



HORSE RACING
IRELAND

2014 ANNUAL REPORT



Horse Racing Ireland Annual Report 2014

Contents	Page
Mission Statement	2
CEO, Board Members & Committees of HRI.....	3
Chairman's Report	5
Chief Executive's Report	6
Finance Review	8
Audited Reports & Group Financial Statements.....	10

MISSION STATEMENT

To develop and promote Ireland as a world centre of excellence for horse racing and breeding.

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.

Horse Racing Ireland Annual Report 2014

CEO, BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND

HORSE RACING IRELAND BOARD

Joe Keeling	<i>Chairperson</i>
Neville O'Byrne	<i>Vice Chairperson Representative of the Racing Regulatory Body</i>
Bernard Caldwell	<i>Representative of the persons employed directly in the horse racing industry</i>
Noel Cloake	<i>Representative of persons employed in the industry</i>
William Flood	<i>Representative of the Racing Regulatory Body</i>
Michael Hickey	<i>Representative of the Racing Regulatory Body</i>
Francis Hyland	<i>Representative of authorised bookmakers</i>
Noel Meade	<i>Representative of racehorse trainers</i>
John Moloney	<i>Representative of authorised racecourses</i>
Eimear Mulhern	<i>Representative of racehorse breeders</i>
Jim Nicholson	<i>Representative of the horse racing industry in Northern Ireland</i>
Mary O'Connor	<i>Representative of the Racing Regulatory Body</i>
Meta Osborne	<i>Representative of the Racing Regulatory Body</i>
James Gough	<i>Representative of racehorse owners</i>

Horse Racing Ireland Annual Report 2014

APPOINTMENTS & REMUNERATION COMMITTEE

Joe Keeling *Chairperson*
Neville O'Byrne

AUDIT COMMITTEE

Con Haugh *Chairperson*
Bernard Caldwell
Francis Hyland
Meta Osborne
Nick Wachman

BOOKMAKERS COMMITTEE

Mary O'Connor *Chairperson*
Bernard Caldwell
Neville O'Byrne
Raymond Horan

FAIRYHOUSE COMMITTEE

Pat Byrne *Chairperson*
Noel Meade
Dara Mullen
Eamon Grimes
Mary Wallace
David Robinson

FINANCE COMMITTEE

Joe Keeling *Chairperson*
Neville O'Byrne
William Flood
John Moloney
Eimear Mulhern
Jim Nicholson
Brian Kavanagh

FOAL LEVY COMMITTEE

Jim Beecher *Chairperson*
William Flood
Noel Meade
James Murphy
Derek Icton
Bernard Caldwell
Joe Foley

FIXTURES COMMITTEE

William Flood *Chairperson*
Noel Cloake
Noel Meade
Sue Phelan
James Gough
John Moloney
Meta Osborne

HRI RACECOURSES BOARD

Joe Keeling *Chairperson*
William Flood
Tom Gaffney
Pat Byrne
David Allman
Tim Hyde
Brian Kavanagh

ITM COMMITTEE

Dermot Cantillon *Chairperson*
David O'Loughlin
Noel Meade
John Osborne
Michael Hickey
Richard Pugh
Derek Icton
Eimear Mulhern
John Byrne
Gerry Duffy

LEOPARDSTOWN COMMITTEE

David Allman *Chairperson*
Mary O'Connor
Jim Mulqueen
Eimear Mulhern
Chris Jones
Dermot Weld

MEDIA RIGHTS COMMITTEE

John Moloney *Chairperson*
Mary O'Connor
Joe Keeling

NAVAN COMMITTEE

William Flood *Chairperson*
Noel Cloake
Deirdre McFadden
Eamon Duignan
Ger Lyons

PROGRAMMES COMMITTEE

William Flood *Chairperson*
Noel Cloake
Noel Meade
James Gough
John Moloney
Meta Osborne
Eimear Mulhern

TIPPERARY COMMITTEE

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

TOTE COMMITTEE

Jim Nicholson *Chairperson*
Brian Kavanagh
Pat Garvey
Pat Kenny
John Flannelly
Nathaniel Lacy
Dairine Walsh

HRI NOMINATIONS / APPOINTMENTS

Cork

John Murphy

Dundalk

Philip Furlong
Ciaran Kennelly
Joe Collins

Irish Equine Centre

Margaret Davin
John Malone
Meta Osborne
Joe Kiernan

Punchestown

Sandy Persse
Dick O'Sullivan
Nyall Speirs
Michael Hickey

RACE

Bernard Caldwell
Margaret Davin
Carol Nolan

CHAIRMAN'S REPORT

I am pleased to present the 2014 Annual Report for Horse Racing Ireland, which demonstrates growth across key areas including bloodstock sales and exports, Tote turnover, attendances and commercial sponsorship. In particular, it was a fantastic year for the Irish bloodstock industry, which is a testament to the appeal of Irish thoroughbreds, based on their racing success at home and overseas.

At the same time, significant challenges remain, as seen in the decline in horses-in-training, race entries and ownership, although recruitment of new owners improved slightly. To address this, we are committed to increased prize-money and reduced costs of ownership because owners are the foundation on which this industry is built.

Bookmaker betting on-course has finally seen a tapering-off of the steep declines in each of the last seven years, amounting to a cumulative drop in turnover of €135 million. This year on-course betting has seen its first increase since 2007. Tote Ireland's revenue increase was driven mainly by growth in betting on Irish racing from international markets, along with growth in its business with UK Totepool.

I am pleased to say that the Betting (Amendment) Bill has now been enacted. It represents the first step to a sustainable funding system, which will ensure that racing continues to generate a high economic return.

Aims at streamlining the administration of racing between Horse Racing Ireland and the Turf Club have yet to make any real progress but we are still working towards achieving that goal.

In relation to our budget for 2015, the establishment of a new Racecourse Capital Development Fund of over €100 million, an increase of €5 million in prize-money, enhanced integrity funding and further reductions in owners and trainers administrative costs were the key features.

When I became Chairman of HRI, I made a public commitment to reduce the costs of ownership and increase prize-money and thanks to the Government's improved level of funding for 2015, we can continue to deliver on that commitment. The security provided by knowing that our funding will increase for each of the next two years allows us to establish a Racecourse Capital Development Fund. The requirement to enhance our drug testing systems is a priority given the events that unfolded in Ireland and overseas in 2014, and HRI is determined to create and fund a world-class system to address the needs of the industry in the long-term.

In presenting these financial statements, I would like to thank all of my colleagues on the Board of Horse Racing Ireland together with those who have given generously of their time to serve on subsidiary boards and statutory and advisory committees.

I also thank chief executive Brian Kavanagh and his team, who carry out the day to day tasks of the management and administration of Irish horse racing. The Board and executive team continue to show great dedication to the overall administration, promotion and development of the industry and in planning for future growth and vitality.

Joe Keeling
Chairman

CHIEF EXECUTIVE'S REPORT

2014 came to a close with many positive trends across the Irish racing and breeding industry. Although ownership and horses-in-training remain a challenge, we witnessed growth in attendances, Tote turnover and commercial sponsorship and it was another successful year for the Irish bloodstock industry, with sales of €147.4 million representing double-digit growth for the fourth year in a row.

Racehorse ownership is the lifeblood of our industry and an area that needs continued focus. While the overall number of owners has fallen again, the increase in new owners is welcome and our field sizes bear favourable comparison with other racing jurisdictions.

Attendance growth of 4% was recorded for both total attendances and average attendance per meeting for the second consecutive year. The racing festivals were particularly strong, with the inaugural Irish Champions Weekend significantly increasing numbers at Leopardstown and the Curragh.

It was very welcome to see on-course betting recover marginally, delivering the first improvement since 2007.

