board members at the Board and Committee meetings for 2019 is set out in Note 15 to the financial statements. This includes the fees and expenses received by each member.

**Key Personnel Changes**

There were a number of changes to Board members during 2019 which are reflected on page 2. In accordance with the Act, all appointments are made by the Minister for Agriculture, Food and the Marine.

**Code of Practice for the Governance of State Bodies**

The Board is responsible for ensuring that Horse Racing Ireland has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The Board has adopted the Code of Practice for the Governance of State Bodies and has put procedures in place to ensure compliance with the Code.

**Events since the financial year end**

There have been two significant events affecting the company since the financial year end. The impact of Covid-19 has had a very significant effect on Horse Racing Ireland with a loss of Revenue. On the 25th March 2020, all Irish horseracing was cancelled in line with Government guidelines. On 8th June 2020, racing resumed behind closed doors with strict protocols in place. Work is ongoing and the financial impact is still under review.

In April 2020, Horse Racing Ireland concluded a sale of lands at Ballyogan, Dublin 18 to the Department Of Education & Skills who had identified the site as a location for the construction of a new post primary school. The sales proceeds were €12.430m.

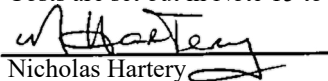
**Statement of Compliance**

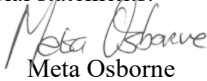
Horse Racing Ireland has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions:

Horse Racing Ireland does not disclose details of the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €25,000 from €50,000 upwards in their annual report and/or financial statements due to the commercial sensitivity of this information. This departure from the Code has been agreed with the Department of Agriculture, Food and the Marine.

In addition to the afore mentioned derogation, Horse Racing Ireland has sought formal derogations from the application of the Code of Practice for the Governance of State Bodies in relation to the imposition of restrictions on further employment on Board members and staff and the requirement to oblige grant recipients to include staff benefits tables within their published financial statements where such publication arises solely as a consequence of such grant aid being provided by Horse Racing Ireland. We are currently awaiting a response at time of signing the accounts.

The Code required disclosures for Consultancy Costs, Legal Costs and Settlements, Travel and Subsistence and Hospitality Costs are set out in Note 15 to the financial statements.

  
Nicholas Hartery  
Chairperson

  
Meta Osborne  
Board Member

20th July 2020  
Date





## **Ard Reachtaire Cuntas agus Ciste** **Comptroller and Auditor General**

### **Report for presentation to the Houses of the Oireachtas**

#### **Horse Racing Ireland**

#### **Opinion on the financial statements**

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2019 as required under the provisions of section 28 of the Irish Horseracing Industry Act 1994. The financial statements comprise

- the group statement of income and expenditure
- the group statement of comprehensive income
- the group statement of changes in reserves and capital account
- the Horse Racing Ireland statement of changes in reserves and capital account
- the group statement of financial position
- the Horse Racing Ireland statement of financial position
- the group statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the group and of Horse Racing Ireland at 31 December 2019 and of the group's income and expenditure for 2019 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### ***Basis of opinion***

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of Horse Racing Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Report on information other than the financial statements, and on other matters**

Horse Racing Ireland has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report

## Report of the C&AG (continued)

### *Loss related to associate*

The group statement of income and expenditure indicates that the group incurred a loss of €2.064 million in 2019 related to Horse Racing Ireland's investment in an associate company, Curragh Racecourse Limited. As explained in note 39, Horse Racing Ireland had invested €23 million in the associate by the end of 2019, and had a 35.29% economic share in the company. The group's cumulative loss to end 2019 arising from the investment was €4.523 million (see note 37).

### *Loss of cash*

The statement on internal control discloses that the group also incurred a loss of €389,000 in 2019 arising from the liquidation of a cash-in-transit service provider. The steps taken to reduce the risk of further such losses are also set out.



**Seamus McCarthy**  
**Comptroller and Auditor General**

**24 July 2020**

## Appendix to the report

### Responsibilities of Board members

As detailed in the governance statement and Board members' report, the Board members are responsible for

- the preparation of financial statements in the form prescribed under section 28 of the Irish Horseracing Industry Act 1994
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 28 of the Irish Horseracing Industry Act 1994 to audit the financial statements of Horse Racing Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I 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 my 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.
- I 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 internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Horse Racing Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Horse Racing Ireland to cease to continue as a going concern.
- I 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

## STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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### **Scope of Responsibility**

On behalf of the Board of Horse Racing Ireland, I acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated in respect of Horse Racing Ireland and each of its subsidiaries. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk within a clearly articulated risk framework. The system is designed to provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The trading subsidiaries operate a similar reporting structure in relation to the controls in accordance with the requirement of the Code of Practice for the Governance of State Bodies.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Horse Racing Ireland for the year ended 31 December 2019 and up to the date of approval of the financial statements.

The System of Internal Control is built on a framework of:

- Regular financial information.
- Administrative procedures including segregation of duties and responsibilities and a system of delegation and accountability.
- A comprehensive annual budgeting system, including approval by the Board of HRI's budget.
- Regular reviews by the Board of financial reports and key performance activity with performance measured against budgets.
- Clearly defined capital investment control procedures.
- Compliance with purchasing policies and procedures.
- An annual external audit performed by the Comptroller and Auditor General.
- A comprehensive internal audit programme overseen by the Audit and Risk Committee.

### **Capacity to Handle Risk**

Horse Racing Ireland's Audit and Risk Committee comprise three Board members and three external members, with financial and audit expertise, one of whom is the Chair. The Audit and Risk Committee met five times in 2019.

Horse Racing Ireland has an outsourced internal audit function which is adequately resourced and conducts a programme of work agreed with the Audit & Risk Committee. The internal audit function reports directly to the Audit and Risk Committee which in turn reports to the Board of Horse Racing Ireland. The internal audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit and Risk Committee on behalf of the Board. In 2019, eight separate internal audit reports were presented to the Audit and Risk Committee.

The Audit and Risk Committee has overseen the compilation of a risk management policy which sets out the organisation's risk appetite, the risk management processes and details the roles and responsibilities of staff in relation to risk management. This policy was approved by the Board in 2019. The policy has been issued to all relevant personnel who are required to implement Horse Racing Ireland's risk management policy, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work. A formal process to identify and evaluate organisation business risks is in place. An executive risk management committee meets regularly during the year and submits their reports to the Audit and Risk Committee.

### **Risk and Control Framework**

Horse Racing Ireland has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. Corporate and departmental risk registers are in place which identifies the key risks facing Horse Racing Ireland and its subsidiaries and these have been evaluated and graded according to their significance. The corporate register is reviewed and updated by the executive risk management committee on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The Board reviews the key corporate risks as a standing item on the agenda and the full corporate register at least once a year.



**STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board has taken steps to ensure an appropriate control environment is in place through:

- A clearly defined Management Structure within Horse Racing Ireland and its subsidiaries with clarity on management responsibilities and functions.
- Developing a strong culture of accountability across all levels of the organisation.
- Establishment of formal procedures to monitor activities and safeguard the assets of all companies within the organisation.
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken.
- Establishment of systems aimed at ensuring the security of the information and communication technology systems.
- Implementing control procedures over grant funding to outside agencies to ensure adequate control over approval of grants and monitoring and review of grantees to ensure grant funding has been applied for the purpose intended.
- An appropriate budgeting system with an annual budget which is kept under review by senior management.

Horse Racing Ireland have engaged extensively with the Department of Agriculture, Food and the Marine and other key stakeholders in relation to the significant risks to the Industry as a result of Covid-19. Horse Racing Ireland have reviewed a number of scenarios and financial forecasts and have taken appropriate measures to mitigate the financial impact to the organisation and the wider industry.

Brexit has a potentially serious impact across both the organisation and industry including, but not limited to, the impact of foreign exchange, movement of horses and potential customs costs and delays. HRI has participated in a joint Task Force comprising representatives of the International Federation of Horse Racing Authorities, the European Federation of Thoroughbred Breeders and the Federation Equestre International which has presented a Dossier and Blueprint for frictionless movement of equines within the EU or between EU and the Third Countries after Britain completes its departure from the EU and the enactment of new Animal Health Legislation. This Dossier has been presented to the EU Negotiator and widely circulated across key stakeholders and all relevant ministerial levels.

Horse Racing Ireland have continued to work closely with the Board and management of Curragh Racecourse Limited in relation to its financial performance. Horse Racing Ireland are providing operational and financial management support to Curragh Racecourse Limited and have put into place a service level agreement in order to improve efficiency and performance of Curragh Racecourse Limited.

Horse Racing Ireland have recognised the trading difficulties experienced by Tote Ireland Limited, coupled with the constraints imposed by Covid-19, as a significant risk. In response to this the Board of Horse Racing Ireland approved a strategic alliance between Tote Ireland Limited and the UK Tote Group in April 2020 in order to provide real growth and efficiency opportunities for Tote Ireland Limited. The Board of Horse Racing Ireland do not anticipate any obstacle to the renewal of the Totalisator License assigned to Tote Ireland Limited.

#### **Ongoing Monitoring & Review**

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. The following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned.
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

#### **Public Spending Code**

The Public Spending Code: Expenditure Planning, Appraisal and Evaluation in the Irish Public Service - Standard Rules & Procedures, suitably modified for the circumstances of Horse Racing Ireland, is currently being complied with.

Horse Racing Ireland has procedures in place to ensure compliance with current procurement rules and guidelines and during 2019 Horse Racing Ireland complied with those procedures.

**STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**Annual Review of Effectiveness**

Horse Racing Ireland has procedures to monitor the effectiveness of its risk management and control procedures. The Board commenced an annual review of the effectiveness of internal controls in March 2020 and concluded this review in April 2020. The review was co-ordinated by the Audit and Risk Committee and included a review by the Board of:

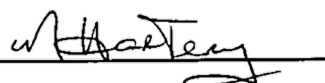
- The Review of Systems of Internal Control completed by internal audit
- The results of the internal audit programme which audited financial and other controls.
- The management letter prepared by the Office of the Comptroller and Auditor General.
- The annual report by the Audit and Risk Committee to the Board of Horse Racing Ireland.
- The assurance report by the Internal Audit function to the Board.

Despite the significant controls in place, HRI Group suffered a financial loss of €389,000 in relation to cash in transit services. The service provider went into liquidation whilst holding cash relating to both Horse Racing Ireland owned racecourses and Tote Ireland Limited. Horse Racing Ireland awarded its cash in transit service to a new provider which provides a shorter turnaround time in relation to cash lodgements minimising risk to the organisation. The new provider holds separate bank accounts for all aspects of customer funds. Horse Racing Ireland now operate with a secure online portal for all floats and lodgements. The new provider is operating with strong adherence to contractual key performance indicators.

