

A high-angle, action shot of a horse race in progress. Several jockeys in colorful silks (purple, green, pink, blue, yellow) are riding their horses across a lush green grassy field. The horses are in full gallop, with their legs extended. The jockeys are wearing helmets and goggles. The background is a bright green field with some white fence posts visible in the distance.

— 2013 —

ANNUAL REPORT

HORSE RACING IRELAND



HORSE RACING
IRELAND

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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.



CEO, BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND

HORSE RACING IRELAND BOARD



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

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Neville O'Byrne

AUDIT COMMITTEE

Con Haugh Chairperson
Bernard Caldwell
Francis Hyland
Meta Osborne
Nick Wachman

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Noel Meade
James Murphy
Derek Icton
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Noel Meade
Sue Phelan
John Power
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Meta Osborne

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Michael Hickey
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Dave McGrath Chairperson
David Allman
Mary O'Connor
Jim Mulqueen
Eimear Mulhern
Chris Jones
Dermot Weld

MEDIA RIGHTS COMMITTEE

John Moloney Chairperson
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NAVAN COMMITTEE

William Flood Chairperson
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Deirdre McFadden
Ruairi O'Coileain
Eamon Duignan
Ger Lyons

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Michael Ryan
Ciaran Conroy
Matty Fogarty
Daniel O'Connell
Paul Shanahan
Peter Roe

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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
David Mongey Chairperson
Sandy Persse
Dick O'Sullivan
Nyall Speirs

RACE
Bernard Caldwell
Margaret Davin
David Wright

CHAIRMAN'S REPORT



I am pleased to present the 2013 Annual Report for Horse Racing Ireland. Although we have not yet left the recession behind, there are many encouraging signs of recovery in key areas of Irish racing. Bloodstock sales were once again the star performer of the Irish thoroughbred industry, racecourse attendances returned to growth and the Tote

showed increases across racecourse and off-course operations. However, racehorse ownership has fallen each year since 2008 and remains one of our greatest concerns as this is the real bedrock of the industry.

I have prioritised increases in prizemoney to reinforce the ownership base and encourage potential owners with a reasonable prospect of a return on investment. During 2013 we announced a 5% increase in prizemoney combined with a 10% reduction in administrative charges for owners and trainers and also approved increased resources for the promotion of ownership in the domestic and international markets. All of these measures will go some way to retaining horses in training and encouraging new owners to get involved with the sport.

Support for improved prizemoney will continue to be a priority. Prizemoney in Ireland has dropped by 24% since 2008 while, at the same time, improving in both France and the UK, so we face growing competition in a rapidly globalising market for racing.

Growth in bloodstock sales and a surge in exports to over €200 million are the real high-points of 2013. This is excellent news for the industry and confirms that the reputation of Irish bloodstock is creating vibrant demand internationally. We now have an opportunity to increase our standing in existing and new markets for thoroughbreds but that opportunity may be missed if we fail to secure funding and administrative structures appropriate to our role as a leader in the international thoroughbred scene.



We are still awaiting the implementation of the Indecon Report, produced by independent economic consultants, which identified the need to introduce measures to secure a significant increase in taxation from the betting sector. The Betting (Amendment) Bill 2013 was published in July last and was subject to a three-month standstill period under the EU Technical Standards Directive. The Bill is still progressing through the Dáil and is expected to be enacted by mid-2014. It represents the first step to a sustainable funding system, which will ensure that racing continues to generate a high economic return.

Another key recommendation of the Indecon Report related to the integration of functions between the

Turf Club and Horse Racing Ireland and as a result, a streamlining group was established as a joint committee of the Turf Club and Horse Racing Ireland. The aim is to streamline the administration of racing which remains fragmented between the two organisations and we are still working towards achieving that goal.

Improving racecourse facilities is also of the upmost importance. The Horse Racing Ireland Racecourse Capital Development Scheme saw new and upgraded facilities at 22 of Ireland's 26 racecourses. In 2013, Kilbeggan, Killarney, Roscommon, Sligo and Tipperary racecourses carried out major upgrades to their racecourse facilities. Each of these developments was 40% funded through the Horse Racing Ireland Racecourse Capital Development Fund.