Key 2014 figures included:

- Bloodstock Sales up 10.5% from €133.4m to €147.4m
- Export Sales up 11.7% from €205.4m to €229.4m
- Horses in Training down 6.4% from 9,199 to 8,613
- Number of Owners down 6.2% from 3,953 to 3,706
- Total Tote Betting up 10.8% from €55.6m to €61.6m
- On-Course Bookmakers down 0.7% from €70.8m to €70.3m

In order to stay competitive internationally, improve returns to existing owners and attract new owners, HRI made improvements in prize-money a priority for 2014 with an increase of 6.1% to €48.6 million, including a rise in the minimum race value from €7,000 to €7,500. Prize-money will increase by a further €5 million, or 10%, in 2015, to a projected €53.9 million.

I am particularly pleased that we have been able to do this, as it will help to ensure that Ireland remains competitive internationally. Owners are the life-blood of our industry and our increased race values, coupled with the further reductions in administrative charges, will hopefully encourage new owners into the sport and existing owners to reinvest. Increasing the numbers of horses in training is an absolute priority to maintain the competitiveness of Irish racing and generate increased employment in this largely rural industry.

The increase in funding through the Horse and Greyhound Racing Fund allows us to plan for the development and enhancement of Irish racing, capitalising on the uplift in the economy and the outstanding reputation of Irish bloodstock internationally. Improving racecourse facilities is of the utmost importance, with the Curragh and Leopardstown obvious priorities, reflecting the high standard and international status of the races staged there.

Horse Racing Ireland Annual Report 2014

Thankfully, the new betting legislation will finally become law in 2015, which will see offshore betting tax collected. It is a very positive development on a number of fronts in that it creates a level playing pitch with operators currently paying tax, it brings betting exchanges within the tax net for the first time, and of course increases the tax yield significantly.

September saw the inaugural Irish Champions Weekend, featuring 10 Group races including five Group 1's. A total of 24,168 racegoers attended the inaugural two-day Irish Champions Weekend race meeting on September 13th and 14th at Leopardstown and the Curragh, easily surpassing the target of 20,000. Honours were even as Irish Champions Weekend drew to a close with British and Irish-trained runners winning eight races each.

With Irish Champions Weekend, Ireland now has an end-of-season flat meeting with a concentration of quality races and internationally competitive prize-money to attract the world to come racing in Leopardstown and the Curragh. Irish Champions Weekend can become, in effect, the first leg of a triple crown of European Flat Racing Championships, followed by the Qatar Prix de l'Arc de Triomphe at Longchamp and QIPCO British Champions Day at Ascot.

In 2014 Irish-bred and trained horses enjoyed tremendous global success. At Cheltenham in 2014, there were 16 Irish-bred and 12 Irish-trained winners. Irish trainers equalled their record of eight wins at Royal Ascot and at the prestigious York Ebor festival each of the feature races was won by an Irish-trained horse. Irish sprinters dominated the world sprints with Tom Hogan's Gordon Lord Byron beating the top Australian sprinters in Rosehill in March and winning on QIPCO British Champions Day in October. Eddie Lynam won four of the five British Group 1 all-aged sprint races with his star sprinters Sole Power and Slade Power. Irish-trained and bred Adelaide (IRE) became the first non-Australasian horse to win Australia's premier weight-for-age race, The Cox Plate, for Aidan O'Brien.

It is encouraging to see further signs of recovery as we move into 2015 and increased Government funding has allowed us to establish a new €100 million Racecourse Capital Development Fund, increase prize-money by €5 million, enhance integrity funding and further reduce owners and trainers administrative costs. We are privileged to have some of the very best in the world within the ranks of our racing and breeding industry, which is what puts Ireland in such an enviable global position and I wish them all continued success for 2015.

Brian Kavanagh
Chief Executive

FINANCE REVIEW

The financial results of the Horse Racing Ireland Group continue to show satisfactory results for the year ended 31st December 2014.

The Group Income and Expenditure Account showed a surplus of €1.9m for the year.

2014 saw the achievement of an increase of €5.4m in Tote Turnover. Racecourse income increased by €0.277m. Winnings paid on bets increased by €5.6m and there was an increase in Operating costs of €0.525m. Other Income has increased by €0.351m to €73.8m.

During 2014 Horse Racing Ireland contributed an additional €1.6m to prizemoney, bringing the contribution to €31.3m in 2014 from €29.7m in 2013.

GROUP INCOME AND EXPENDITURE ACCOUNT

Turnover for the year increased by 9%, or €5.7m to €69.7m compared to €64.0m in the previous year. The turnover increase is primarily due to an increase of 10.6% or €5.4m in Tote Ireland turnover. Income from bookmakers showed a slight decrease of €0.017m or 1% to €1.65m in 2014. Racecourse income increased during the year by 3% or €0.277m from €10.8m in 2013 to €11m in 2014.

Winnings paid on bets increased in 2014 by 12.5% or €5.6m to €50.7m.

Operating costs increased by 3% or €0.525m to €17.2m.

The number of fixtures in 2014 was 347 fixtures versus 349 in 2013. The total number of races run was 2,489 in 2014 compared to 2,530 in 2013, down 1.7%.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2014 and on the website www.goracing.ie.

OTHER INCOME

During 2014, other income increased to €73.8m which was an increase of 0.5% or €0.351m from the 2013 figure of €73.4m. The allocation from the Horse and Greyhound Racing Fund showed a continuing decrease of 1% or €0.64m from the previous year. The total allocation in 2014 was €43m. Foal Levy contributions showed a decrease of 4% or €0.06m to €1.5m in 2014. Media income of €5.6m showed an increase year on year of 2% or €0.13m. Registrations income decreased by 8% or €0.264m from €3.2m in 2013 to €3m in 2014, reflecting a reduction in volume of registrations and the strategy of the HRI Board to maintain reduced charges. Industry contributions to Irish Thoroughbred Marketing slightly increased in 2014 and interest income increased by 6% to €0.766m in 2014.

PRIZEMONEY

The total prizemoney pool of €49.4m showed an increase of €2.6m from the previous year total of €46.8m. The contributions from owners were up €0.887m from €11.3m in 2013 to €12.13m in 2014, reflecting increased levels of supplementary entries. The contributions from sponsors increased also to €5.9m from €5.8m, while Horse Racing Ireland's contribution increased by 5.5% or €1.6m to €31.3m in 2014.

Horse Racing Ireland Annual Report 2014

POINT TO POINTS

Within the overall prizemoney pool, Point to Point prizemoney in 2014 totalled €0.824m, the same level as 2013. There were 107 Point to Point fixtures in 2014 (99 in 2013). The total number of races in 2014 decreased by 48 races to 689 (737 in 2013).

Payments made in respect of Point to Point Integrity costs increased to €0.458m in 2014 from €0.444m in 2013.

EXPENDITURE

During 2014, Group expenditure excluding prizemoney, decreased to €23m which was a decrease of 3% or €0.788m from the 2013 figure of €23.8m. The main factors comprising this reduction was a decrease in spend of €1.1m on capital development fund grants in 2014 as this scheme was closed in 2013, and an increase in Integrity and Racecourse service costs of €0.367m.

Integrity and Racecourse Services costs totalled €89m in 2014 with integrity services increasing by €0.164m or 3% in the year. Racecourse services costs showed an increase of 7% or €0.203m over 2013, due to expenditure incurred in upgrading the production of pictures of racing for onward distribution.

Grants / Fees paid to industry bodies decreased by 2% in 2014 to a figure of €2m. Distributions under the Foal Levy Scheme in 2014 decreased by 3% to €1.2m. The primary third party beneficiaries of the Foal Levy funds in 2014 were the Irish Equine Centre, in receipt of €0.79m and Irish Thoroughbred Breeders' Association, in receipt of €0.365m. Irish Thoroughbred Marketing Limited was also a beneficiary and received €0.365m.