Furthermore, in preparation for a land disposal in 2019 Horse Racing Ireland identified an issue with a previous complex Leopardstown land transaction which occurred in 2016 and was omitted in the 2016 financial statements. Management identified a chargeable gain relating to the disposal of land and have made an unprompted qualifying disclosure to the revenue for an underpayment of tax. As a result, the land transaction and the capital gain tax charge have now been recognised in the 2019 financial statements. Horse Racing Ireland have enhanced controls in relation to land transactions to ensure that all such matters are considered by relevant experts and completed on a timely basis ensuring compliance with code.

There were no other weaknesses identified in internal control that resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

This statement on internal control has been reviewed by the Audit and Risk Committee to ensure that it accurately reflects the control system in operation during the reporting period.



Nicholas Hartery  
Chairperson

20th July 2020  
Date

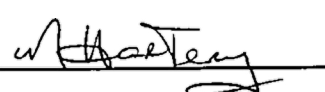
**GROUP STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Notes	€'000	€'000
<b>Turnover</b>			
Tote Ireland turnover		56,476	65,235
Betting related fees		1,642	1,481
Racecourse income	7	14,872	14,315
<b>Total turnover</b>		<b>72,990</b>	<b>81,031</b>
Winnings paid by Tote Ireland	4	(51,324)	(59,018)
Operating costs	4	(21,372)	(20,373)
<b>Direct costs</b>		<b>(72,696)</b>	<b>(79,391)</b>
<b>Income from Racing</b>		<b>294</b>	<b>1,640</b>
<b>Other income</b>			
Allocation from the Horse and Greyhound Racing Fund	5	67,200	64,000
Prizemoney contributions from Owners and Sponsors	9	23,451	22,107
Foal levy	6	2,027	2,037
Media income		6,839	6,718
Registrations income		2,613	2,554
Industry services income		390	372
Other income	8	354	522
Industry contributions to Irish Thoroughbred Marketing		443	443
Fair value movements of investment properties	18	195	-
Interest income	15	235	211
<b>Net income</b>		<b>104,041</b>	<b>100,604</b>
<b>Expenditure</b>			
Contributions to prizemoney	9	44,151	42,805
Prizemoney contributions from Owners and Sponsors	9	23,451	22,107
Industry support schemes		1,652	1,504
Integrity and racecourse services	10	12,636	11,961
Racecourse schemes	12	1,094	1,067
Capital development fund grants	12	1,500	6,322
Capital development fund interest and expenses		760	840
Grants / Fees to industry bodies	11	2,977	2,960
Foal levy distribution	6	1,550	1,521
Other income/expenditure		672	913
Horse Racing Ireland administration costs	15	7,834	7,374
Irish Thoroughbred Marketing expenditure		1,933	1,856
General marketing and promotions		2,931	2,397
		<b>103,141</b>	<b>103,627</b>
Share of operating loss of associate	17	(2,064)	(1,080)
Other finance expense		(163)	(155)
Exceptional items	14	632	1,239
Taxation	13	(359)	(431)
<b>Deficit</b>	15	<b>(1,054)</b>	<b>(3,450)</b>

**GROUP STATEMENT OF INCOME AND EXPENDITURE (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

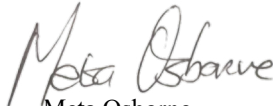
	2019	2018
	€'000	€'000
Deficit for the financial year	(1,054)	(3,450)
<i><b>Deficit attributable to:</b></i>		
Horse Racing Ireland Group	(1,056)	(3,452)
Non-controlling interest	2	2
	(1,054)	(3,450)

The result on ordinary activities arises solely from continuing activities.  
Notes 1 to 42 form part of these financial statements.


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Nicholas Hartery  
Chairperson

  
Meta Osborne  
Board Member

20th July 2020  
Date



**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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	Notes	2019 €'000	2018 €'000
Deficit for the financial year		(1,054)	(3,450)
Actuarial loss recognised in the pension scheme	30	(1,032)	(499)
Gain on DB pension scheme combination	30	-	197
Share of comprehensive loss of associate	17	(23)	(10)
<b>Total comprehensive expenditure for the financial year</b>		<b>(2,109)</b>	<b>(3,762)</b>
 <i>Total comprehensive expenditure attributable to:</i>			
Horse Racing Ireland Group		(2,111)	(3,764)
Non-controlling interest		2	2
		<b>(2,109)</b>	<b>(3,762)</b>

Notes 1 to 42 form part of these financial statements.

**GROUP STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Group Revenue Reserves**

	<b>Other Comprehensive Income</b>	<b>I &amp; E Reserves</b>	<b>Establishment Reserve</b>	<b>Non Distributable Reserves</b>	<b>Capital Reserves</b>	<b>Total Establishment and Other Reserves</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b><i>Current financial year</i></b>						
At 1 January 2019	(14,418)	62,860	17,183	6,875	17,912	90,412
Retained loss	-	(1,054)	-	-	-	(1,054)
Transfer to/(from) reserves	-	14,944	-	-	(14,944)	-
Non-controlling interest	-	(2)	-	-	-	(2)
Other comprehensive loss	(23)	-	-	-	-	(23)
Actuarial loss	(1,032)	-	-	-	-	(1,032)
At 31 December 2019	(15,473)	76,748	17,183	6,875	2,968	88,301
<b><i>Prior financial year</i></b>						
At 1 January 2018	(14,106)	65,228	17,183	6,875	18,996	94,176
Retained loss	-	(3,450)	-	-	-	(3,450)
Transfer to/(from) reserves	-	1,084	-	-	(1,084)	-
Non-controlling interest	-	(2)	-	-	-	(2)
Other comprehensive gain	187	-	-	-	-	187
Actuarial loss	(499)	-	-	-	-	(499)
At 31 December 2018	(14,418)	62,860	17,183	6,875	17,912	90,412
				<b>Total Establishment and Other Reserves €'000</b>	<b>Non- controlling Interest €'000</b>	<b>Total Equity €'000</b>
<b><i>Current financial year</i></b>						
At 1 January 2019				90,412	14	90,426
Retained loss				(1,054)	-	(1,054)
Transfer to/(from) reserves				-	-	-
Non-controlling interest				(2)	2	-
Other comprehensive loss				(23)	-	(23)
Actuarial loss				(1,032)	-	(1,032)
At 31 December 2019				88,301	16	88,317
<b><i>Prior financial year</i></b>						
At 1 January 2018				94,176	12	94,188
Retained loss				(3,450)	-	(3,450)
Transfer to/(from) reserves				-	-	-
Non-controlling interest				(2)	2	-
Other comprehensive gain				187	-	187
Actuarial loss				(499)	-	(499)
At 31 December 2018				90,412	14	90,426

Notes 1 to 42 form part of these financial statements.

**HORSE RACING IRELAND STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**Horse Racing Ireland Revenue Reserves**

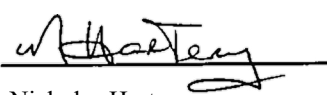
	<b>Other Comprehensive Income</b>	<b>I &amp; E Reserves</b>	<b>Establishment Reserve</b>	<b>Non Distributable Reserves</b>	<b>Capital Reserves</b>	<b>Total Establishment and Other Reserves</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b><i>Current financial year</i></b>						
At 1 January 2019	(14,387)	24,403	9,592	6,875	17,912	44,395
Retained loss	-	(2,595)	-	-	-	(2,595)
Transfer to/(from) reserves	-	14,944	-	-	(14,944)	-
Actuarial loss	(1,032)	-	-	-	-	(1,032)
At 31 December 2019	(15,419)	36,752	9,592	6,875	2,968	40,768
<b><i>Prior financial year</i></b>						
At 1 January 2018	(14,085)	27,429	9,592	6,875	18,996	48,807
Retained loss	-	(4,110)	-	-	-	(4,110)
Transfer to/(from) reserves	-	1,084	-	-	(1,084)	-
Other comprehensive gain	197	-	-	-	-	197
Actuarial loss	(499)	-	-	-	-	(499)
At 31 December 2018	(14,387)	24,403	9,592	6,875	17,912	44,395

Notes 1 to 42 form part of these financial statements.

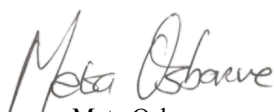
**GROUP**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Notes	2019 €'000	2018 €'000
<b>Fixed assets</b>			
Tangible assets	16	85,522	75,123
Financial assets	17	35,892	29,673
Investment properties	18	13,950	11,700
Negative goodwill	19	(2,078)	(2,078)
		<b>133,286</b>	<b>114,418</b>
<b>Current assets</b>			
Debtors	20	8,064	10,093
Cash at bank	22	32,767	37,436
		<b>40,831</b>	<b>47,529</b>
<b>Creditors: Amounts falling due within one year</b>	23	51,692	48,928
<b>Net current liabilities</b>		<b>(10,861)</b>	<b>(1,399)</b>
<b>Debtors: Amounts falling due after one year</b>	21	500	-
<b>Total assets less current liabilities</b>		<b>122,925</b>	<b>113,019</b>
<b>Creditors: Amounts falling due after one year</b>	24	24,605	12,522
Provision for liabilities	26	1,477	1,397
Pension liability	30	8,526	8,674
<b>Net assets</b>		<b>88,317</b>	<b>90,426</b>
<b>Capital and reserves</b>			
Establishment reserve	28	17,183	17,183
Revenue reserves	29	61,275	48,442
Non-distributable reserves	29	6,875	6,875
Capital reserves	29	2,968	17,912
<b>Capital and reserves attributable to Group</b>		<b>88,301</b>	<b>90,412</b>
Non-controlling interest	31	16	14
<b>Total capital and reserves</b>		<b>88,317</b>	<b>90,426</b>

Notes 1 to 42 form part of these financial statements.



Nicholas Hartery  
Chairperson



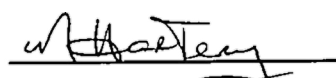
Meta Osborne  
Board Member

20th July 2020  
Date

**HORSE RACING IRELAND**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Notes	2019 €'000	2018 €'000
<b>Fixed assets</b>			
Tangible assets	16	22,493	21,613
Financial assets	17	41,966	33,660
Investment properties	18	6,750	4,600
		<b>71,209</b>	<b>59,873</b>
<b>Current assets</b>			
Debtors	20	25,094	20,609
Cash at bank	22	25,084	28,708
		<b>50,178</b>	<b>49,317</b>
<b>Creditors: Amounts falling due within one year</b>	23	48,007	43,621
<b>Net current assets</b>		<b>2,171</b>	<b>5,696</b>
<b>Debtors: Amounts falling due after one year</b>	21	500	-
<b>Total assets less current liabilities</b>		<b>73,880</b>	<b>65,569</b>
<b>Creditors: Amounts falling due after one year</b>	24	24,586	12,500
Pension liability	30	8,526	8,674
<b>Net assets</b>		<b>40,768</b>	<b>44,395</b>
<b>Capital and reserves</b>			
Establishment reserve	28	9,592	9,592
Revenue reserves	29	21,333	10,016
Non-distributable reserves	29	6,875	6,875
Capital reserves	29	2,968	17,912
<b>Total capital and reserves</b>		<b>40,768</b>	<b>44,395</b>

Notes 1 to 42 form part of these financial statements.