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 executive 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 trying to plan for future growth and vitality.

Joe Keeling
Chairman



CHIEF EXECUTIVE'S REPORT



The year ended on a more positive note than we have seen since the country entered into recession in 2008, with our end of year figures demonstrating upward trends in many areas. Racecourse attendances were up, which is a good sign of recovery, the Tote reported increases on and off-course and 2013 was the third consecutive year of double-digit growth in bloodstock sales at public auction in Ireland, which at €133.4 million is now worth almost twice the 2009 figure. This is an accelerating trend which is very good news for the industry as a whole.

The horses in training figures have stabilised and are virtually on a par with 2012, after several years of decline, but it remains a challenge to retain and attract new owners. In order to try and overcome this challenge, Horse Racing Ireland has increased prizemoney, reduced administrative costs, increased promotion of ownership and provided additional support for integrity services.

Although Tote betting has shown a return to growth, the bookmakers' on-course decline continued, down another 6.8% to €70.8m, which

is a real concern for the future of the sector. It must be hoped that imminent betting legislation will create a more level playing field in the betting market.

Key 2013 figures included:

- Bloodstock Sales - up 42% from €93.8m to €133.4m
- Export Sales - up 17.8% from €174.3m to €205.4m
- Horses in Training - down 0.4% from 9,238 to 9,199
- Number of Owners - down 5.8% from 4,195 to 3,953
- Total Tote Betting - up 8.2% from €47.7m to €51.6m
- On-Course Bookmakers - down 6.8% from €76m to €70.8m

There are many positives in the 2013 figures but we remain acutely aware of the underlying threats to the future of the industry. With overall funding cuts of almost 30% since 2008, we are constrained in our ability to capitalise on the potential for growth in domestic and international markets. Competing racing nations are better resourced and challenging our position.

Bloodstock is highly mobile and if we are to attract foreign owners to breed, train and race in Ireland, we must have a racing infrastructure that will stand up to international comparison. Thankfully, the new betting legislation, set to progress in 2014, represents the first step to a sustainable funding system which will ensure that racing continues to produce an economic return to the country and that we can re-build employment levels in an industry in which Ireland has great national advantages.

The horse racing and breeding sector is an industry which contributes c. €1bn annually to the Irish economy, employs in excess of 16,000 people and is responsible for exports worth €205m. Ireland remains the largest producer of thoroughbred foals in Europe and is fourth in the world.

The demand for Irish bloodstock still mainly comes from overseas and we have been working to build on strong links already in place. Following a successful trade mission in October,



led by Minister for Agriculture, Food and the Marine, Simon Coveney TD, we have been pursuing a number of new business opportunities in the Gulf States. Meetings held in Qatar and Dubai with existing and potential owners and breeders, demonstrated that there is a real opportunity to develop partnerships between the Irish and Middle Eastern thoroughbred racing and breeding industries, where, as well as being a source of top quality bloodstock, we can provide additional expertise, training and education.

Towards the end of the year, Horse Racing Ireland announced the creation of Irish Champions Weekend, which places two iconic racing fixtures, the Irish Champion Stakes and the Irish St. Leger, back to back on September 13th and 14th 2014, at Leopardstown and the Curragh, respectively. The aim is to produce a weekend of high value races to attract the top names in

international racing and showcase our Flat racing industry in a combined programme which will represent the greatest concentration of quality Flat racing ever staged in Ireland. The race programme includes five Group 1 races, two Group 2 races, three Group 3 races and four premier handicaps, with a total prize fund in excess of €3.7 million, an increase of €1.4 million on the previous year, made possible in part because of significantly enhanced levels of race sponsorship.

In 2013, Irish-bred and trained horses once again enjoyed tremendous global success. Irish-bred horses won nine of the ten Classics run in Britain and Ireland, two of the Breeders' Cup races and for the second successive year, Australia's premier race, the Melbourne Cup. Irish-trained horses captured a record haul of 14 of the 27 races at the Cheltenham Festival, equaled the record of 8 wins at Royal Ascot and achieved a notable first ever triumph in Japan's most important jumps race, the Nakayama Grand Jump. Another highlight came in April, as Irish jockey AP McCoy became the first jump jockey to ride

4,000 winners when the 18-time British Champion Jockey triumphed with Mountain Tunes at Towcester.