Horse Racing Ireland administration costs decreased by 5% from €5.5m in 2013 to €5.2m in 2014.

Irish Thoroughbred Marketing expenditure increased from €1.6m to €1.8m in 2014. General marketing and promotional costs remained consistent with 2013 expenditure.

GROUP CASH FLOW

In 2014, Group cash inflow from operations amounted to €7.2m. The net cash inflow from returns on investments and servicing of finance totalled €0.68m, giving total cash inflow of €7.6m after taxation paid of €0.315m.

During the year, Group payments to acquire tangible fixed assets totalled €1.7m and expenditure on Investment Properties amounted to €1.4m.

Loans repaid from racecourses and industry bodies totalled €0.451m and loans paid to Racecourses and industry bodies amounted to €0.834m. During the year the Group purchased listed investments of €10.9m and unlisted investments of €4.9m.

Horse Racing Ireland Group bank loans drawn down during the year were €3.5m resulting in an overall decrease in cash of €8.2m in 2014.

**AUDITED GROUP
FINANCIAL STATEMENTS
HORSE RACING IRELAND
FOR THE YEAR ENDED 31 DECEMBER 2014**

Horse Racing Ireland Annual Report 2014

HORSE RACING IRELAND MEMBERS AND OTHER INFORMATION

Members

Mr. Joe Keeling (Chairperson)
Mr. Neville O'Byrne (Vice Chairperson)
Mr. Bernard Caldwell
Mr. Noel Cloake
Mr. William Flood
Mr. Michael Hickey
Mr. Francis Hyland
Mr. Noel Meade
Mr. John Moloney
Mr. Jim Nicholson
Ms. Mary O'Connor
Mr. John Power (Resigned 11 December 2014)
Ms. Eimear Mulhern
Ms. Meta Osborne

Secretary Registered Office

Mr. Raymond Horan
Ballymany
The Curragh
Co. Kildare

Auditors

Comptroller and Auditor General
Dublin Castle
Dublin 2

Solicitors

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Kilroys Solicitors
69 Lower Lesson Street
Dublin 2

William Fry,
Fitzwilton House
Wilton Place,
Dublin 2

Bankers

Bank of Ireland
Allied Irish Banks p.l.c.
KBC Bank Ireland p.l.c.
Permanent tsb Group Holdings p.l.c.

HORSE RACING IRELAND

Horse Racing Ireland Annual Report 2014

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members of Horse Racing Ireland are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Horse Racing Ireland and the Group and of the result for the Group for that period. In preparing those financial statements, the members of Horse Racing Ireland are 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 disclosed and explained in the financial statements.

The members of Horse Racing Ireland are responsible for keeping proper books of account 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 accounting standards generally accepted in Ireland. They are also responsible for safeguarding the assets of Horse Racing Ireland and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Joe Keeling
Chairperson

Jim Nicholson
Member

23rd June 2015

Date



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Horse Racing Ireland

I have audited the group financial statements of Horse Racing Ireland for the year ended 31 December 2014 under the Horse and Greyhound Racing Act 2001. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the group income and expenditure account, the group statement of total recognised gains and losses, the group balance sheet, the Horse Racing Ireland balance sheet, the group cash flow and the related notes. The financial statements have been prepared in the form prescribed under Section 13 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of Horse Racing Ireland

Horse Racing Ireland is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of Horse Racing Ireland's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to Horse Racing Ireland's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read Horse Racing Ireland's annual report to identify if there are any material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the group's and Horse Racing Ireland's affairs at 31 December 2014 and of the group's income and expenditure for 2014.

In my opinion, proper books of account have been kept by Horse Racing Ireland. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in Horse Racing Ireland's annual report is not consistent with the related financial statements, or
- the statement on internal financial control does not reflect Horse Racing Ireland's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

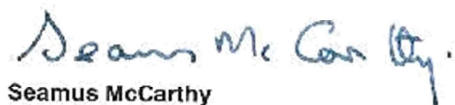
Unsanctioned loan

Borrowing by Horse Racing Ireland (or a subsidiary company) requires the consent of the Minister for Agriculture, Food and the Marine and of the Minister for Public Expenditure and Reform.

In October 2003, Horse Racing Ireland obtained ministerial consent for a revolving credit facility of up to €40 million on condition that further consent would be required in relation to the specific borrowing arrangements entered into by Horse Racing Ireland.

Report of the Comptroller and Auditor General (continued)

I draw attention to note 21 which discloses details of a loan of €200,000 provided to the Tipperary Race Company plc, a subsidiary of Horse Racing Ireland. Horse Racing Ireland did not obtain ministerial consent for this loan.



Seamus McCarthy
Comptroller and Auditor General
30 June 2015

Horse Racing Ireland Annual Report 2014

STATEMENT ON INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE YEAR ENDED 31 DECEMBER 2014

On behalf of the Board of Horse Racing Ireland, I acknowledge our responsibility for ensuring that a system of internal financial control is operated and maintained.

The internal financial controls are such that they provide reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded and that any material errors or irregularities would be detected in a timely period.

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

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 powers.
- Developing a strong culture of accountability across all levels of the organisation.
- Establishment of formal procedures through various Committee functions 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. This includes an active Audit Committee, an Internal Audit function and regular reporting to the Board.

A formal process to identify and evaluate organisation business risks is in place. The risk management group meet regularly during the year and report to the Audit Committee at each of its meetings.

The System of Internal Financial 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 budgeting system with the detailed review process by Executives and signed off by the Board.
- 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.

Horse Racing Ireland has an outsourced Internal Audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies and which reports directly to the Audit Committee and in turn 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 Committee on behalf of the Board. In 2014, five Audit Committee meetings were held and eight separate reports presented.

For 2014, the head of Internal Audit provided the Board through the Audit Committee with a report on the Internal Audit activity for the year. This report includes the Head of Internal Audit's opinion on the Horse Racing Ireland system of Internal Financial Control.

I confirm that in respect of the year to 31 December 2014 the Board conducted a review of the effectiveness of the system of Internal Financial Control.

Joe Keeling
Chairperson

Date

23rd June 2015

Horse Racing Ireland Annual Report 2014

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

Basis of accounting

The financial statements have been prepared on an accruals basis, under the historical cost convention and in accordance with generally accepted accounting practice. Financial Reporting Standards recommended by the recognised accounting bodies have been adopted as they become applicable. The unit of currency in which the financial statements are denominated is the Euro. The financial statements comprise the financial statements of Horse Racing Ireland and its subsidiaries.

Basis of consolidation

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

Turnover

Turnover, which excludes inter group transactions with Group subsidiaries, represents Tote turnover, revenue from bookmakers' betting and revenue from race meetings and ancillary activities.

Foal Levy Income

Foal levy income is accounted for on a cash receipts basis.

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 so as to write off the cost of the assets over their expected useful lives 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%

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.

Acquisitions

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. Fair values of these assets and liabilities are determined by reference to market values, where available, or by reference to the current price at which similar assets could be acquired or similar obligations entered into, or by discounting expected future cash flows to present value, using either market rates or the risk-free rates and risk-adjusted expected future cash flows.

Where the fair value of the consideration paid exceeds the fair value of the identifiable separable assets 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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Goodwill

Negative goodwill arising on acquisitions is amortised to the Income and Expenditure account over the 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.

Financial assets

Financial assets are stated at cost less provision for impairments in value.

Investments

Fixed interest investment bonds are valued at cost, less provision for impairment and interest income is recognised in the Income and Expenditure account on an accruals 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.

Pensions

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

Defined contribution schemes

Payments to the defined contribution schemes are charged to the Income and Expenditure account 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 method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet 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 Total Recognised Gains and Losses for the year in which they occur.