Nicholas Hartery  
Chairperson



Meta Osborne  
Board Member

20th July 2020  
Date



**GROUP STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 €'000	2018 €'000
<b>Net cash inflow from operating activities</b>	34	<b>9,487</b>	<b>3,558</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of tangible fixed assets		172	310
Payments to acquire tangible fixed assets		(14,194)	(4,790)
Payments to improve investment properties		(2,055)	-
Investment in associate undertakings		(5,500)	(3,250)
Receipts from financial asset loans		265	265
Receipts / (Loans) to / from racecourses and industry bodies		277	(71)
Sale of unlisted investments - net		-	22,476
Purchase of listed investments - net		(2,500)	(1,980)
Interest received		194	163
<b>Net cash flows from investing activities</b>		<b>(23,341)</b>	<b>13,123</b>
<b>Cash flows from financing activities</b>			
Loans in the period		12,500	2,500
Bank loan repayment		(3,000)	(3,000)
Interest paid		(315)	(301)
<b>Net cash flows from financing activities</b>		<b>9,185</b>	<b>(801)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,669)</b>	<b>15,880</b>
Cash and cash equivalents at beginning of financial year	35	37,436	21,556
<b>Cash and cash equivalents at end of financial year</b>	35	<b>32,767</b>	<b>37,436</b>

Notes 1 to 42 form part of these financial statements.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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## **1. Accounting Policies**

The following accounting policies are applied consistently in dealing with items which are considered material in relation to the Group's and Parent's financial statements.

### **General Information and Basis of Accounting**

Horse Racing Ireland is the national authority for thoroughbred horse racing in Ireland, with responsibility for the governance, development and promotion of the industry under the Horse and Greyhound Racing Act 2001, as updated for the Horse and Greyhound Racing Act 2016. Horse Racing Ireland's mission is to develop and promote Ireland's horse racing and breeding industries, to administer and govern the sport of horse racing in Ireland, to cultivate and promote the highest standards of integrity and welfare.

#### *Statement of Compliance*

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with generally accepted accounting practice, including Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council as promulgated by Chartered Accountants Ireland.

The unit of currency in which the financial statements are presented in is Euro.

The subsidiary companies all meet the definition of a qualifying entity under FRS 102 and have therefore availed of the disclosure exemptions available to them in respect of the Company financial statements. Permitted FRS102 disclosure exemptions have been taken in the Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Comparative figures for the prior year have been restated in line with the current year.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of Horse Racing Ireland and all of its subsidiaries during the financial year.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### **Turnover**

Turnover excludes intra group transactions with Group subsidiaries. Tote Ireland turnover represents the sum of wagers placed into Tote Ireland pools on Irish horse racing during the period for both cash and credit bets and the commissions accruing to Tote Ireland on bets placed through Tote Ireland into Tote pools operated by Totalisators in foreign jurisdictions. Betting income represents a levy charged to on-course bookmakers and on-course betting shops, based on their on-course turnover, pitch fees charged to on-course bookmakers and registration fees charged to on-course bookmakers on transfer of seniority on pitches. Racecourse income represents income received from the provision of racing and golfing activities and related activities and from income earned on the rental of the racecourse's facilities. Turnover is accounted for on an accruals basis.

Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the interest income can be measured reliably. For loans not repayable on demand the effective interest rate method is used.

Rental income arising on investment property is accounted for on a straight line basis over the lease term. Where there is a doubt over collectability amounts due are provided for in full.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**Foal levy income**

Foal levy income is recognised on a cash receipts basis.

**Contribution to prizemoney**

Contributions to prizemoney are made by Owners, Sponsors and Horse Racing Ireland.

Contributions to prizemoney by Horse Racing Ireland are expensed in the period in which they are incurred.

The entrance fees, forfeits and sponsorship money for guaranteed value races are applied in funding prizemoney for such races. Where there is a surplus in any guaranteed value race this is used to fund any deficits in other such races at a subsequent time as directed by the Chief Executive of Horse Racing Ireland.

**Grants and racecourse incentive schemes**

***Grants paid***

Capital development grants paid to racecourses under the capital development scheme are accounted for on an accruals basis.

These grants are treated as a deferred credit in the Statements of Financial Position of the subsidiary companies and are credited to revenue on the same basis as the related fixed assets are depreciated. However for consolidation, these balances are adjusted to reflect the Group position.

***Grants received***

State grants are credited to income when cash has been received from the State.

**Operating leases**

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period.

Rental income arising on operating leases is accounted for on a straight-line basis over the lease term of the ongoing leases.

***Operating lease incentives***

Operating lease incentives granted as a reduction against rental income are recognised over the lease term on a straight-line basis.

**Finance leases / hire purchase agreements**

The capital cost of assets acquired under finance leases / hire purchase agreements are included under tangible assets and written off over the shorter of the lease / agreement term or the estimated useful life of the asset. The capital elements of future lease obligations are recorded as liabilities. Interest on the remaining obligation is charged to the Statement of Income and Expenditure over the period of the lease / agreement. This charge is calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

**Exceptional items**

In order to highlight significant items within the Group result for the year, the Group include significant items as exceptional items within the Statement of Income and Expenditure. Such items may include: impairment of assets, litigation settlements and profit or loss on disposal of investments. Judgement is used by management in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the Statement of Income and Expenditure and notes as exceptional items.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**Taxation and deferred tax**

The yearly charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the Statement of Financial Position date.

Deferred tax is calculated on the differences between the subsidiary company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Full provision for deferred tax assets and liabilities is made at tax rates that are expected to apply on reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

A net deferred asset is regarded as recoverable and recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation and provisions for impairment in value, except for land which is stated at cost less impairment. Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset systematically over its estimated useful life, on the straight-line basis, at the following annual rates:

Land	Nil
Buildings	2% - 10%
Track Enhancements	2% - 12.5%
Plant, Equipment, Fixtures & Vehicles	3% - 33%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The carrying values of tangible fixed assets are reviewed for impairment in accounting periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction are not depreciated until the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

All capitalised software is recognised as a fixed asset.

**Investment properties**

Investment properties are measured at fair value annually with any change recognised in the Statement of Income and Expenditure.

Rental income arising on investment property is accounted for on a straight-line basis over the lease term of the ongoing leases.

**Reserves**

The establishment and non-distributable reserves may only be used for a limited number of purposes.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

*Cash and cash equivalents*

Cash consists of cash on hand, demand deposits and short term fixed deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

*Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method, with the exception of listed debt instruments which are designated as at fair value with any change recognised in the Statement of Income and Expenditure:

- (a) The contractual return to the holder is:
  - (i) a fixed amount;
  - (ii) a positive fixed rate or a positive variable rate; or
  - (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principle or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that:
  - (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than:
    - (1) a change of a contractual variable rate;
    - (2) to protect the holder against credit deterioration of the issuer;
    - (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or
  - (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**Financial instruments (continued)**

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled;
- (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*Investments*

Investments in non-puttable ordinary shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value with changes in fair value recognised through profit or loss. Where fair value cannot be measured reliably investments are measured at cost less impairment.

*Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated using a valuation technique.

**Investments in subsidiaries and racecourses**

Investments in subsidiaries and racecourses are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for relief from the recognition of share premium, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

**Acquisitions**

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition. On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets and liabilities acquired.

Where the fair value of the consideration paid exceeds the fair value of the identifiable separable asset and liabilities acquired, the difference is treated as purchased goodwill. Where the fair value of the separable net assets acquired exceeds the fair value of the consideration given, the difference is treated as negative goodwill. Negative goodwill is accounted for as indicated below.



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**Investment in associate**

An associate is an entity over which Horse Racing Ireland has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In the Group financial statements and pursuant to the equity method, the investment in an associate will be initially recorded at cost and its carrying amount will be increased or decreased to recognise their share of profit or loss and other comprehensive income generated by the entity.

When the Group's share of losses of an associate exceeds the Groups interest in that associate (which includes any long-term interests that, in substance, form part of the group net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

In the Group's financial statements investments in associates are accounted for at cost less impairment.

**Negative Goodwill**

Negative goodwill arising on acquisitions is amortised to the Statement of Income and Expenditure account over the financial year in which the non-monetary assets are realised either through depreciation or sale. Negative goodwill comprises the excess of the fair value of the assets acquired over the consideration.

**Pensions**

Horse Racing Ireland has both defined contribution and defined benefit pension schemes.

*Defined contribution schemes*

Payments to the defined contribution schemes are charged to the Statement of Income and Expenditure in the period to which they relate.

*Defined benefit schemes*

For the defined benefit scheme operated by Horse Racing Ireland, pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method. An excess of scheme liabilities over scheme assets is presented on the Statement of Financial Position as a liability.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the financial year in which they occur.

The pension charge in the Statement of Income and Expenditure comprises the current service cost and past service cost plus the difference between the interest income on scheme assets based on the discount rate and the interest cost on the scheme liabilities.

**Judgements and key sources of estimation uncertainty**

The members consider the accounting estimates and assumptions below to be its critical accounting estimates and judgements:

*Going concern*

The members have reviewed and approved budgets and cash flows for the next financial year which demonstrate that there is no material uncertainty regarding the Group's ability to meet its liabilities as they fall due, and to continue as a going concern. Tote Ireland Limited is experiencing trading difficulties which have been exacerbated by the outbreak of Covid-19 and the disruption to the racing calendar. However, given the continuing efforts by Horse Racing Ireland to provide financial support and the strategic alliance between Tote Ireland Limited and the UK Tote Group agreed in April 2020, the directors have a reasonable expectation that Tote Ireland Limited will have adequate resources to continue in operational existence for the foreseeable future. The Board do not anticipate any obstacle to the renewal of the Totalisator license assigned to Tote Ireland Limited. On this basis the members consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Group was unable to continue as a going concern.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**1. Accounting Policies (continued)**

**Judgements and key sources of estimation uncertainty (continued)**

*Useful lives of tangible fixed assets*

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The useful lives are reviewed by management on a regular basis and changed, if necessary, to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The depreciation policy reported in these financial statements is approved by the Members and is reviewed annually, in conjunction with the approval of the Financial Statements. The net book value of tangible fixed assets subject to depreciation was €65.068m (2018: €55.197m).

*Retirement benefit obligations*

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined with input from the actuary and are updated annually based on current economic conditions.

*Valuation of investment property*

Investment properties were valued at €13.950m at 31 December 2019. During the year, works to the properties amounted to €2.055m and there was an increase in value of €0.195m during 2019. Significant assumptions were applied in the valuation of investment properties. These assumptions applied to size, location, terms, covenant and other material factors.