All of these achievements were overshadowed by serious injuries suffered by Limerick jockey John Thomas McNamara and Northern Ireland jockey Jonjo Bright, which highlighted the vital need for the Jockeys Emergency Fund. The goodwill and generosity of the racing industry was clearly evident, as countless people got behind the Limerick Charity Raceday in October, which raised over €800,000 for the Fund.

Irish racing gives us so much to be proud of and we are extremely fortunate to have such a wealth of native talent. I have no doubt that we will continue to see further successes at the highest national and international levels in the future. As an industry, we have undergone several extremely difficult years economically and thankfully, we are now seeing positive signs of recovery. The long awaited enactment of the Betting (Amendment) Act will bring measurable benefits which will help ensure that our industry is funded without recourse to exchequer subvention and at a level which will allow us to capitalise on the growing reputation of our industry internationally.

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 2013.

The Group Income and Expenditure Account showed a surplus of €4.3m for the year. The primary movements in Group income comprise an increase in total turnover which was primarily as a result of an increase in Tote Ireland turnover and a decrease in the allocation from the Horse and Greyhound Fund. The key movements in Group expenditure included an increase in winnings paid on bets and a decrease in capital development fund grants to third party racecourses. The policy of Horse Racing Ireland is to reinvest in racing facilities i.e. capital / prizemoney.

GROUP INCOME & EXPENDITURE ACCOUNT

Turnover for the year increased by €3.8m to €64m compared to €60.2m in the previous year. The turnover increase is primarily due to an increase of €3.9m or 8% in Tote Ireland turnover. Racecourse

income increased during the year from €10.5m in 2012 to €10.8m in 2013 and income from bookmakers decreased by €0.4m or 21% to €1.7m in 2013. The income from on-course bookmakers' betting and pitch fees is paid back to the relevant racecourses. This amounted to €1.1m in 2013 which showed a decrease of 6% from the previous year figure. This reflects the drop in on-course bookmakers turnover.

The number of fixtures in 2013 was 349 fixtures versus 350 in 2012. The total number of races increased, however, from 2,516 in 2012 to 2,530 in 2013, an increase of 14 races in 2013.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2013 and on the website www.goracing.ie

OTHER INCOME

During 2013, other income decreased to €73.4m which was a decrease of 1.7% or €1.3m from the 2012 figure of €74.7m. The allocation from the

Horse and Greyhound Racing Fund showed a further decrease of 2% or €1m from the previous year. The total allocation in 2013 was €44m. Foal Levy contributions increased by 9% to €1.6m in 2013. The number of foals born in 2013 was 7,757 (7,546 in 2012). Media income of €5.5m showed a slight increase year on year. Registrations income remained similar year-on-year at a figure of €3.3m. Industry contributions to Irish Thoroughbred Marketing increased in 2013 and investment income decreased by €0.7m or 48% to €0.7m in 2013.

PRIZEMONEY

The total value of prizemoney of €46.8m showed an increase of €1m from the previous year total of €45.8m. The contributions from owners were up year on year from €11m in 2012 to €11.3m in 2013. The contributions from sponsors remained similar year-on-year at €5.8m in 2013, while Horse Racing Ireland's contribution increased by 3% or €0.8m to €29.7m in 2013. Point



to Point prizemoney in 2013 totalled €0.8m. There were 99 Point to Point fixtures in 2013 compared with 107 fixtures in the previous year. The total number of races in 2013 decreased by 68 races to 737 (805 in 2012).

EXPENDITURE

During 2013, other Group expenditure decreased to €23.8m which was a decrease of 6% or €1.5m from the 2012 figure of €25.3m. The main variance was due to a decrease in spend of €1.4m on capital development fund grants in 2013 as the scheme ended.