The pension charge in the Income and Expenditure account comprises the current service cost and past service cost plus the difference between the expected return on scheme assets and the interest cost on the scheme liabilities.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Finance leases / hire purchase agreements

The capital cost of assets acquired under finance leases / hire purchase agreements is included under tangible assets and written off over the shorter of the lease / agreement term or the estimated useful life of the asset. Interest on the remaining obligation is charged to the Income and Expenditure account 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.

Grants and racecourse incentive schemes

Grants paid

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

These grants are treated as a deferred credit in the balance sheets 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 on a cash receipts basis.

State capital grants received and receivable are treated as future development reserves in the Balance Sheet and released to the Income and Expenditure account based on the estimated useful lives of the assets to which the grants relate.

Taxation and deferred tax

The charge for taxation is based on the profit for the year and is calculated with reference to the tax rates applying at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in periods different from those in which they are recognised in the financial statements.

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.

Investment properties

Investment properties owned by group companies are revalued annually and are not depreciated or amortised. This treatment is a departure from the requirement of Company Law to provide depreciation on all fixed assets which have a limited useful life. However, these investment properties are not held for consumption but for investment. The Board believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties and changes to that current value are of prime importance rather than the calculation of annual depreciation.

Surpluses and deficits arising in the value of investment properties are disclosed as a movement on the Investment Revaluation Reserve through the Statement of Total Recognised Gains and Losses. In the event of the Investment Revaluation Reserve being insufficient to cover a diminution in value, the amount by which the diminution exceeds the reserve is charged to the Income and Expenditure account.

Horse Racing Ireland Annual Report 2014

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Notes	€'000	€'000
Turnover			
Tote Ireland turnover		57,022	51,554
Betting income		1,651	1,668
Racecourse income		11,087	10,810
Total turnover		69,760	64,032
Winnings paid on bets	3	(50,745)	(45,114)
Operating costs	3	(17,222)	(16,697)
Direct costs		(67,967)	(61,811)
Income from Racing		1,793	2,221
Other income			
Allocation from the Horse and Greyhound Racing Fund	4	43,376	44,016
Prizemoney contributions from Owners and Sponsors	7	18,058	17,074
Foal Levy	5	1,501	1,561
Media income		5,654	5,524
Registrations income		2,998	3,262
Industry services income		573	566
Other income	6	470	349
Industry contributions to Irish Thoroughbred Marketing		391	359
Interest income	13	766	725
Net income		75,580	75,657
Expenditure			
Contributions to prizemoney	7	31,372	29,729
Prizemoney contributions from Owners and Sponsors	7	18,058	17,074
Integrity and racecourse services	8	8,914	8,547
Racecourse schemes	10	1,214	1,249
Capital development fund grants	10	(59)	1,034
Capital development fund interest and expenses		162	114
Grants / Fees to industry bodies	9	2,008	2,057
Foal Levy distribution	5	1,207	1,246
Other expenditure		870	785
Horse Racing Ireland administration costs	13	5,244	5,533
Irish Thoroughbred Marketing expenditure		1,792	1,574
General marketing and promotions		1,646	1,647
		72,428	70,589
Other finance expense		(75)	(185)
Exceptional items	11	(889)	(263)
Taxation	12	(213)	(290)
Surplus for the year	13	1,975	4,330

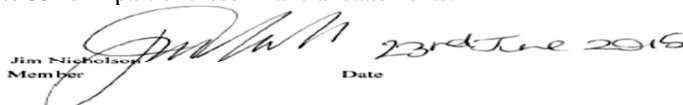
The result on ordinary activities arises solely from continuing activities.

The Statement of Accounting Policies and notes 1 to 35 form part of these financial statements.

Joe Keeling
Chairperson



Jim Nicholson
Member



Date

Horse Racing Ireland Annual Report 2014

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 €'000	2013 €'000
Surplus for the year		1,975	4,330
<i>Movement on pension scheme</i>			
Actuarial gain/(loss) recognised in the pension scheme	26	(3,893)	1,639
Surplus on revaluation of investment properties	15	422	250
Total recognised gains and losses for the year		(1,496)	6,219

The Statement of Accounting Policies and notes 1 to 35 form part of these financial statements.

Joe Keeling
Chairperson



Jim Nicholson
Member



23rd June 2015
Date

Horse Racing Ireland Annual Report 2014

GROUP BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 €'000	2013 €'000
Fixed assets			
Tangible assets	14	68,166	73,017
Financial assets	15	35,956	16,182
Negative goodwill	16	(3,378)	(3,727)
		100,744	85,472
Current assets			
Debtors	17	6,457	6,080
Cash at bank	18	34,885	43,145
		41,342	49,225
Creditors: Amounts falling due within one year	19	33,807	27,977
Net current assets		7,535	21,248
Total assets less current liabilities		108,279	106,720
Creditors: Amounts falling due after one year	20	12,133	11,753
Provision for liabilities and charges	23	83	58
Pension liability	26	14,111	11,461
Net assets		81,952	83,448
Capital and reserves			
Establishment reserve	24	17,183	17,183
Revenue reserves	25	45,728	47,649
Revaluation and non-distributable reserves	25	10,643	10,221
Capital reserves	25	8,400	8,400
Total establishment and other reserves		81,954	83,453
Minority interest	27	(2)	(5)
		81,952	83,448

The Statement of Accounting Policies and notes 1 to 35 form part of these financial statements.

Joe Keeling
Chairperson



Jim Nicholson
Member



Date

Horse Racing Ireland Annual Report 2014

HORSE RACING IRELAND BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 €'000	2013 €'000
Fixed assets			
Tangible assets	14	18,152	19,350
Financial assets	15	46,573	27,674
		64,725	47,024
Current assets			
Debtors	17	3,687	3,008
Cash at bank	18	27,842	36,107
		31,529	39,115
Creditors: Amounts falling due within one year	19	29,222	22,673
Net current assets		2,307	16,442
Total assets less current liabilities		67,032	63,466
Creditors: Amounts falling due after one year	20	12,000	11,500
Pension liability	26	14,111	11,461
Net assets		40,921	40,505
Capital and reserves			
Establishment reserve	24	9,592	9,592
Revenue reserves	25	15,782	15,638
Revaluation and Non-distributable reserves	25	7,147	6,875
Capital reserves	25	8,400	8,400
Total establishment and other reserves		40,921	40,505

The Statement of Accounting Policies and notes 1 to 35 form part of these financial statements.

Joe Keeling
Chairperson



Jim Nicholson
Member



Date

23rd June 2015

Horse Racing Ireland Annual Report 2014

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 €'000	2013 €'000
Net cash inflow from operations	29(i)	7,264	3,374
Return on investments and servicing of finance			
Interest received		766	725
Interest paid		(86)	(73)
Net cash inflow from returns on investments and servicing of finance		680	652
Taxation paid		(315)	(255)
Capital expenditure and financial investment			
Receipts from sale of tangible fixed assets		36	20
Payments to acquire tangible fixed assets		(1,734)	(5,033)
Payments to acquire Investment properties		(1,368)	-
Loans repaid from racecourses and industry bodies		451	451
Loans paid to racecourses and industry bodies		(834)	(50)
(Purchase) of unlisted investments		(4,986)	-
(Purchase)/ Sale of listed investments		(10,955)	2,009
Net cash outflow from capital expenditure and financial investment		(19,390)	(2,603)
Net cash inflow / (outflow) before financing	29(ii)	(11,761)	1,168
Financing			
Loans in the period		3,501	3,700
Bank loan repayment		-	-
Net cash inflow / (outflow) from financing		3,501	3,700
Increase / (Decrease) in cash	29(iii)	(8,260)	4,868

The Statement of Accounting Policies and notes 1 to 35 form part of these financial statements.