*Financial instruments*

For the financial instruments held at fair value through profit or loss, fair values are marked at prices quoted in an active market. Other financial instruments are valued using a discounted cash flow analysis which is based on assumptions supported, where possible, by observable market prices although some assumptions are not supported by observable market prices or rates.

*Impairment of tangible assets*

Determining whether tangible assets are impaired requires an estimation of their value in use to the Group. The value in use calculation requires the management to estimate the future cash flows expected to arise from the tangible asset and a suitable discount rate in order to calculate present value.

**2. Employee numbers**

The average number of persons employed by the Group was as set out below:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
HRI - Full time staff	105	103
HRI - Raceday casual staff (Full time equivalents)	8	7
	<hr/> 113	<hr/> 110
HRI Subsidiaries - Full time staff	95	90
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	39	40
	<hr/> 134	<hr/> 130
	<hr/> 247	<hr/> 240

The average number of individual casual employees that worked in 2019 was 268 (2018: 271).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**3. Employee remuneration**

The aggregate payroll cost of the employees, excluding pension costs, detailed above was as follows:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Wages and salaries	12,964	12,325
Employer's social welfare costs	1,347	1,244
	14,311	13,569

*Analysed as follows:*

Capitalised into assets	346	361
Expensed in financial year	13,965	13,208
	14,311	13,569

Included in the above figure is an amount in respect of payments paid and accrued in 2019 under a restructuring, redundancy and other programs of €0.044m (2018: €0.194m). Also included within the figure for wages & salaries are amounts relating to overtime €0.231m (2018: €0.120m) and allowances €0.076m (2018: €0.077m).

*Remuneration and benefits paid to key management was as follows:*

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Remuneration and other benefits	1,430	1,392

The above figure includes remuneration of €1.197m (2018: €1.165m) and benefits of €0.233m (2018: €0.227m) paid and accrued in 2019. Key management includes the Chief Executive Officer, Board members and senior management.

Horse Racing Ireland does not disclose details of the number of employees whose total employee benefits (excluding pension costs) for the reporting period fell within each band of €25,000 from €50,000 upwards due to the commercial sensitivity of this information. This departure from the Code has been agreed with the Department of Agriculture, Food and the Marine.

**4. Direct costs**

	<b>Winnings paid on bets</b>		<b>Operating costs</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Betting collection costs	-	-	213	315	213	315
Tote Ireland	51,324	59,018	6,161	6,677	57,485	65,695
HRI Racecourses Group	-	-	14,998	13,381	14,998	13,381
	51,324	59,018	21,372	20,373	72,696	79,391

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**5. Allocation from the Horse and Greyhound Racing Fund**

Horse Racing Ireland with a registered office at Ballymany, The Curragh, Co. Kildare was established on 18 December 2001, under the Horse and Greyhound Racing Act 2001. A fund was established for the purpose of giving support to the horse and greyhound racing industry under Section 12 of this Act. This has subsequently been extended under the Horse and Greyhound Fund Regulations, most recently in 2019. The general functions of Horse Racing Ireland are set out in the Irish Horseracing Industry Act 1994 and the Horse and Greyhound Act 2001. In 2019, €67.2m was allocated to Horse Racing Ireland (2018: €64.0m).

**6. Foal levy**

Under the Irish Horseracing Authority Act 1994, as amended by the Horse and Greyhound Racing (Betting Charges and Levies) Act 1999, Horse Racing Ireland may, with the consent of the Minister for Agriculture, Food and the Marine, charge a levy on all thoroughbred foals registered in a stud book.

This levy is collected by Weatherbys on behalf of Horse Racing Ireland at variable rates and the distribution is based on recommendations from the Foal Levy Committee (as defined in the Act) and approved by the Board of Horse Racing Ireland.

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Balance on hand at 1 January	949	883
Collected during the financial year	2,027	2,037
<b><u>Expenditure in the year:</u></b>		
Irish Equine Centre	(900)	(900)
Irish Thoroughbred Breeders' Association	(450)	(475)
Irish Thoroughbred Marketing	(450)	(450)
Others	(200)	(146)
	(2,000)	(1,971)
Balance on hand at 31 December (included in revenue reserves)	976	949

Irish Thoroughbred Marketing expenditure of €450,000 (2018: €450,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing expenditure in the Group Statement of Income and Expenditure Account.

**7. Racecourse income**

Racecourse income excludes the fair value movement of investment properties showing an increase of €0.100m (2018: nil) which were valued at the financial year end by Knight Frank. See Note 18 for more information.

**8. Other income**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Negative goodwill amortisation (Note 19)	-	253
HRI lease income	354	269
	354	522

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>9. Contributions to prizemoney</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
From Sponsors	8,403	7,754
From Owners	15,048	14,353
	<u>23,451</u>	<u>22,107</u>
From Horse Racing Ireland	44,151	42,805
	<u>67,602</u>	<u>64,912</u>

This relates to contributions to prizemoney under the Rules of Racing and Point to Points.

**10. Integrity and racecourse services**

Under the Irish Horseracing Industry Act 1994, Part III, as amended by the Horse and Greyhound Racing Act 2001, Schedule 6, the Racing Regulatory Body (which comprises the Turf Club and the Irish National Hunt Steeplechase Committee) has responsibility for making and enforcing the Rules of Racing and for providing on-course integrity services. Horse Racing Ireland provides the funding to the Racing Regulatory Body in order to meet the costs of providing such services as laid out in Part III, paragraph 42 of the 1994 Act. Included in the Grants to Irish Horseracing Regulatory Board (IHRB) are the costs associated with National Hunt Integrity Services.

Horse Racing Ireland directly funds Racecourse Service costs for patrol camera, starting stalls and photo finish, which were functions transferred to Horse Racing Ireland from the Turf Club under the Horse and Greyhound Racing Act 2001.

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Grant to IHRB in relation to Racing Integrity Services	8,321	7,822
Grant to IHRB in relation to Point to Point Integrity Services	732	689
Total Grant paid to the IHRB	<u>9,053</u>	<u>8,511</u>
Racecourse services funded by Horse Racing Ireland	3,583	3,450
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	<u>12,636</u>	<u>11,961</u>

In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the IHRB in respect of license renewals, appeal costs, commissions on stable bonus, sampling fees and certain charitable funds. The amounts deducted and paid over are not reflected in Horse Racing Ireland's Statement of Income and Expenditure and amounted to €1.246m in 2019 (€1.341m in 2018).

The Irish Horseracing Regulatory Board has been established to assume the activities of the Racing Regulatory Body and as from 1 January 2018 is the regulatory body for all horseracing in Ireland.

**11. Grants / Fees to industry bodies**

Grants / Fees paid to industry bodies are analysed as follows:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Irish Equine Centre	1,341	1,320
Racing Academy and Centre of Education	710	710
Order of Malta	507	475
Blue Cross	235	274
Other Industry Bodies	184	181
	<u>2,977</u>	<u>2,960</u>

As at 31 December 2019, total loans outstanding from the Irish Equine Centre amounted to €0.990m (2018: €1.250m). In 2019, €0.260m of this loan was converted into a grant. This loan is included in Note 20 Debtors: Amounts falling within one year.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**12. Racecourse schemes and capital grants**

<i>Racecourse schemes</i>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Levy, pitch fee and other payments to racecourses	1,016	971
Tote percentage betting payments	78	96
	<u>1,094</u>	<u>1,067</u>

The payments made under the above racecourse schemes relate to third party owned racecourses only.

<i>Capital grants</i>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Capital development fund grants	<u>1,500</u>	<u>6,322</u>

The Board of Horse Racing Ireland established a capital development scheme for racecourses which provides up to a maximum of 40% funding of capital expenditure approved under the scheme. This scheme closed in 2019.

**13. Taxation**

**(A) Analysis of charge in the financial year**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current tax:</b>		
Corporation tax	120	405
<b>Deferred tax:</b>		
Origination and reversal of timing differences (Note 25)	80	26
<b>Capital taxes:</b>		
Capital gains tax	159	-
<b>Tax on profit on ordinary activities</b>	<u>359</u>	<u>431</u>

**(B) Reconciliation between tax charge included in profit and loss and profit on ordinary activities before tax of taxable entities multiplied by the applicable tax rate:**

The tax assessed for the financial year is different to the standard rate of corporation tax in Ireland (12.5 per cent).

The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Profit on ordinary activities before taxation (HRI owned racecourses)</b>	<u>977</u>	<u>3,100</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in Ireland of 12.5% (2018: 12.5%)	122	388
<i>Effect of:</i>		
Non deductible expenses	15	22
Non allowable income	(144)	(136)
Depreciation in excess of capital allowances	149	154
Income taxable at higher rate	27	34
Losses utilised on current period basis - Case 1	(49)	(57)
<b>Current tax charge for financial year</b>	<u>120</u>	<u>405</u>



**HORSE RACING IRELAND**  
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**13. Taxation (continued)**

The activities of Horse Racing Ireland, Irish Thoroughbred Marketing Limited and Tote Ireland Limited are exempt from corporation tax under the provisions of Section 220 of the Taxes Consolidation Act 1997. The profit on ordinary activities before taxation relates to taxable profits in HRI owned racecourses.

A deferred tax asset (2018: €35,000) has not been recognised in the financial statements as there is insufficient evidence that the asset will be recovered in the foreseeable future.

The capital gains tax relates to an unprompted revenue disclosure in relation to a land swap transaction that occurred in The Leopardstown Club Limited in 2016 and includes relevant interest and penalties.

<b>14. Exceptional items</b>		<b>2019</b>	<b>2018</b>
		<b>€'000</b>	<b>€'000</b>
Income arising from a settlement	(i)	-	278
Amounts received under a legal case settlement	(ii)	-	961
Gain on disposal of listed investments (Note 17)	(iii)	1,021	-
Losses in relation to cash in transit services	(iv)	(389)	-
		<u>632</u>	<u>1,239</u>

(i) In 2018, HRI Group received income of €0.0278m arising from a settlement due to Tote Ireland Limited and Horse Racing Ireland.

(ii) Income arising from payments to The Leopardstown Club Limited under a legal case settlement in 2018.

(iii) The gain on disposal of listed investments relates to the disposal of fixed interest investment bonds.

(iv) HRI Group suffered a financial loss of €389,000 in relation to cash in transit services.