Integrity and Racecourse Services costs totalled €8.5m in 2013 with integrity services increasing by €0.4m or 8% in the year and racecourse services showing a 1% increase year-on-year.

Payments made to racecourses for various programmes marginally decreased to €1.2m in 2013. This comprises levy, pitch fee and other payments to racecourses and the Tote percentage betting payments to

racecourses. Capital development fund grants of €1m were paid during the year under the capital development scheme for racecourses. This was a reduction of €1.4m or 58% from the previous year figure of €2.4m. This scheme provides up to a maximum of 40% funding with the balance being funded by the racecourse. This figure is for racecourses not owned by Horse Racing Ireland.

Grants / Fees paid to industry bodies marginally increased to a figure of €2m in 2013. Distributions under the Foal Levy Scheme in 2013 were €1.6m which was a reduction of 6% from the previous year total of €1.7m. The primary third party beneficiaries in 2013 were the Irish Equine Centre, in receipt of €0.8m (€0.8m in 2012) and Irish Thoroughbred Breeders' Association, in receipt of €0.375m (€0.4m in 2012). Irish Thoroughbred Marketing was also a beneficiary and received €0.375m (€0.4m in 2012).

Other expenditure reduced by 27% or €0.3m to €0.8m in 2013. Horse Racing Ireland administration costs

increased slightly from €5.4m in 2012 to €5.5m in 2013.

Irish Thoroughbred Marketing expenditure increased from €1.4m to €1.6m in 2013. General marketing and promotional costs decreased by 20% or €0.4m from €2m in 2012 to €1.6m in 2013.

GROUP CASH FLOW

In 2013, Group cash inflow from operations amounted to €3.4m. The net cash inflow from returns on investments and servicing of finance totalled €0.7m. During the year, Group payments to acquire tangible fixed assets totalled €5m and receipts from the sale of listed investments amounted to €2m. Loan repayments received were €0.5m during the year. Net cash outflow from capital expenditure and financial investments totalled €2.6m.

Horse Racing Ireland Group bank loans drawn down during the year were €3.7m resulting in an overall increase in cash of €4.9m in 2013.

MARKETING REVIEW

All marketing activity is aimed at increasing attendances at race-meetings and increasing interest in racing among the general population. Increasing interest levels above the current 22% level was one of the key targets identified in the Strategic Marketing Review Group Report and this remains a key priority. Our communications activity assists that objective by creating and curating racing stories and information across all media. We also aim to protect and enhance the reputation of the racing and breeding industry generally and to inform the public about the contribution of the thoroughbred industry to the life of the nation.

ADVERTISING

Winter / National Hunt Campaign

Radio continues to be our preferred medium to target the market for National Hunt racing which is predominately male, 35 years and over, from broadly working-class and farming backgrounds in rural and urban areas. These are active sports fans generally who remain loyal and frequent users of radio, TV and Press.

The campaign 'Horse Racing – it's in the Blood' / 'Nothing else feels like this' is a set of advertisements in 30 second and 60 second formats which were designed to draw the listener into the raceday experience and evoke memories of famous winners such as Hardy Eustace, Brave Inca, Kicking King and Danoli. It is a reminder to people who enjoy racing to re-engage and / or go more frequently.

Our radio schedule ensured that National Hunt racegoers had an opportunity to hear the radio advertisement at least 13 times. The advertisements recorded a strong performance on awareness, appeal and persuasiveness for occasional and regular racegoers through our formal research.

Summer Racing / Festivals Campaign

When the National Hunt radio campaigns ended we implemented a Summer racing promotion which ran from May to early September across magazines and online with digital display adverts on a range of shopping, music, events and sports websites. Our database analysis research ensured accurate media buying.

DIRECT MARKETING

In early May we inserted a Summer Racing booklet in a national newspaper (Ireland's highest circulation paper – approximately 0.225m copies sold daily). This was used to promote all the key summer festivals and music nights and was aimed at those who go racing to socialise only.