Joe Keeling
Chairperson



Jim Nicholson
Member



Date

23rd June 2015

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Employee numbers

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

	2014 Number	2013 Number
HRI - Full time staff	80	75
HRI - Raceday casual staff (Full time equivalents)	6	6
	<u>86</u>	<u>81</u>
HRI Subsidiaries - Full time staff	89	85
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	51	49
	<u>140</u>	<u>134</u>
	<u>226</u>	<u>215</u>

The average number of individual casual employees that worked in 2014 was 320 (2013: 304).

2. Employee remuneration

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

	2014 €'000	2013 €'000
Wages and salaries	9,935	9,713
Employer's social welfare costs	979	871
	<u>10,914</u>	<u>10,584</u>

Included in the above figure is an amount in respect of payments paid in 2014 under a restructuring programme of €128,678, (2013: €400,971).

3. Direct costs

	Winnings paid on bets		Operating costs		Total	Total
	2014 €'000	2013 €'000	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Betting collection costs	-	-	380	392	380	392
Tote Ireland	50,745	45,114	5,912	6,037	56,657	51,151
HRI Racecourses Group	-	-	10,930	10,268	10,930	10,268
	<u>50,745</u>	<u>45,114</u>	<u>17,222</u>	<u>16,697</u>	<u>67,967</u>	<u>61,811</u>

Included in Operating Costs in 2013 is a receipt of €1.5m arising out of a High Court order concerning amounts due to a subsidiary company, some of which had previously been written off.

4. Allocation from the Horse and Greyhound Racing Fund

Horse Racing Ireland 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 2004, 2009, 2010, 2011, 2012, 2013 and 2014.

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5. 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.

	2014 €'000	2013 €'000
Balance on hand at 1 January	377	437
Collected during the year	1,501	1,561
<u>Expenditure in the year:</u>		
Breeders' prizes and sponsorship	-	20
Irish Equine Centre	790	800
Irish Thoroughbred Breeders' Association	365	375
Irish Thoroughbred Marketing	365	375
Others	52	51
	<u>1,572</u>	<u>1,621</u>
Balance on hand at 31 December (included in revenue reserves)	<u>306</u>	<u>377</u>

Irish Thoroughbred Marketing expenditure of €365,000 (2013: €375,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing expenditure in the Group Income and Expenditure account.

6. Other income

	2014 €'000	2013 €'000
Negative goodwill amortisation (Note 16)	349	349
HRI Lease Income	121	-
	<u>470</u>	<u>349</u>

7. Contributions to prizemoney

	2014 €'000	2013 €'000
From Sponsors	5,902	5,805
From Owners	12,156	11,269
	<u>18,058</u>	<u>17,074</u>
From Horse Racing Ireland	31,372	29,729
	<u>49,430</u>	<u>46,803</u>

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

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8. 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 Turf Club 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. In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the Turf Club in respect of licence 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 Income and Expenditure account and amounted to €0.494m in 2014, (€1.767m 2013).

	2014 €'000	2013 €'000
Grant to Turf Club in relation to Racing Integrity Services	5,524	5,374
Grant to Turf Club in relation to Point to Point Integrity Services	458	444
Total Grant paid to the Turf Club	5,982	5,818
Racecourse services funded by Horse Racing Ireland	2,932	2,729
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	8,914	8,547

9. Grants / Fees to industry bodies

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

	2014 €'000	2013 €'000
Irish Equine Centre	695	695
RACE	575	625
Order of Malta	396	398
Blue Cross	178	181
Other Industry Bodies	164	158
	2,008	2,057

In 2014, HRI advanced loans totalling €0.81m to the Irish Equine Centre. As at 31 December 2014, total loans outstanding from the Irish Equine Centre amounted to €0.81m. This balance is included in Note 15 Financial Assets, loans to racecourses / industry bodies. With effect from 2013, HRI appoints four directors to the Board of the Irish Equine Centre, including the Chair.

10. Racecourse schemes and capital grants

<i>Racecourse schemes</i>	2014 €'000	2013 €'000
Levy, pitch fee and other payments to racecourses	1,108	1,140
Tote percentage betting payments	106	109
	1,214	1,249

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

<i>Capital grants</i>	2014 €'000	2013 €'000
Capital development fund grants	(59)	1,034

The Board of Horse Racing Ireland established a new capital development scheme for racecourses commencing in 2012. Under this scheme Horse Racing Ireland provides up to a maximum of 40% funding with the balance being funded by the racecourses. These grants are charged directly to the Income and Expenditure account and the payments relate to payments made to third party owned racecourses only.

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

11. Exceptional items	2014 €'000	2013 €'000
Impairment of Land and Buildings	(2,529)	(1,356)
Release of provision on closure of subsidiary undertaking after provision for all exit costs	-	1,973
Net cost of liquidation of subsidiary company	-	617
Impairment of Fairyhouse racecourse	-	(5,175)
Reversal of previous asset impairment on revaluation	285	-
Release of negative goodwill	-	5,175
Gain on disposal of Listed Investments (Note 15)	1,355	-
Pension curtailment loss	-	(880)
	(889)	(263)

A pension curtailment loss of €0.880m arose in 2013 under the defined benefit pension scheme during the year, refer to Note 26 - Pension commitments.

On 5th December 2013, a subsidiary company, Navan Golf Plc was placed in voluntary liquidation. The impact on Horse Racing Ireland Group accounts is as follows:

- A charge of €1.356m is recognised in relation to the impairment of buildings, plant and machinery and the capitalised value of works conducted on the golf course (Note 14).
- Income of €1.973m is recognised on the release of a minority interest provision. The provision was in relation to preference shares. As Navan Golf Plc is now closed, this provision is no longer required.

12. Taxation	2014 €'000	2013 €'000
Corporation tax charge	188	235
Deferred tax movement (Note 23)	25	55
Taxation charge for the year	213	290

Reconciliation of Profit of taxable entities at standard rate:

Profit/ (Loss) on ordinary activities before taxation	(1,327)	325
Profit on ordinary activities before taxation at the standard rate	(166)	41
<i>Effect of:</i>		
Non deductible expenses	23	15
Non allowable income	(124)	(111)
Depreciation in excess of capital allowances	130	94
Impairment of Land and Buildings	316	-
Income taxable at higher rate	52	91
Losses carried forward from previous years	-	(77)
Losses utilised on current period basis - Case 1	(43)	-
Closure costs	-	182
Corporation tax charge for the year	188	235

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 of €212,000 (2013: €242,000) has not been recognised in the financial statements as there is insufficient evidence that the asset will be recovered in the foreseeable future.