<b>15. Deficit for the financial year</b>		<b>2019</b>	<b>2018</b>
		<b>€'000</b>	<b>€'000</b>

***Deficit for the financial year has been arrived at after charging:***

Depreciation			
- Owned tangible fixed assets		3,757	3,366
Auditors' remuneration: Audit of group financial statements		110	104
Capital development fund interest		315	301
Loss on disposal of assets		-	-
Operating lease rentals		123	110
Consultancy costs	(i)	884	1,080
Legal fees and settlements	(ii)	89	(1,230)
Travel and subsistence	(iii)	931	850
Hospitality	(iv)	537	430

***and after crediting:***

Interest receivable on deposits		156	130
Effective interest on loans		79	81
Negative goodwill amortisation		-	253
Gain on disposal of assets		134	8
Fair value movements of investment properties		195	-

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. Deficit for the financial year (continued)**

Horse Racing Ireland administration costs comprise the following:	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Running costs of departments - pay and non-pay	6,207	5,731
Pension costs	319	447
Building running costs	1,308	1,196
	<u>7,834</u>	<u>7,374</u>

The remuneration package of the Chief Executive of Horse Racing Ireland was as follows:	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Basic salary	191	191
Pension contributions and other taxable benefits	58	56
	<u>249</u>	<u>247</u>

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>(i) Consultancy costs *</b>		
Legal advice	201	136
Financial / actuarial advice	107	161
Internal audit	58	44
Capital Development Scheme	37	154
Pension Advice / Consultancy	203	251
Public relations / marketing	81	120
IT Consultancy	60	15
Other	137	199
<b>Total consultancy costs</b>	<u><b>884</b></u>	<u><b>1,080</b></u>

<b>(ii) Legal fees and settlements</b>		
Legal fees - legal proceedings	101	9
Conciliation and arbitration payments (Note 14)	-	(961)
Settlements	(12)	(278)
<b>Total legal fees and settlements</b>	<u><b>89</b></u>	<u><b>(1,230)</b></u>

<b>(iii) Travel and subsistence</b>		
Domestic - Board and committee members	29	31
Domestic - Employees	678	614
International - Board and committee members	-	-
International - Employees	224	205
<b>Total travel and subsistence</b>	<u><b>931</b></u>	<u><b>850</b></u>

<b>(iv) Hospitality</b>		
Staff hospitality	48	33
Client hospitality (External hospitality provided to clients/third parties) **	489	397
<b>Total hospitality</b>	<u><b>537</b></u>	<u><b>430</b></u>

The above costs reflect the total spend for Horse Racing Ireland and all subsidiary undertakings.

\* Consultancy costs include the cost of external advice to management.

\*\* Client hospitality includes Inward Buyer & Market Development Support

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**15. Deficit for the financial year (continued)**

<b>Horse Racing Ireland Group Board Members' fees and expenses were as follows:</b>		<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>Fees</b>	<b>Mileage</b>	<b>Fees</b>	<b>Mileage</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Nicholas Hartery	Appointed 24 May 2018	22	3	-	-
Bernard Caldwell	Appointed 18 December 2008	13	2	13	2
Daragh Fitzpatrick	Appointed 26 January 2018	13	-	12	-
James Gough	Appointed 4 March 2015	10	2	13	2
Christy Grassick	Appointed 26 January 2018	13	-	12	-
Michael Halford	Appointed 26 May 2016	13	-	13	-
Elizabeth Headon	Appointed 10 November 2016	13	1	13	1
Harry McCalmont	Appointed 19 December 2016	13	1	13	2
Robert Nixon	Appointed 31 August 2016	13	2	13	2
Carol Nolan	Appointed 28 March 2018	-	-	-	-
Peter Nolan	Appointed 10 November 2016	13	1	13	1
Conor O'Neill	Appointed 10 December 2018	13	4	-	-
Meta Osborne	Appointed 18 December 2013	13	-	13	-
John Powell	Appointed 26 May 2016	13	1	13	1
John Moloney	Retired 10 December 2018	-	-	13	3
Caren Walsh	Appointed 10 October 2019	3	-	-	-
		178	17	154	14

<b>Horse Racing Ireland Group Board Members' attendance at meetings during 2019 was as follows:</b>		<b>Board</b>	<b>Board</b>	<b>Total no. of</b>	<b>Total no. of</b>
		<b>Meetings</b>	<b>Meetings</b>	<b>Board &amp; Other</b>	<b>Board &amp; Other</b>
			<b>Attended</b>	<b>Committee</b>	<b>Committee</b>
				<b>Meetings</b>	<b>Meetings</b>
					<b>Attended</b>
Nicholas Hartery	Appointed 24 May 2018	10	9	15	14
Bernard Caldwell	Appointed 18 December 2008	10	8	34	27
Daragh Fitzpatrick	Appointed 26 January 2018	10	8	15	13
James Gough	Appointed 4 March 2015	8	6	23	18
Christy Grassick	Appointed 26 January 2018	10	10	10	10
Michael Halford	Appointed 26 May 2016	10	7	21	15
Elizabeth Headon	Appointed 10 November 2016	10	8	15	12
Harry McCalmont	Appointed 19 December 2016	10	10	17	16
Robert Nixon	Appointed 31 August 2016	10	10	10	10
Carol Nolan	Appointed 28 March 2018	9	9	12	12
Peter Nolan	Appointed 10 November 2016	10	10	16	16
Conor O'Neill	Appointed 10 December 2018	10	9	20	19
Meta Osborne	Appointed 18 December 2013	10	10	22	21
John Powell	Appointed 26 May 2016	10	10	10	10
Caren Walsh	Appointed 10 October 2019	2	2	2	2

The total number of meetings attended includes Board Members' attendance at meetings of the Horse Racing Ireland Board and other statutory / advisory committees.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**16. Tangible assets**

<b>Group</b>	<b>Plant, Equipment, Land &amp; IT Development &amp; Vehicles</b>		<b>Total</b>
	<b>Buildings</b>	<b>&amp; Vehicles</b>	
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2019	96,866	37,896	134,762
Additions	11,671	2,523	14,194
Disposals	(1)	(456)	(457)
At 31 December 2019	108,536	39,963	148,499
<i>Accumulated Depreciation</i>			
At 1 January 2019	35,010	24,629	59,639
Charge for the financial year	1,549	2,208	3,757
Disposals	-	(419)	(419)
At 31 December 2019	36,559	26,418	62,977
<i>Net book value</i>			
At 31 December 2019	71,977	13,545	85,522
At 31 December 2018	61,856	13,267	75,123

Included above are assets held under finance leases as follows:

	<b>2019</b>	<b>2018</b>
<i>Land &amp; Buildings</i>	<b>€'000</b>	<b>€'000</b>
Net book value	489	-
Depreciation charge	11	-

**Group - in respect of prior financial year**

	<b>Plant, Equipment, Land &amp; IT Development &amp; Vehicles</b>		<b>Total</b>
	<b>Buildings</b>	<b>&amp; Vehicles</b>	
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2018	95,166	35,310	130,476
Additions	2,000	2,790	4,790
Disposals	(300)	(204)	(504)
At 31 December 2018	96,866	37,896	134,762
<i>Accumulated Depreciation</i>			
At 1 January 2018	33,528	22,947	56,475
Charge for the financial year	1,482	1,884	3,366
Disposals	-	(202)	(202)
At 31 December 2018	35,010	24,629	59,639
<i>Net book value</i>			
At 31 December 2018	61,856	13,267	75,123
At 31 December 2017	61,638	12,363	74,001

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**16. Tangible assets (continued)**

<b>Horse Racing Ireland</b>	<b>Land &amp; Buildings</b>	<b>Plant, Equipment, &amp; Vehicles</b>	<b>IT Development</b>	<b>Total</b>
<b><i>Cost and valuation</i></b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2019	23,291	9,560		32,851
Additions	622	1,280		1,902
Disposals	-	(96)		(96)
At 31 December 2019	23,913	10,744		34,657
<b><i>Accumulated Depreciation</i></b>				
At 1 January 2019	6,530	4,708		11,238
Charge for the financial year	157	865		1,022
Disposals	-	(96)		(96)
At 31 December 2019	6,687	5,477		12,164
<b><i>Net book value</i></b>				
At 31 December 2019	17,226	5,267		22,493
At 31 December 2018	16,761	4,852		21,613

Included above are assets held under finance leases as follows:

<b><i>Land &amp; Buildings</i></b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Net book value	489	-
Depreciation charge	11	-

**Horse Racing Ireland - in respect of prior financial year**

<b>Horse Racing Ireland - in respect of prior financial year</b>	<b>Land &amp; Buildings</b>	<b>Plant, Equipment, &amp; Vehicles</b>	<b>IT Development</b>	<b>Total</b>
<b><i>Cost and valuation</i></b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2018	23,287	8,059		31,346
Additions	4	1,668		1,672
Disposals	-	(167)		(167)
At 31 December 2018	23,291	9,560		32,851
<b><i>Accumulated Depreciation</i></b>				
At 1 January 2018	6,410	4,191		10,601
Charge for the financial year	120	684		804
Disposals	-	(167)		(167)
At 31 December 2018	6,530	4,708		11,238
<b><i>Net book value</i></b>				
At 31 December 2018	16,761	4,852		21,613
At 31 December 2017	16,877	3,868		20,745

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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<b>17. Financial assets</b>		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>€'000</b>	<b>€'000</b>
<b>Group</b>			
Loans to racecourses	(A)	903	1,041
Loans to associate undertaking	(D)	690	776
Investment in racecourse	(B)	1	1
Investment in associate	(B)	18,477	15,064
Unlisted investments	(B)	-	-
Listed investments	(B)	15,821	12,791
		<u>35,892</u>	<u>29,673</u>
<b>Horse Racing Ireland</b>			
Loans to racecourses	(A)	903	1,041
Loans to associate undertaking	(D)	690	776
Investment in racecourse	(B)	1	1
Investment in associate	(B)	23,000	17,500
Unlisted investments	(B)	-	-
Listed investments	(B)	15,821	12,791
Investment in subsidiary undertakings	(C)	1,551	1,551
		<u>41,966</u>	<u>33,660</u>

**(A) Loans to racecourses - Group**

	<b>Fair value through</b>	
	<b>profit or loss</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current financial year</b>		
At 1 January 2019	1,041	1,041
Repayments	(165)	(165)
Gain on fair value movement	27	27
At 31 December 2019	<u>903</u>	<u>903</u>
<b>Prior financial year</b>		
At 1 January 2018	1,174	1,174
Repayments	(165)	(165)
Gain on fair value movement	32	32
At 31 December 2018	<u>1,041</u>	<u>1,041</u>



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**17. Financial assets (continued)**

**(A) Loans to racecourses - Horse Racing Ireland**

	Fair value through profit or loss €'000	Total €'000
<b>Current financial year</b>		
At 1 January 2019	1,041	1,041
Repayments	(165)	(165)
Gain on fair value movement	27	27
At 31 December 2019	903	903
<b>Prior financial year</b>		
At 1 January 2018	1,174	1,174
Repayments	(165)	(165)
Gain on fair value movement	32	32
At 31 December 2018	1,041	1,041

Loans to racecourses, which is at fair value through profit or loss, constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest. Included in loans to racecourses are:

- a loan to Blackhall Racing Company, Punchestown Development Company Limited and Punchestown Enterprises Company Limited measured to €0.822m (2018: €0.947m). The maturity date of the loan is 30 November 2025 and interest is charged at a rate of 3 month Euribor plus 1%.
- a loan to Gowran Park Race Company Limited measured to €0.081m (2018: €0.093m). The maturity date of the loan is 31 March 2025 and interest is charged at a rate of ECB plus 1%.