SCHOOLS AND COLLEGES PROGRAMME

Schools

We continued to develop the Go Racing Kids' Club based on visits to racecourses by local schools. The programme brought over 1,700 pupils from 38 schools to 7 racecourses – Fairyhouse, The Curragh, Killarney, Kilbeggan, Tipperary, Listowel and Naas. The programme aims to bring racecourses and their local primary schools together, showing the great variety of jobs within the industry and the extent of racing's reach into the life of the community. For some children, it was their first time at their local track or their first time to meet a jockey, trainer or a racehorse.



Colleges

College racedays accounted for almost 26,000 raceday attendances in 2013, introducing a new generation to the sport of horse racing, many for the first time. We worked with the racecourse teams to continue the development of dedicated student racedays at Cork, Limerick and Leopardstown and worked with Galway, Sligo, Gowran Park and Dundalk to create new events.

We sent c.80,000 dedicated emails to students and ran Facebook promoted-post campaigns to create online activity in support of student racing. We engaged with every established Horse Racing Society and hosted student racing societies at Limerick and Punchestown. At UCD and Cork IT we ran 'Come Racing' student evenings hosted by actor and racing journalist Paddy Courtney and kept the momentum up, addressing new students with racing promotions during Freshers Week at the larger colleges.

Towards the end of 2013 we launched an innovative Student Internship

Programme which will see five college interns placed during 2014 – one to work in Horse Racing Ireland and one to work in each of the Horse Racing Ireland tracks for a 10-week period.

DIGITAL MARKETING

We continued our digital marketing activity throughout the year, developing our website, Facebook and Twitter traffic substantially and we now have a presence across 9 different social media services.

We launched a SoundCloud service to play recorded interviews from the track and, supported by images from the Racing Post, we can have audio clips posted across all relevant media platforms within 15 minutes of a race. Although launched as late as April, our SoundCloud account achieved 3,000 plays of 100 audio clips at the year end.

Our digital newsletter grew to 16,500 subscribers, up from 6,500 in 2012, receiving dedicated racing content and promotions every Friday morning.

We grew our Twitter followers to 15,400 and issued over 7,000 tweets. Our Facebook followers grew from 14,600 in January 2013 to 18,500 by December 2013.

Our dedicated YouTube channel received 119,829 views with 357,481 estimated minutes watched and 430 subscribers.

Our Flickr account hosts 3,289 photos, averaging 500 views per day from across the globe (65% from the US).

Our Christmas Facebook promotion reached an average of 25,000 users for each of the promotions in our '12 days of Christmas' campaign.

The Annual Awards were our biggest digital event of the year, reaching a peak of 144,500 Facebook users and 500,000 Twitter accounts. The awards app had 1,100 downloads and the awards video stream had a peak of 2,800 viewers. Our website had over 400,000 unique visitors accounting for 985,000 visits and almost 4 million page views.



MARKETING REVIEW (CONTINUED)

COMMUNICATIONS & PR

Horse Racing Ireland Press Office

In May 2013, Horse Racing Ireland launched an online press office to provide easy media access to all recent Horse Racing Ireland press releases, including an extensive archive dating back to 2009. It also features video, audio clips, photographs and podcasts in a dynamic, easy-to-navigate media area.

The video and podcast sections contain downloadable interviews with top jockeys, trainers and industry figures.

The press office has a link on the main Horse Racing Ireland website at www.goracing.ie or via its own address www.hripressoffice.ie

TV Programme

The narrative of Irish National Hunt Racing is focused on the Cheltenham Festival and we embraced this reality in sponsoring a TV series on RTÉ One – aiming to place the story of National Hunt racing before a general audience and encourage them to take part in the winter racing scene.

The five-episode series 'The Irish Road to Cheltenham' reached c.320,000 viewers per episode and was repeated twice on the channel.

National Racing Awards

In December, the annual Horse Racing Ireland Awards were held at Leopardstown Racecourse. Awards were presented to Hurricane Fly, Willie Mullins, Johnny Murtagh,

Jamie Codd, Barry Cash and Jim Bolger. Dundalk Racecourse was awarded 'Racecourse of the Year' by members of the Racegoers Consultative Forum.