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13. Surplus for the year	2014	2013
	€'000	€'000

Surplus for the year has been arrived at after charging:

Depreciation		
Owned tangible fixed assets	2,692	2,576
Leased tangible fixed assets	15	30
Auditors' remuneration: Audit of group financial statements	85	87
Capital development fund interest	84	69
Finance lease / hire purchase interest	1	4
Loss on disposal of assets	1	3

and after crediting:

Interest receivable on deposits	734	693
Interest receivable on loans	33	32
Negative goodwill amortisation	349	349
Gain on disposal of assets	10	18

Horse Racing Ireland administration costs comprise the following:

	2014	2013
	€'000	€'000
Running costs of departments - pay and non-pay	4,436	4,565
Additional pension / FRS 17	17	72
Building running costs	791	896
	<u>5,244</u>	<u>5,533</u>

The remuneration package of the Chief Executive of Horse Racing Ireland was as follows:

	2014	2013
	€'000	€'000
Basic salary	191	191
Pension contributions and other taxable benefits	56	56
	<u>247</u>	<u>247</u>

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13. Surplus for the year (continued)

Horse Racing Ireland Group Board Members' fees and expenses were as follows:

	2014	2014	2013	2013
	Fees	Mileage	Fees	Mileage
	€'000	€'000	€'000	€'000
Denis Brosnan (Retired 19 March 2013)	-	-	-	1
Joe Keeling	-	-	-	-
William Flood	13	2	13	2
Francis Hyland	13	1	13	1
Jim Nicholson	13	5	13	4
Mary O'Connor	13	1	13	1
Noel Meade	13	2	13	2
Bernard Caldwell	13	1	13	1
John Power	-	3	-	3
Noel Cloake	13	1	13	1
Michael Hickey	13	-	13	-
John Moloney	13	4	13	3
Joe Hernon (Retired 17 December 2013)	-	-	13	3
Neville O'Byrne	13	1	13	1
Roderick Ryan (Retired 17 December 2013)	-	-	13	1
Meta Osborne	13	-	-	-
Eimear Mulhern	13	-	-	-
	156	21	156	24

Horse Racing Ireland Group Board Members' attendance at meetings was as follows:

	2014	2014	2014	2014
	Board	Board	Total number of	Total number of
	Meetings	Meetings	Board & Other	Board & Other
		Attended	Committee	Committee
			Meetings	Meetings
				Attended
Joe Keeling	9	9	17	17
William Flood	9	9	33	33
Francis Hyland	9	9	14	14
Jim Nicholson	9	9	21	19
Mary O'Connor	9	8	17	15
Noel Meade	9	9	33	24
Bernard Caldwell	9	9	27	25
John Power	9	8	23	17
Noel Cloake	9	8	31	27
Michael Hickey	9	9	14	11
John Moloney	9	9	22	21
Neville O'Byrne	9	9	18	18
Meta Osborne	9	9	27	24
Eimear Mulhern	9	8	25	21

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 Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14. Tangible assets	Plant, Equipment, Land & IT Development Buildings & Vehicles		
Group	€'000	€'000	€'000
Cost and valuation			
At 1 January 2014	89,027	33,496	122,523
Additions	586	1,148	1,734
Impairment	(188)	-	(188)
Reclassification	(2,033)	(82)	(2,115)
Disposals	(75)	(5,535)	(5,610)
At 31 December 2014	87,317	29,027	116,344
Accumulated Depreciation			
At 1 January 2014	26,370	23,136	49,506
Charge for year	1,429	1,278	2,707
Impairment	2,340	-	2,340
Reclassification	(769)	(23)	(792)
Disposals	(75)	(5,508)	(5,583)
At 31 December 2014	29,295	18,883	48,178
Net book value			
At 31 December 2014	58,022	10,144	68,166
At 31 December 2013	62,657	10,360	73,017
Included above are assets held under finance leases / hire purchase agreements as follows:			
	2014	2013	
	€'000	€'000	
Plant, Equipment, IT Development and Vehicles			
Net book value	-	8	
Depreciation charge	15	30	

Impairment of assets of €2.529m (2013 :€6.531m) are shown as an exceptional item in Note 11.

Horse Racing Ireland	Plant, Equipment, Land & IT Development Buildings & Vehicles		
	€'000	€'000	€'000
Cost and valuation			
At 1 January 2014	24,947	4,353	29,300
Additions	-	551	551
Reclassification to Investment properties	(1,972)	(143)	(2,115)
Disposals	-	(218)	(218)
At 31 December 2014	22,975	4,543	27,518
Accumulated Depreciation			
At 1 January 2014	6,721	3,229	9,950
Charge for year	115	311	426
Reclassification to Investment properties	(769)	(23)	(792)
Disposals	-	(218)	(218)
At 31 December 2014	6,067	3,299	9,366
Net book value			
At 31 December 2014	16,908	1,244	18,152
At 31 December 2013	18,226	1,124	19,350

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14. Tangible assets (continued)

Included above are assets held under hire purchase agreements as follows:

	2014	2013
	€'000	€'000
<i>Plant, Equipment, IT Development and Vehicles</i>		
Net book value	-	8
Depreciation charge	8	23

15. Financial assets

	2014	2013
	€'000	€'000
Group		
Loans to racecourses / industry body	4,203	3,820
Investment in racecourse	1	1
Investment properties	9,700	6,250
Unlisted investments	4,986	-
Listed investments	17,066	6,111
	35,956	16,182
Horse Racing Ireland		
Loans to subsidiary undertakings	17,016	17,691
Investment in subsidiary undertakings	51	51
Loans to racecourses / industry body	4,203	3,820
Investment in racecourse	1	1
Investment properties	3,250	-
Unlisted investments	4,986	-
Listed investments	17,066	6,111
	46,573	27,674

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 34.

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). At the year end, the market value of listed investments included above at cost of €17.066m (2013: €6.111m) was €18.208m (2013: €6.625m). Investment properties are valued on the basis of open market value by O'Donnell Property Consultants.

Included in Loans to racecourses / industry bodies is a loan from HRI to Curragh Racecourse Hospitality Limited, a subsidiary of The Turf Club, amounting to €1.2m (2013: €1.3m) in respect of an element of a previous redevelopment of the Curragh racecourse. The loan is being repaid over 6 years at an interest rate of 3 month Euribor plus 0.5%.

The movement on investment properties was as follows:

	2014	2013
	€'000	€'000
At 1 January	6,250	5,940
Additions	1,368	-
Reclassification of Tangible assets	1,323	-
Surplus on revaluation	759	310
At 31 December	9,700	6,250

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

16. Negative goodwill	2014	2013
	€'000	€'000
<i>Cost</i>		
At 1 January	12,310	12,310
Impairment	(5,175)	(5,175)
At 31 December	7,135	7,135
<i>Accumulated Amortisation</i>		
At 1 January	3,408	3,059
Amortised in the year	349	349
At 31 December	3,757	3,408
<i>Net book value</i>		
At 31 December	3,378	3,727
Goodwill attributable to non-monetary depreciable assets	(5,057)	(5,057)

In 2006, net assets were acquired in Fairyhouse Club Limited leading to negative goodwill arising of €123m. The impairment of these assets arising in 2013 reduces the negative goodwill in the Group balance sheet.

17. Debtors	2014	2013
	€'000	€'000
Group		
Trade debtors	2,871	2,770
Prepayments and accrued income	2,538	2,177
Other debtors	888	862
Taxation recoverable	160	271
	6,457	6,080
Horse Racing Ireland		
Trade debtors	1,678	1,032
Prepayments and accrued income	735	686
Amounts due from subsidiary undertakings	786	813
Other debtors	488	477
	3,687	3,008

18. Cash at bank	2014	2013
	€'000	€'000
Group		
Horse Racing Ireland	27,843	36,107
HRI Racecourses	3,603	3,464
Tote Ireland	2,955	3,169
Irish Thoroughbred Marketing	484	405
	34,885	43,145
Horse Racing Ireland	27,843	36,107

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19. Creditors: Amounts falling due within one year	2014	2013
	€'000	€'000
Group		
Accruals	3,314	3,561
Bank / Other loans (Note 21)	3,101	50
Trade creditors	1,793	2,202
Stakes due to racing clients	20,585	18,549
Deferred income	1,298	510
Guaranteed value races prize fund	-	272
Other creditors	3,467	2,272
Taxation creditors	249	553
Finance leases / hire purchase liability (Note 22)	-	8
	33,807	27,977
Horse Racing Ireland		
Accruals	937	1,571
Amounts owed to subsidiary undertakings	232	218
Bank / Other loans (Note 21)	3,000	-
Trade creditors	624	442
Stakes due to racing clients	20,585	18,549
Deferred income	862	-
Guaranteed value races prize fund	-	272
Other creditors	2,868	1,457
Taxation creditors	114	156
Hire purchase liability (Note 22)	-	8
	29,222	22,673

Trade creditors include amounts due to betting clients not drawn down.