**(B) Investments - Group**

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
<b>Current financial year</b>					
At 1 January 2019	15,064	1	-	12,791	27,856
Additions	6,000	-	-	14,883	20,883
Reclassification	(500)	-	-	-	(500)
Share of loss in associate	(2,087)	-	-	-	(2,087)
Disposals	-	-	-	(12,383)	(12,383)
Gain on fair value movement	-	-	-	530	530
At 31 December 2019	18,477	1	-	15,821	34,299
<b>Prior financial year</b>					
At 1 January 2018	12,904	1	22,476	11,188	46,569
Additions	3,250	-	22,991	12,970	39,211
Share of loss in associate	(1,090)	-	-	-	(1,090)
Disposals	-	-	(45,467)	(10,990)	(56,457)
Loss on fair value movement	-	-	-	(377)	(377)
At 31 December 2018	15,064	1	-	12,791	27,856

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**17. Financial assets (continued)**

**(B) Investments - Horse Racing Ireland**

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
<b>Current financial year</b>					
At 1 January 2019	17,500	1	-	12,791	30,292
Additions	6,000	-	-	14,883	20,883
Reclassification	(500)	-	-	-	(500)
Disposals	-	-	-	(12,383)	(12,383)
Gain on fair value movement	-	-	-	530	530
At 31 December 2019	23,000	1	-	15,821	38,822
<b>Prior financial year</b>					
At 1 January 2018	14,250	1	22,476	11,188	47,915
Additions	3,250	-	22,991	12,970	39,211
Disposals	-	-	(45,467)	(10,990)	(56,457)
Loss on fair value movement	-	-	-	(377)	(377)
At 31 December 2018	17,500	1	-	12,791	30,292

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). As at 31 December 2019, Horse Racing Ireland held 3 fixed interest bonds with maturity dates in 2023 and 2024. The bonds are listed on the Irish Stock Exchange and have full daily liquidity. The unlisted investments relate to investments in short term financial money market instruments.

Group funding and liquidity is managed by ensuring that sufficient funds are available to meet the Group's needs with an appropriate spread of investment maturity dates. The Group controls and monitors credit risk on the amounts due from counter parties by ensuring that all financial assets are held with regulated institutions of at least investment grade in accordance with the treasury policy and that exposure to credit risk is distributed across a number of institutions. Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to an individual investment or factors affecting all instruments traded in the market. The Group monitors this risk on a daily basis.

Investment in racecourse represents investments in ordinary shares. This investment is held at cost less impairment because the fair value cannot be measured reliably.

See Note 39 for further information on investment in associate undertaking. An amount of €0.5m has been reclassified in 2019 to fixed assets to better reflect the transaction.

**(C) Investments in subsidiary undertakings - Horse Racing Ireland**

	2019 €'000	2018 €'000
At 1 January	1,551	1,551
Additions	-	-
Disposals	-	-
Gain / (Loss) on fair value movement	-	-
At 31 December	1,551	1,551

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 40.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**17. Financial assets (continued)**

**(D) Loans to associate undertaking - Group**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current financial year</b>		
At 1 January	776	860
Additions	-	-
Repayments	(100)	(100)
Gain on fair value movement	14	16
At 31 December	690	776

**Loans to associate undertaking - Horse Racing Ireland**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current financial year</b>		
At 1 January	776	860
Additions	-	-
Repayments	(100)	(100)
Gain on fair value movement	14	16
At 31 December	690	776

Loans to associate undertakings, which is at fair value through profit or loss, constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest. Loans to associate undertaking includes a loan to Curragh Racecourse Limited measured at €0.690m (2018: €0.776m) in respect of an element of a previous development plan of the Curragh Racecourse. The maturity date of the loan is 31 March 2020 and interest is charged at a rate of 3 month Euribor plus 1%.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**18. Investment properties**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Fair value at 1 January	11,700	11,700
Additions	2,055	-
Gain on fair value movement	195	-
Fair value at 31 December	13,950	11,700
	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Horse Racing Ireland</b>		
Fair value at 1 January	4,600	4,600
Additions	2,055	-
Gain on fair value movement	95	-
Fair value at 31 December	6,750	4,600

Investment properties, which are a health and fitness club, a retail unit and an office building, were valued to fair value by Knight Frank, an independent valuer with recent experience in the location and class of investment property being valued. The method to determine fair value were the comparative and investment methods and significant assumptions were applied to size, location, terms, covenant and other material factors. There are no restrictions on the realisability of investment property.

**19. Negative goodwill**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
At 31 December	7,135	7,135
<b>Accumulated Amortisation</b>		
At 1 January	5,057	4,804
Amortised in the financial year	-	253
At 31 December	5,057	5,057
<b>Net book value</b>		
At 31 December	2,078	2,078
Goodwill attributable to non-monetary depreciable assets	(5,057)	(5,057)

Negative goodwill of €12.3m arose on the acquisition of net assets in Fairyhouse Club Limited in 2006 and was reduced by the subsequent impairment of those assets in 2013.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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<b>20. Debtors: Amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Trade debtors	2,880	5,257
Prepayments and accrued income	2,668	2,499
Amounts due from industry bodies	1,092	1,369
Amounts due from associate undertaking	346	81
Other debtors	893	756
Taxation recoverable	185	131
	8,064	10,093
 <b>Horse Racing Ireland</b>		
Trade debtors	1,141	1,860
Prepayments and accrued income	1,337	1,100
Amounts due from subsidiary undertakings	20,842	15,907
Amounts due from associate undertaking	346	81
Amounts due from industry bodies	1,092	1,369
Other debtors	336	292
	25,094	20,609
 <b>21. Debtors: Amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Amounts due from associate undertaking	500	-
	500	-
 <b>Horse Racing Ireland</b>		
Amounts due from associate undertaking	500	-
	500	-
 <b>22. Cash at bank</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Horse Racing Ireland	25,084	28,708
HRI Racecourses	5,497	5,800
Tote Ireland	1,830	2,288
Irish Thoroughbred Marketing	356	640
	32,767	37,436
 <b>Horse Racing Ireland</b>	25,084	28,708

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>23. Creditors: Amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Accruals	5,811	5,043
Bank loans (Note 25)	1,750	3,000
Trade creditors	2,431	1,396
Balances due to racing clients	33,417	30,703
Deferred income	2,416	2,521
Amounts due to associate undertakings	1,320	192
Other creditors	3,787	5,219
Taxation creditors	760	854
	51,692	48,928
<b>Horse Racing Ireland</b>		
Accruals	4,340	2,577
Amounts owed to subsidiary undertakings	1,818	797
Bank loans (Note 25)	1,750	3,000
Trade creditors	826	642
Balances due to racing clients	33,417	30,703
Deferred income	779	851
Other creditors	3,229	4,371
Amounts due to associate undertakings	1,320	192
Taxation creditors	528	488
	48,007	43,621

Group trade creditors include amounts due to betting clients not drawn down.

Other creditors includes balances amounting to €1.930m at 31 December 2019 (2018: €2.555m) deducted from Trainers' prizemoney accounts in respect of a Stable Employees Pension Plan.

<b>Taxation creditors is split as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
PAYE	302	266
PRSI	175	160
VAT	211	169
Other taxes	72	259
	760	854
<b>Horse Racing Ireland</b>		
PAYE	274	243
PRSI	150	138
VAT	76	50
Other taxes	28	57
	528	488

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>24. Creditors: Amounts falling due after more than one year</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Bank loans (Note 25)	23,250	12,500
Deferred income	19	22
Amounts due to leasee	1,336	-
	24,605	12,522
<b>Horse Racing Ireland</b>		
Bank loans (Note 25)	23,250	12,500
Amounts due to leasee	1,336	-
	24,586	12,500
<b>25. Bank loans</b>		
	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Repayable within 1 year	1,750	3,000
Repayable within 2 to 5 years	14,000	12,500
Repayable after 5 years	9,250	-
	25,000	15,500
<b>Horse Racing Ireland</b>		
Repayable within 1 year	1,750	3,000
Repayable within 2 to 5 years	14,000	12,500
Repayable after 5 years	9,250	-
	25,000	15,500

Horse Racing Ireland's Group loan from KBC was repayable in instalments during 2018 and 2019. The loan was subject to a variable interest rate based on Euribor. The weighted average interest rate during the financial year, for drawn amounts, was 0.350% (2018: 0.350%). The loan is unsecured and is fully repaid.

Following receipt of approval from the Minister for Finance in December 2015, HRI entered into a €25m loan facility in 2016 with Ulster Bank to enable the funding of a capital development programme. The loan is unsecured and a variable interest rate, based on Euribor, applies to any drawings. As at 31 December 2019, this has been fully drawn down. The weighted average interest rate during the financial year was 1.75% (2018: 1.75%). Undrawn amounts are subject to a commitment fee of 0.6125%. Drawings may be made under the facility up to 2020 and the loan amount then outstanding will be repayable over the subsequent 7 years.



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>26. Provision for liabilities</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Deferred taxation</b>		
At 1 January	1,397	1,371
Charge to Statement of Income and Expenditure	80	26
At 31 December	<u>1,477</u>	<u>1,397</u>
<b>Components of deferred taxation</b>		
Valuation of investment properties	1,199	1,166
Accelerated capital allowances	299	231
Losses carried forward	(21)	-
	<u>1,477</u>	<u>1,397</u>

**27. Financial instruments**

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	<b>Horse Racing Ireland</b>		<b>Group</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Financial assets</b>				
<i>Measured at fair value through profit or loss</i>				
Listed investments (Note 17)	15,821	12,791	15,821	12,791
Unlisted investments (Note 17)	-	-	-	-
Loans to racecourses (Note 17)	903	1,041	903	1,041
Loans to associate undertakings (Note 17)	690	776	690	776
<i>Measured at cost less impairment</i>				
Investment in associate (Note 17)	23,000	17,500	-	-
Investment in racecourse (Note 17)	1	1	1	1
<i>Measured using the equity method</i>				
Investment in associate (Note 17)	-	-	18,477	15,064
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (Note 20)	25,094	20,609	8,064	10,093
Cash at bank and in hand (Note 35)	4,352	13,908	10,830	22,636
Short term fixed deposits (Note 35)	20,732	14,800	21,937	14,800
	<u>90,593</u>	<u>81,426</u>	<u>76,723</u>	<u>77,202</u>
<b>Financial liabilities</b>				
<i>Measured at amortised cost</i>				
Bank loans (Note 25)	25,000	15,500	25,000	15,500
<i>Measured at undiscounted amount payable</i>				
Trade and other payables (Note 23)	46,257	40,621	49,942	45,928
	<u>71,257</u>	<u>56,121</u>	<u>74,942</u>	<u>61,428</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**27. Financial instruments (continued)**

The Group's income, expense, gains and losses in respect of financial instruments are summarised as follows:

	<b>Horse Racing Ireland</b>		<b>Group</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Fair value (losses) / gains</b>				
On financial assets (including listed investments) measured at fair value through profit or loss	995	(270)	995	(270)
<b>Interest income and interest expense calculated using effective interest rate method</b>				
Interest income on financial assets measured at amortised cost	55	63	55	63

**28. Establishment reserve**

The establishment reserve arose on the transfer of net assets from the Racing Board to the Irish Horseracing Authority on 1 December 1994 and on the transfer of net assets of the Irish Horseracing Authority to Horse Racing Ireland on 18 December 2001.