The award winners received newly-designed bronze trophies of a horse entitled 'Celebration', created by sculptor Siobhan Bulfin, which were widely praised in media coverage of the event.

All of the awards are voted on by members of the Irish racing media and for the first time, the Outstanding Achievement Award was also open to public vote.

Media Coverage

On occasion we commission Advertising Value Equivalent (AVE) reports to monitor the value of press and broadcast coverage for specific events. In 2013, the value of press coverage generated by the Galway Races was over €4m while the broadcast value was almost €2m.

The Listowel Festival generated press coverage worth over €0.7m and broadcast coverage of more than €0.35m.

The value of the Limerick Charity raceday press coverage was €0.34m and the Horse Racing Ireland Awards press value was €0.24m.

While the values are notional (based on full rate-card rates) they give us a useful benchmark to compare events year-on-year and inform our future communications.

We monitor print and online media to capture all relevant racing, breeding, betting and political coverage to provide timely and relevant updates to the Board and Executive team.

Printed Publications

Our print activity covers the main Horse Racing Ireland publications: Fact Book, Annual Report and Fixture Lists, including a range of consumer literature.

NATIONAL RACEGOERS DATABASE: UNDERSTANDING OUR CUSTOMERS

To promote racing and to provide marketing support for racecourses we need to answer some very basic questions: Who goes racing? Where they live? What is their lifestyle and socio-economic status? What media do they use?

We have built up a racegoers database of nearly 70,000 racegoers and have provided customised racegoer profiles of the main Festivals. This allows racecourses to target others in the population who match the profile of their racegoers. Leopardstown, for instance, were assisted in the production of a Christmas Festival promotional mailing to almost 300,000 homes across Dublin with addresses selected for their match against Leopardstown racegoers.

RACECOURSE MARKETING SUPPORT

Racecourse marketing support grants are allocated on a matched spend basis for selected meetings. The model prioritises Festival meetings which continue to provide most growth in attendances and also supports new initiatives.

TOURISM

British racegoers are a prime target, so our spend was focused on a participation at Cheltenham in March and November and development of new joint campaigns with Tourism Ireland and Failte Ireland to integrate racing into their communications. Our objective is to place stories and

images of race days in international consumer and travel media. We also set ourselves an objective to make all tourists to Ireland consider a day at the races as an essential part of the experience. We are developing this broader strategy with Tourism Ireland under the working title 'Ireland –Land of the Horse'.



TOTE REVIEW

Tote returned to growth and profitability in 2013. Overall turnover grew 8.2% to €51.6m with gross profit increasing 21% to €6.44m.

In many ways 2013 was a year of stabilisation. The economy stabilised and showed signs of improvement in the latter stages of the year which fed through to results. In addition, stability within the organisation has been established based on a clear strategic plan for the future combined with the recruitment of several key personnel during the year. Finally, stability in the product offerings, particularly across multi-leg pool guarantees allowed Tote to build stronger, more consistent marketing campaigns throughout the year. This stabilisation provides solid foundations to build the business throughout 2014 and beyond.

Turnover grew across all four major channels in 2013. Most pleasing was a return to growth in Tote's flagship on-course business. The recovery is being led by the performance of Festival meetings which tend to attract a more Tote friendly customer who views betting as part of the overall racing experience.

Tote accounts business also increased in 2013, driven by a focus on quality over quantity across marketing programmes combined with significantly increased Pick 6 pool turnover. Although the number of active accounts declined marginally, turnover per customer increased by 17%. In addition, Tote launched new bet and watch products from France, South Africa, Dubai and North America in 2013, all of which contributed to the growth

in the accounts business. A new mobile app was launched in August which has proven to be successful in growing this important segment of the market.

Co-mingling was a mixed story in 2013 with the decline in PMU co-mingling turnover offset by the full year impact of GBI's launch in Cyprus in 2012 and the 2013 launch in Israel. It is clear that when it comes to international operators, they will offer the product that makes most appeal to their customers, which at times is very different to the better known markets in the UK and Ireland.