Other creditors includes balances amounting to €1.6m at 31 December 2014, (2013 : €0.99m) deducted from Trainers' prize money accounts in respect of a Stable Employees Pension Plan. Discussions are ongoing between key stakeholders on the establishment of a new plan. The monies are held by HRI pending finalisation.

Taxation creditors is split as follows:	2014	2013
	€'000	€'000
Group		
PAYE	22	25
PRSI	14	15
VAT	108	113
Other taxes	105	400
	249	553
Horse Racing Ireland		
VAT	101	96
Other taxes	13	60
	114	156

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

20. Creditors: Amounts falling due after more than one year	2014	2013
	€'000	€'000
Group		
Bank / Other loans (Note 21)	12,100	11,650
Deferred income	33	103
Finance leases / hire purchase liability (Note 22)	-	-
	<u>12,133</u>	<u>11,753</u>

Horse Racing Ireland		
Bank / Other loans (Note 21)	12,000	11,500
Deferred income	-	-
Hire purchase liability (Note 22)	-	-
	<u>12,000</u>	<u>11,500</u>

21. Bank / Other loans	2014	2013
	€'000	€'000
Group		
Repayable within 1 year	3,101	50
Repayable within 2 to 5 years	12,100	11,650
Repayable after 5 years	-	-
	<u>15,201</u>	<u>11,700</u>

Horse Racing Ireland		
Repayable within 1 year	3,000	-
Repayable within 2 to 5 years	12,000	11,500
Repayable after 5 years	-	-
	<u>15,000</u>	<u>11,500</u>

Horse Racing Ireland's Group loans at 31 December 2014 comprised a bank loan in the form of a revolving credit facility until 2014 (when it was converted into a term loan), and a loan of €200,000 provided by three individuals to Tipperary Race Company PLC, a subsidiary of Horse Racing Ireland.

22. Finance leases / hire purchase liability

Leasing / Hire purchase obligations, net of interest, are due for repayment as follows:	2014	2013
	€'000	€'000
Group		
Repayable within 1 year	-	8
Repayable within 2 to 5 years	-	-
	<u>-</u>	<u>8</u>
Horse Racing Ireland		
Repayable within 1 year	-	8
Repayable within 2 to 5 years	-	-
	<u>-</u>	<u>8</u>

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

23. Provision for liabilities and charges	2014 €'000	2013 €'000
Deferred taxation		
At 1 January	58	3
Charge to the Income and Expenditure account	25	55
At 31 December	83	58

The deferred tax liability arises where fixed assets are depreciated over a longer period than that over which capital allowances are recognised.

24. 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.

25. Reserves

Group	Revenue Reserves	Establishment Reserve	Revaluation and Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	47,649	17,183	10,221	8,400	83,453
Transfer to / (from) reserves	-	-	-	-	-
Retained surplus for the year	1,975	-	-	-	1,975
Surplus on revaluation	-	-	422	-	422
Minority interest	(3)	-	-	-	(3)
Actuarial loss	(3,893)	-	-	-	(3,893)
At 31 December 2014	45,728	17,183	10,643	8,400	81,954

Revenue reserves at 31 December 2014 include € 16.34m being the pension reserve cumulative amount charged through the Statement of Total Recognised Gains and Losses (2013: €12.421m). Capital reserves represent surpluses set aside to fund future capital development. This reserve will be released to revenue reserves on completion of such developments. Revaluation and non-distributable reserves represent revaluation surpluses arising on investment properties and non-distributable reserves.

Horse Racing Ireland	Revenue Reserves	Establishment Reserve	Revaluation and Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	15,638	9,592	6,875	8,400	40,505
Transfer to / (from) reserves	-	-	-	-	-
Retained surplus for the year	4,037	-	-	-	4,037
Surplus on revaluation	-	-	272	-	272
Actuarial loss	(3,893)	-	-	-	(3,893)
At 31 December 2014	15,782	9,592	7,147	8,400	40,921

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

26. Pension commitments

Horse Racing Ireland has established two pension schemes to provide pension benefits to their 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 Trustsure Limited) 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 the Irish Horseracing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2014 amounted to 156 (2013: 159). 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. Following consultation with relevant stakeholders, a Funding Proposal over the period from 2013 out 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 provision 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 period to 2023.
- c) Total employer contributions in the DB Scheme made for the year ended 31 December 2014 were €1,290,000. Future expected employer contributions in this scheme are €1,326,000 for the year ended 31 December 2015.
- d) 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 method. Liabilities relating to other employees of the Turf Club and the Curragh Racecourse are excluded in calculating the net pension liability disclosed underneath.

The principal financial assumptions for the DB scheme used to calculate the retirement liabilities under FRS 17 as at 31 December 2014 were as follows:

Valuation method	Projected unit	Projected unit
	2014	2013
Discount Rate	2.2%	3.75%
Future pensionable salary increases	n/a	n/a
Future pension increases	2.50% / 1.00% (where applicable)	2.50% / 1.25% (where applicable)
Future inflation	1.25%	2.00%
Statutory Revaluation	1.25%	1.75%

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

26. Pension commitments (continued)

<i>Life expectancy at 65:</i>	2014	2013
	Year	Year
Current pensioners (currently aged 65) - male	85.8	87.5
Current pensioners (currently aged 65) - female	88.4	88.9
Future pensioners (currently aged 45) - male	88.3	90
Future pensioners (currently aged 45) - female	90.5	91

During 2013, the Society of Actuaries in Ireland (the "SAI") undertook a mortality investigation which concluded that while mortality rates continue to improve, the rate of mortality improvements for pensioners in Irish occupational pension schemes has been lower than previously expected. Following on from this study, the SAI reviewed their recommended mortality assumptions for the purpose of calculating Standard Transfer Values from occupational pension schemes and are recommending a change to these assumptions. These revised post retirement mortality assumptions have been adopted for the purposes of valuing the Company's DB Scheme liabilities for accounting purposes. This mortality basis includes an allowance for future improvements in mortality.

The expected rates of return on assets and asset distribution of the pension scheme were as follows:

Class	Rate of expected return at 31/12/2014	Asset Distribution as percentage of total DB Scheme assets 31/12/2014	Rate of expected return at 31/12/2013	Asset Distribution as percentage of total DB Scheme assets 31/12/2013
Equities	6.50%	51%	7.00%	60%
Property	5.50%	3%	6.00%	3%
Fixed Interest	2.00%	36%	3.50%	34%
Absolute Return Funds	5.00%	9%	-	-
Cash	1.00%	1%	1.50%	3%
Total		100%		100%

For accounting periods commencing on or after 1 January 2015, FRS17 is being replaced by FRS102. FRS102 stipulates that the expected return on a DB scheme's assets is the discount rate. As such, the expected return on assets assumption for the DB Scheme for 2015 is 2.2%.

Analysis of the amount charged to HRI Administration costs before amounts deducted for Curragh / Others are as follows:	2014	2013
	€'000	€'000
Current service cost	-	(83)
Past service cost	264	189
	<u>264</u>	<u>106</u>

Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:	2014	2013
	€'000	€'000
Expected return on DB Scheme assets	1,630	1,467
Interest on DB Scheme liabilities	(1,718)	(1,668)
	<u>(88)</u>	<u>(201)</u>

Analysis of the amount charged to exceptional items before amounts deducted for Curragh / Others are as follows:	2014	2013
	€'000	€'000
Curtailment loss	-	(957)

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

26. Pension commitments (continued)

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 1.25% per annum is the appropriate assumption in this regard.