**29. Reserves**

Retained surplus include all cumulative gains and losses recognised in the Statement of Income and Expenditure. Revenue reserves at 31 December 2019 include €15.419m being the pension reserve cumulative amount charged through the Statement of Comprehensive Income (2018: €14.387m). Capital reserves represent surpluses set aside to fund future capital development. This reserve will be released to revenue reserves on completion of such developments. Non-distributable reserves represent reserves which are non-distributable.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**30. Pension commitments**

Horse Racing Ireland has established two pension schemes to provide pension benefits to its employees and former employees. Horse Racing Ireland established with effect from 1 May 2007 the Horse Racing Ireland and Racing Regulatory Body Superannuation Scheme 2007 ("the DB Scheme") which is a trust based defined benefit pension scheme and which holds contributions made towards benefits to be paid under the DB Scheme. In addition, Horse Racing Ireland established with effect from 25 February 1999 the Horse Racing Ireland & Racing Regulatory Body & Associated Companies Defined Contribution Employee Benefits Plan ("the DC Scheme") which is a trust based defined contribution pension scheme for new employees joining after 1 January 1999.

**Defined Benefit Scheme (Horse Racing Ireland and Racing Regulatory Body Superannuation Scheme 2007)**

- a) On 1 December 1994, the Irish Horseracing Authority took over the operation of the Racing Board's Defined Benefit Pension Scheme for permanent staff. Since 18 December 2001, this scheme continued to operate under Horse Racing Ireland until 30 April 2007. On 1 May 2002, at the point of transfer of employees from the Turf Club to Horse Racing Ireland, a Deed of Adherence between Horse Racing Ireland, Stewards of the Turf Club and Coyle Hamilton Trustees Limited (now Willis Towers Watson) was put in place allowing Horse Racing Ireland to be an adhering body to participate in the Turf Club of Ireland Pension Scheme (the Principal Employer) from that point until 30 April 2007.
- b) Until 1 May 2007, two schemes, the Racing Board's Defined Benefit Pension Scheme and the Turf Club of Ireland Pension Scheme, were in operation. At 1 May 2007, the two schemes merged into one scheme. All pension obligations from both the former Racing Board Scheme and the former Turf Club Scheme are now covered in the new merged DB Scheme.

The DB Scheme covers the employees involved in Integrity Services who are directly funded by Horse Racing Ireland under Horseracing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2019 amounted to 140 (2018: 142). As the DB Scheme did not satisfy the statutory Funding Standard, governing pensions legislation required that a Funding Proposal to rectify this deficit be agreed and submitted to the Pensions Authority (formerly known as the Pensions Board). Following consultation with relevant stakeholders, a Funding Proposal over the period from 2013 to 2023 was agreed and subsequently approved by the Pensions Authority. Under the terms of the agreed Funding Proposal, the DB Scheme ceased to accrue retirement benefits with effect from 1 April 2013, and future retirement provisions for service after 1 April 2013 is on a defined contribution basis. As a measure to resolve the deficit in the DB Scheme, the employers (Horse Racing Ireland and the Turf Club), have committed, subject to the terms of the Funding Proposal, to make additional contributions over the funding proposal period to 2023.

With effect from 20 December 2018, the Turf Club ceased to participate in the DB Scheme and paid its final contribution of €835,000. This final payment was based on future contributions due under the funding proposal discounted at 4%. The rights and obligations of the Turf Club has been transferred to Horse Racing Ireland. As a result the assets and liabilities of the Scheme associated with the Turf Club have been transferred to Horse Racing Ireland. At the same date Curragh Racecourse Limited became an adhering employer to the Scheme.

- c) Total employer contributions in the DB Scheme made for the financial period ended 31 December 2019 were €1,401,000 (2018: €1,004,000). Future expected employer contributions in the DB Scheme are €1,281,000 for the financial year ended 31 December 2020.
- d) A comprehensive actuarial valuation was completed as at 31 December 2019 in order to determine the defined benefit obligation for the DB Scheme.
- e) The pension cost of the DB Scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected unit credit method. Liabilities relating to other employees of the Curragh Racecourse are excluded in calculating the net pension liability disclosed underneath.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**30. Pension commitments (continued)**

The principal financial assumptions for the DB Scheme used to calculate the retirement liabilities under FRS 102 as at 31 December 2019 were as follows:

Valuation method	Projected unit credit 2019	Projected unit credit 2018
Discount rate	1.15% p.a.	1.90% p.a.
Future pension increases	2.50% p.a. / 1.00% p.a.	2.50% p.a. / 1.00% p.a.
Future inflation	1.30% p.a.	1.60% p.a.
Statutory revaluation	1.30% p.a.	1.60% p.a.

		2019 Year	2018 Year
Mortality pre-retirement	Male	88% ILT + CSO improvements	62% of PNML00
	Female	91% ILT + CSO improvements	70% of PNFL00
Mortality post-retirement	Male	88% ILT	58% of ILT15
	Female	91% ILT	62% of ILT15

The mortality basis explicitly allows for improvements in life expectancy over time so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The life expectancy for members attaining age 65 in 2019 and 2039 is detailed below:

*Life expectancy at 65:*

Current pensioners (currently aged 65) - male	21.7 years	21.5 years
Current pensioners (currently aged 65) - female	24.1 years	24 years
Future pensioners (currently aged 45) - male	24 years	23.9 years
Future pensioners (currently aged 45) - female	26.1 years	26 years

The asset distribution of the DB Scheme was as follows:

Class	Asset Distribution as percentage of total DB Scheme assets 31/12/2019	Asset Distribution as percentage of total DB Scheme assets 31/12/2018
Equities	29%	27%
Property	6%	8%
Fixed Interest	33%	32%
Absolute Return Funds	30%	28%
Cash	1%	2%
Insurance	1%	3%
Total	100%	100%

The DB Scheme's assets do not include property occupied by, or other assets used by Horse Racing Ireland.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**30. Pension commitments (continued)**

For accounting periods commencing on or after 1 January 2015, FRS17 is replaced by FRS102. FRS102 stipulates that the expected return on a scheme's assets is the discount rate. As such, the expected return on assets assumption for the DB Scheme for 2019 is 1.15%.

<b>Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Interest income on DB Scheme assets	825	800
Interest on DB Scheme liabilities	(997)	(966)
	<u>(172)</u>	<u>(166)</u>

During 2013 it was agreed that future accrual of retirement benefits would cease in the DB Scheme with effect from 31 March 2013. The accrued retirement benefits for active members, calculated at 1 April 2013, will be indexed each year up to retirement by means of Statutory Revaluation (as set out in governing pensions legislation), and the Actuary has advised that 1.3% per annum is the appropriate assumption as at this reporting date in this regard.

<b>The amounts recognised in the Statement of Financial Position are as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Present value of wholly or partly funded DB Scheme liabilities	(57,901)	(54,035)
Fair value of DB Scheme assets	48,858	44,870
Total Deficit in DB Scheme at end of the financial year	<u>(9,043)</u>	<u>(9,165)</u>
Curragh Racecourse / Others deficit included in total deficit for the financial year	(517)	(491)
Net HRI liability recognised in the Statement of Financial Position	<u>(8,526)</u>	<u>(8,674)</u>

<b>Changes in the present value of DB Scheme liabilities are as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Opening present value of DB Scheme liabilities	(54,035)	(56,205)
Current service cost	-	-
Interest cost	(997)	(966)
Contributions by DB Scheme participants	-	-
Actuarial (loss) / gain	764	-
Past service cost gain	-	-
Benefits paid	3,339	1,990
Changes in assumptions	(6,972)	1,146
Closing present value of DB Scheme liabilities	<u>(57,901)</u>	<u>(54,035)</u>

<b>Changes in the fair value of DB Scheme assets are as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Opening fair value of DB Scheme assets	44,870	46,803
Interest income	825	800
Actuarial (loss) / gain	5,101	(1,747)
Contributions by employer	1,401	1,004
Contributions by DB Scheme participants	-	-
Benefits paid	(3,339)	(1,990)
Closing fair value of DB Scheme assets	<u>48,858</u>	<u>44,870</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**30. Pension commitments (continued)**

<b>Analysis of the amount which is recognised in the Statement of Comprehensive Income is as follows:</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Curragh / Others actuarial (loss) / gain for the financial year	(75)	(102)
HRI actuarial (loss) / gain for the financial year	(1,032)	(499)
Gain on DB pension scheme combination	-	197

The actual return on DB Scheme assets in 2019 was a gain of €5.926m (2018: loss of €0.947m). The total gains and losses recognised in the Statement of Comprehensive Income at 31 December 2019 for the period was a loss of €1.107m (2018: loss of €0.601m).

**Amounts for the current and previous period are as follows:**

<b>Year ended 31 December</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Present value of DB Scheme liabilities	(57,901)	(54,035)
Fair value of DB Scheme assets	48,858	44,870
Deficit in the scheme	(9,043)	(9,165)

<b>Year ended 31 December</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Net deficit in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	(8,526)	(8,674)
Experience adjustment arising on		
- the DB Scheme liabilities	764	-
- the DB Scheme assets	5,101	(1,747)
- Changes in assumptions	(6,972)	1,146

**Defined Contribution Scheme (Horse Racing Ireland & Racing Regulatory Body & Associated Companies Defined Contribution Employee Benefits Plan) / PRSA**

- a) Horse Racing Ireland operates a defined contribution plan, the Horse Racing Ireland Associated Companies Defined Employee Benefits Plan ("the DC Scheme") which is a trust based defined contribution pension plan. In addition, the DB Scheme ceased accruing benefits with effect from 31 March 2013 and all active members of the DB Scheme became active members in the DC Scheme with effect from 1 April 2013.
- b) At 31 December 2019, there were 198 active DC participants. Horse Racing Ireland also offers a PRSA to employees who are not eligible to join the DC Scheme.
- c) The pension contributions for the DC Scheme for the year ended 31 December 2019 were €0.811m (2018: €0.780m).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>31. Non-controlling interest</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of financial year	14	12
Movement in the financial year	2	2
At end of financial year	<u>16</u>	<u>14</u>

The balance of non-controlling interest relates to the percentage of shareholdings which are not owned by the Group, as outlined in Note 40.