Tote Ireland made returns to racing through race sponsorship, extensive marketing spend to promote fixtures, as well as grants to racecourses, based on a percentage of their respective on-course turnover. 2014 will see a continuation of the strategy to grow the top line, stabilising the on-course business and developing opportunities for growth via the existing product offering and international racing pools.





HRI RACECOURSE DIVISION

The HRI Racecourse Division is responsible for the operation of:

- Leopardstown Racecourse and Golf Centre,
- Fairyhouse Racecourse,
- Navan Racecourse, and
- Tipperary Racecourse.

The four racecourses had a combined attendance of 248,332 spread over 71 race meetings in 2013 which represented a 3% increase in attendances over the previous year.

Bookmakers' turnover came to €19.9m which is down 7% on 2012 while Tote betting amounted to €11.2m, a decrease of 8% on the previous year.

2013 saw major capital improvements to customer facilities coming on-stream. This was facilitated through the Horse Racing Ireland Racecourse Capital Development Grant Scheme.

LEOPARDSTOWN

2013 saw the completion of the first stage of the Leopardstown redevelopment programme. The third

floor of the grandstand was totally redesigned to meet the changing requirements of customers. This included a new balcony, the full length of the grandstand, with views over the parade ring. The Panoramic Suite was also introduced, which accommodates groups of up to 175 with views over the racetrack and the surrounding areas. The third floor level was brought up to the best international standard and has been very well received by patrons.

The new facility was opened on British Irish Day in June. The racecourse partnered with the British Irish Chamber of Commerce in creating the day. The feature race on the day was the King George V Cup which was presented jointly by the Minister of Agriculture, Food and the Marine, Simon Coveney TD and the British Ambassador Dominick Chilcott. This was a new initiative to attract the business customer and will become an annual event in the racing calendar.

Attendances grew by over 4% on 2012 and the total of 148,384 was

the highest since 2008. The summer music evening meetings saw an increase in attendance of 15% on the previous year. This was very encouraging as many of these people were first time racegoers whom the racecourse hopes to attract back to other meetings. The new facilities were a big factor in the improved attendances. There was a reduction in both bookmakers (€11m) and Tote (€5.7m) turnover. These were down 3.7% and 19.7% respectively. The Tote turnover is down 3.3% when adjusted for the on-course betting only.

Racing during the year was very good and once again the Red Mills Irish Champion Stakes was the highlight of the Flat season. In a wonderful finish, the John Gosden-trained The Fugue beat another English challenger, Al Kazeem with the Irish Derby winner Trading Leather in third place. The Christmas Festival was another great success. The highlight was the success of Bobs Worth in the Lexus Chase and Hurricane Fly in the Ryanair Hurdle. These were the two champions in Cheltenham the previous March.



The last day of the Christmas festival was a Gathering Day at Leopardstown and the racecourse was delighted to support this very successful national initiative. The racecourse partnered with Dun Laoghaire Rathdown County Council and staged a concert after racing as part of the attraction. The meeting attracted almost 11,000 people on the day which was an increase of 20% on the previous year.

Leopardstown continued to attract new sponsors during the year. The principal sponsors at the Christmas Festival were IFG, Knight Frank and Ryanair.

Leopardstown Golf Centre traded in difficult weather conditions during 2013. The driving range and green fee income were both down as a result. Remedial action, in the form of improved drainage, was taken during the year. This was the first step of an overall strategic drainage plan for the golf course and driving range.

FAIRYHOUSE

The highlight of the calendar was the annual Grand National Festival which took place from March 31st

to April 2nd. This year's fixture was preceded by one of the coldest spells in recent years but the weekend went ahead in dry conditions. Attendance for the three days was 26,244 which was on a par with the previous year. The main event was the Ladbrokes Irish Grand National, which this year saw success for the Dot Love-trained Liberty Counsel in the colours of the Neale/Murtagh Partnership at a price of 50/1. It was also a great success for jockey Ben Dalton and continued the great run for the smaller operations which are the backbone of Irish National Hunt racing. The meeting opened with local success for Gordon Elliot and Mrs. Patricia Sloan with Realt Mor in the Grade 1 Powers Gold Cup. This year also saw the first running of the Grade 1 Mare's Novice Hurdle which was won in impressive style by Susannah Ricci's Annie Power trained by Willie Mullins.