The amounts recognised in the Balance Sheet are as follows:

	2014 €'000	2013 €'000
Present value of wholly or partly funded DB Scheme liabilities	(55,010)	(46,636)
Fair value of DB Scheme assets	39,066	33,817
Total Deficit in DB Scheme at end of the year	(15,944)	(12,819)
Curragh Racecourse / Others deficit included in total deficit for the year	(1,833)	(1,358)
Net HRI liability recognised in the Balance Sheet	(14,111)	(11,461)

Changes in the present value of DB Scheme liabilities are as follows:

	2014 €'000	2013 €'000
Opening present value of DB Scheme liabilities	(46,636)	(44,984)
Current service cost	-	(83)
Interest cost	(1,718)	(1,668)
Contributions by DB Scheme participants	-	(92)
Actuarial loss	(8,476)	(400)
Past service cost gain	264	189
Benefits paid	1,556	1,359
Curtailment loss	-	(957)
Closing present value of DB Scheme liabilities	(55,010)	(46,636)

Changes in the fair value of DB Scheme assets are as follows:

	2014 €'000	2013 €'000
Opening fair value of DB Scheme assets	33,817	29,821
Expected return	1,630	1,467
Actuarial gain	3,885	2,182
Contributions by employer	1,290	1,614
Contributions by DB Scheme participants	-	92
Benefits paid	(1,556)	(1,359)
Closing fair value of DB Scheme assets	39,066	33,817

Analysis of the amount which is recognised in the Statement of

Total Recognised Gains and Losses (STRGL) is as follows:

	2014 €'000	2013 €'000
Curragh / Others actuarial gain / (loss) for the year	(698)	143
HRI actuarial gain / (loss) for the year	(3,893)	1,639

The actual return on scheme assets in 2014 was a gain of €5.515m (2013: gain of €3.649m). The cumulative gains and losses recognised in the statement of total recognised gains and losses at 31 December 2014 is a loss of €16.574m (2013: cumulative loss of €11.983m).

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

26. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Year ended 31 December	2014	2013	2012	2011	2010
	€'000	€'000	€'000	€'000	€'000
Present value of DB scheme liabilities	(55,010)	(46,636)	(44,984)	(38,144)	(36,651)
Fair value of DB scheme assets	39,066	33,817	29,821	26,068	27,189
Deficit in the scheme	(15,944)	(12,819)	(15,163)	(12,076)	(9,462)

Year ended 31 December	2014	2013	2012	2011	2010
	€'000	€'000	€'000	€'000	€'000
Net deficit in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	(14,111)	(11,461)	(13,617)	(10,941)	(8,667)
Experience adjustment arising on					
- the DB Scheme liabilities	904	(400)	256	876	597
- the DB Scheme assets	3,885	2,182	2,441	(2,769)	700

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

- Horse Racing Ireland operates a defined contribution plan, 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 plan for new employees joining after 1 January 1999. 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.
- At 31 December 2014, there were 146 active participants. Horse Racing Ireland also offers a PRSA to employees who are not eligible to join the DC Scheme.
- The pension contributions for the DC Scheme for the year ended 31 December 2014 were €610,000 (2013: €505,000).

27. Minority interest	2014	2013
	€'000	€'000
At 1 January	(5)	1,964
Movement in the year	3	4
Release of minority interest provision (Note 11)	-	(1,973)
At 31 December	(2)	(5)

The release of the minority interest provision is shown as an exceptional item in Note 11. The balance of minority interest relates to the percentage of shareholdings which are not owned by the Group, as outlined in note 34.

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

28. Capital and other commitments

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

	2014 €'000	2013 €'000
Group		
Authorised, but not contracted for	-	131
Authorised, but not contracted for, to subsidiary undertakings	-	-
Contracted	724	476
Total	724	607

Horse Racing Ireland

Authorised, but not contracted for	-	-
Authorised, but not contracted for, to subsidiary undertakings	-	-
Contracted	600	92
Total	600	92

29. (i) Reconciliation of Surplus for the year to net cash inflow from operations:

	2014 €'000	2013 €'000
Surplus for the year before tax and other finance expense	2,263	4,805
Interest receivable	(766)	(725)
Interest payable	86	73
Depreciation	2,707	2,606
Non cash exceptional items	2,529	263
Surplus on revaluation	(335)	(60)
Write off of investment in subsidiary	-	(10)
Gain on disposal of assets	(10)	(18)
Loss on disposal of assets	1	3
Negative goodwill amortisation	(349)	(349)
Increase in operating debtors	(377)	(54)
(Decrease) / Increase in operating creditors	2,836	(1,578)
Difference between pension charge and contribution	(1,320)	(1,582)
Net cash inflow from operations	7,264	3,374

29. (ii) Reconciliation of movement in net funds

	2014 €'000	2013 €'000
Increase / (Decrease) in cash in the year	(8,260)	4,868
Loans in the year	(3,501)	(3,700)
Repayment of bank loans	-	-
Change in net funds	(11,761)	1,168
Net funds at 1 January	31,445	30,277
Net funds at 31 December	19,684	31,445

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

29. (iii) Analysis of changes in net funds

	At 31/12/2013 €'000	Cash Flows €'000	At 31/12/2014 €'000
Cash at Bank	43,145	(8,260)	34,885
Debt due within 1 year	(50)	(3,051)	(3,101)
Debt due after 1 year	(11,650)	(450)	(12,100)
	31,445	(11,761)	19,684

30. 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. Mr. T. Hyde is a director of HRI Racecourses Limited and is a related party to Tipperary Race Company Plc. During 2013, Tipperary Racecourse Plc entered into a loan agreement (as set out in note 21) with three individuals, one of the individuals was Mr. Hyde. The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures were adhered to during the year. The Board complied with the Department of Finance 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 under FRS 8 Related Party Disclosures 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.

Subsidiary undertakings

Transactions in the year between Horse Racing Ireland and its non wholly owned subsidiary undertakings included payroll and cost recharges of €3.513m (2013: € 2.924m), bookmaker's fees of €0.328m (2013: €0.313m), sponsorship collected of €0.797m (2013: €0.627m), grants payable of €0.169m (2013: €0.612m) and interest income of €0.095m (2013: €0.10m).

During the year, Horse Racing Ireland received repayments on financial assets of €0.675m (2013: €0.767m)

At 31 December 2014, the amounts due from related parties were as follows:

Related party name	2014 €'000	2013 €'000
The Tipperary Race Company Plc	24	29
The Leopardstown Club Limited	3,277	3,604
Navan Races Limited	5,008	5,124
Fairyhouse Club Limited	4,401	4,601

31. Contingent liability

The court proceedings between The Leopardstown Club Limited and Templeville Developments Limited were concluded by way of a High Court judgment in favour of The Leopardstown Club Limited and award of amounts due from Templeville Developments Limited. Templeville Developments Limited have lodged an appeal against the High Court judgment. The potential financial effect of this appeal cannot be reasonably ascertained at this time.

32. Property

Horse Racing Ireland's main administrative office is located at the address defined on page 11 and is a freehold property.

33. Joint Venture

HRI and the Turf Club established a joint venture company, Alkmaar Limited, to facilitate the redevelopment of the Curragh Racecourse. Alkmaar Limited did not trade in 2014. Discussions are ongoing with key stakeholders, including the relevant departments, on the proposed development of the racecourse.

Horse Racing Ireland Annual Report 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

34. Principal subsidiaries

Direct subsidiaries	% Held	Principal Activities
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
Tote Arena Limited	100%	Non-trading

Indirect Subsidiaries

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 and the operation of Navan golf course
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.

On 5 December 2013 a liquidator was appointed to conduct the liquidation of Navan Golf Club Plc on foot of a members' voluntary resolution.

35. Approval of Financial Statements

The Board of Horse Racing Ireland approved these financial statements for issue on 23rd June 2015.



HORSE RACING
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