**32. Capital and other commitments**

Future capital and other expenditure committed by the Group but not provided for in these financial statements was as follows:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Authorised, but not contracted for	951	10,104
Contracted	8,935	18,876
Total	<u>9,886</u>	<u>28,980</u>

**Horse Racing Ireland**

Authorised, but not contracted for	951	10,101
Authorised, but not contracted for, to subsidiary undertakings	-	5,554
Contracted	2,017	2,257
Total	<u>2,968</u>	<u>17,912</u>

**33. Lease commitments**

*Operating Leases - Lessee*

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	78	100
Between one and five years	106	84
After five years	-	-
	<u>184</u>	<u>184</u>

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Within one year	41	48
Between one and five years	55	47
After five years	-	-
	<u>96</u>	<u>95</u>



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**33. Lease commitments (continued)**

*Operating Leases - Lessor*

Total future minimum lease receipts under non-cancellable operating leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	939	933
Between one and five years	3,752	4,007
After five years	8,711	9,421
	<u>13,402</u>	<u>14,361</u>
<b>Horse Racing Ireland</b>		
Within one year	280	275
Between one and five years	1,118	1,373
After five years	4,067	4,118
	<u>5,465</u>	<u>5,766</u>

*Significant leasing arrangements - Lessor*

- The office building has a 25 year lease expiring in 2039. The rent review due in July 2019 is currently being finalised.
- The health and fitness club has a 35 year lease expiring in 2033. The next rent review is due in January 2023.
- There are two retail unit operating leases detailed as follows:
  - The first retail unit has a 10 year lease expiring in January 2028.
  - The second retail unit has a 16 year lease expiring in February 2032.

*Significant leasing arrangements - Lessee*

- A suite at the Curragh Racecourse has a 30 year lease expiring in 2049. The suite has been paid for in full upfront.

**34. Reconciliation of Deficit for the financial year to net cash inflows / (outflows) from operating activities:**

	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
Deficit for the financial year before tax, exceptional item		
other finance expenses & associate undertakings	900	(3,023)
Interest receivable	(235)	(211)
Interest payable	315	301
Depreciation	3,757	3,366
Non cash exceptional items	632	1,239
Fair value movement of investment properties	(195)	-
Fair value movement on listed investments	(530)	377
Gain on disposal of assets	(134)	(8)
Loss on disposal of assets	-	-
Negative goodwill amortisation	-	(253)
Tax paid	(301)	(407)
Increase in operating debtors	1,252	(835)
Increase in operating creditors	5,369	3,012
Difference between pension charge and contribution	(1,343)	-
<b>Net cash inflow / (outflow) from operating activities</b>	<u>9,487</u>	<u>3,558</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

<b>35. Components of cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Cash at bank and in hand	10,830	22,636
Short term fixed deposits	21,937	14,800
	32,767	37,436
<b>Horse Racing Ireland</b>		
Cash at bank and in hand	4,352	13,908
Short term fixed deposits	20,732	14,800
	25,084	28,708

**36. Analysis of changes in net funds**

	<b>1 Jan 2019</b>	<b>Cash flows</b>	<b>31 Dec 2019</b>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	22,636	(11,806)	10,830
Short term fixed deposits	14,800	7,137	21,937
	37,436	(4,669)	32,767
<b>Borrowings</b>			
Bank loans repayable within 1 year	(3,000)	1,250	(1,750)
Bank loans repayable after more than 1 year	(12,500)	(10,750)	(23,250)
	(15,500)	(9,500)	(25,000)
<b>Total net funds</b>	21,936	(14,169)	7,767

**37. Related party transactions**

In the normal course of business Horse Racing Ireland may enter into contractual arrangements with undertakings in which Board members have interests. The Board adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by Board members and these procedures were adhered to during the financial year. The Board complied with the Department of Public Expenditure and Reform guidelines covering situations of personal interest. In cases of potential conflict of interest, Board members did not participate in or attend any Board discussion relating to the matter.

Horse Racing Ireland has availed of the exemption afforded by paragraph 33.1A from the provisions of FRS 102 'related party transactions' from disclosing transactions with wholly owned subsidiaries (i.e.100% owned). Navan Races Limited, The Tipperary Race Company Plc, The Leopardstown Club Limited and Fairyhouse Club Limited are all considered related parties because they are not wholly owned subsidiary undertakings.

Please refer to Note 3 for total remuneration and benefits paid to key management.

***Subsidiary undertakings***

Transactions in the financial year between Horse Racing Ireland and its non-wholly owned subsidiary undertakings included payroll and cost recharges of €4.267m (2018: €3.886m), bookmaker's fees of €0.374m (2018: €0.353m), sponsorship collected of €1.274m (2018: €1.134m), grants payable of €5.088m (2018: €0.250m) and interest income of €0.120m (2018: €0.033m).

During the financial year, Horse Racing Ireland received repayments on financial assets of €0.625m (2018: €0.625m) and issuance of financial assets of €3.500m (2018: nil).

***Associate undertakings***

Transactions in the financial period between Horse Racing Ireland and its associate undertakings included payroll and cost recharges of €0.026m (2018: €0.021m), bookmakers fees of €0.109m (2018: €0.054m), sponsorship collected of €1.238m (2018: €0.938m), grants payable of €0.050m (2018: €0.025m), schools and gallops recharges of €0.236m (2018: €0.235m), training ground recharges of €1.084m (2018: €1.204m) and interest income of €0.012m (2018: €0.006m).

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**37. Related party transactions (continued)**

As set out in Note 39 HRI has an equity investment of €23m at year end (2018: €17.5m) in CRL. As set out in Note 17 the carrying value of HRI Group's investment is €18.477m after taking account of HRI's share of losses in CRL to date.

During the year €6m was paid by HRI towards development costs at the Curragh, in exchange for further equity investment in CRL. This was paid to CRL in March 2019.

An amount of €0.5m has been reclassified in 2019 to fixed assets to better reflect the transaction in relation to the right to use a suite at the Curragh racecourse for 30 years.

**Amounts due (to) / from related parties**

At financial year end, the amounts due (to) / from related parties were as follows:

Related party name	2019 €'000	2018 €'000
The Tipperary Race Company Plc	(114)	(40)
The Leopardstown Club Limited	3,433	744
Navan Races Limited	5,989	6,164
Fairyhouse Club Limited	3,133	3,401
Curragh Racecourse Limited	216	665

**38. Property**

Horse Racing Ireland's main administrative office is located at the address defined on page 2 and is a freehold property.

**39. Investment in Associate**

HRI, the Turf Club and private investors established a company, Curragh Racecourse Limited (CRL) to facilitate the redevelopment and future operations of the Curragh racecourse. This company is incorporated in the Republic of Ireland. In 2019, HRI paid €6m in equity investment in CRL and an amount of €0.5m was reclassified to fixed assets for the right to use a suite bringing its total investment at 31 December 2019 to €23m (2018: €17.5m). This is the carrying value of this investment by HRI. HRI provided grant funding of €12.5m towards the redevelopment under HRI's Racecourse Capital Development Scheme 2015 - 2019, €0.2m towards track works under HRI's Track Works Scheme 2018 - 2019 and €0.1m towards the installation of wifi at the racecourses under HRI's Wifi Scheme. These schemes are available to all racecourses.

HRI also has a historic loan of €1.6m with the Curragh Racecourse in relation to an earlier development. The remaining balance on this loan of €0.7m is disclosed as a financial asset as at 31 December 2019. The loan yields an interest rate of 1% and is scheduled to be fully repaid in 2027. In 2019, HRI provided CRL with a loan of €0.5m to fund necessary alterations to the parade ring which is disclosed as a long term debtor. The loan yields an interest rate of 3.25% and is to be repaid when sufficient working capital in CRL permits such repayment. Any amounts outstanding as at 31 March 2026 are required to be repaid in 5 equal annual repayments beginning in 2027. See Note 37 for further information on CRL.

As at 31 December 2019, there were two classes of shares held by Horse Racing Ireland in CRL. HRI held 120,000 B1 (2018: 100,000) Ordinary Shares and 136,809 B2 (2018: 108,449) Ordinary Shares with a nominal value of €0.001 each. The B1 shares are fully paid up as at 31 December 2019 and represent 33.33% voting rights in CRL. The B2 shares represent 35.29% economic shares with no voting rights.

At 31 December 2019 the Group and company had interests in the following associates:

	<b>% Held</b>	<b>Principal Activities</b>
Curragh Racecourse Limited	35.29%	The provision of racecourse and racehorse training facilities and the facilitation of the redevelopment of the Curragh Racecourse

**HORSE RACING IRELAND**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**40. Principal subsidiaries**

<b>Direct subsidiaries</b>	<b>% Held</b>	<b>Principal Activities</b>
Tote Ireland Limited	100%	Operation of a totalisator at race meetings, operation of a tele-betting service and an internet betting service
Irish Thoroughbred Marketing Limited	100%	Promotion of the Irish Thoroughbred Horse
HRI Racecourses Limited	100%	Racecourse holding company, holding shares in indirect subsidiaries listed below
Tote Arena Limited	100%	Non-trading
<b>Indirect Subsidiaries</b>		
The Leopardstown Club Limited	99.97%	Holding of race meetings and ancillary activities and the operation of Leopardstown golf course
Navan Races Limited	99.58%	Holding of race meetings and ancillary activities
Cork Racecourse Limited	100%	Letting of land
The Tipperary Race Company Plc	97.56%	Holding of race meetings and ancillary activities
Fairyhouse Club Limited	99.94%	Holding of race meetings and ancillary activities

All the subsidiary companies are incorporated in the Republic of Ireland with their registered offices at Ballymany, The Curragh, Co. Kildare.

**41. Contingent liabilities**

The redevelopment project in our subsidiary, The Leopardstown Club Limited, is ongoing and there are customary outstanding contractor claims currently under review. While these claims are within normal forecasted levels, The Leopardstown Club Limited does not accept any liability for them at this point.

While an application for judicial review initiated by an on-course bookmaker against an independent dispute resolution body and also Horse Racing Ireland was dismissed in 2019. Due to a delay in the perfection of the judgment involved, there remains the opportunity of an appeal against the decision. The financial effect of such an appeal, if any, cannot be reasonably ascertained at this time but would be limited.

**42. Approval of financial statements**

The Board of Horse Racing Ireland approved these financial statements for issue on 20th July 2020.





# h HORSE RACING IRELAND

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