The Premier Jump Racing weekend in December attracted the National Hunt equine stars as they set out on the start of their season. The Bar One Racing Hatton's Grace Hurdle was won by Jezki. The Grade 1 Bar One

Racing Drinmore Novice Chase was won by the Gigginstown-owned Don Cossack while The Tullow Tank was an impressive winner of the Bar One Racing Royal Bond Novice Hurdle.

The weather was not as big a factor at Fairyhouse in 2013. The Easter Festival was run with snow on the Dublin Mountains while the ground for the Premier Jump Racing weekend contained the word "Good" in the going description for the first time since the meeting was introduced in 1996.

The investment in facilities continued in 2013 with the building of 20 new stables which will allow horses to stay overnight at the track, new playground facilities and a new covered presentation stand. The track also began the first phase of a drainage scheme which will continue in 2014.

Overall attendance was 52,889 for the 19 race meetings staged in 2013. Tote turnover was up 27% to €2.8m while bookmaker turnover was €4.6m [down 17%].



HRI RACECOURSE DIVISION (CONTINUED)

NAVAN

Navan raced 17 times in 2013, comprising 11 National Hunt meetings and 6 Flat meetings. Overall attendances for the year were 32,069, a 2% increase on last year. Tote betting was up 23% to €1.8m while bookmaker turnover was down 5% to €3.3m.

The Troytown Chase attracted an attendance of 4,482 and continued to be supported by Ladbrokes.com. Also this year, BoyleSports came on board to sponsor three graded races at the Fortria Chase meeting in early November. This day also was the first racecourse appearance by AP McCoy after his historic record of reaching 4,000 winners. Navan's flagship race meeting was sponsored by Coolmore Stud and the winner of the Coolmore

Vintage Crop Stakes, Voleuse de Coeurs went on to Group 1 success in the Irish St Leger at the Curragh. Navan also held a very successful family day which was well supported locally through the national schools. The racecourse also supported a raceday in aid of the Dogs for the Disabled charity.

Annual membership sales in Navan continued to be strong with a loyal base of members who continue to support the racecourse. These patrons availed of excellent facilities in the Arkle Bar. Navan has also been successful in attracting groups from the North of Ireland who enjoy the Navan experience.

Navan invested in a considerable new drainage programme to promote the racing surface. The results to date

have been very positive and this will further enhance the reputation of Navan Racecourse.

The staff at Navan also took part in a very successful TV programme, The Takeover, which helped raise the profile of the racecourse and its facilities. It provided a great medium to attract new business to the racecourse. As a result of the programme, Navan Racecourse was nominated for a Meath Business Award in 2013 and was a finalist in the Marketing Category.

Navan also undertook further improvements in its customer facilities, adding a children's indoor and outdoor play area along with a new coffee shop, all located in close proximity to the enclosures.

The decision to close the golf operation in Navan was made in 2013. The numbers playing golf continued to decline to an unsustainable level despite implementing numerous cost saving initiatives and sales promotions in recent years. Arrangements were put in place to facilitate this closure by 31st March 2014.

TIPPERARY

Tipperary Racecourse staged 12 meetings in 2013, comprising of 6 Flat meetings, 3 National Hunt meetings and 3 mixed meetings. Due to adverse weather, Tipperary's opening meeting had to be rescheduled. Overall attendances were up from 12,521 in 2012 to 14,990 in 2013. This included an additional fixture which was transferred from Fairyhouse. The Tote betting

turnover was down to €0.9m and the bookmaker turnover of €1.1m was down 2% in 2013. Tipperary was delighted to have 39% of their races sponsored in 2013.

Tipperary completed the second phase of the racecourse re-development which included a new entrance building, the relocation of the pre-saddling area in front of the Tipperary stand and a re-designed bookmakers ring. These were all completed in time for the opening meeting. The official launch took place on May 16th with guest of honour Lester Piggott.

2013 yet again saw some very smart horses racing at Tipperary. The feature race on the Thoroughbred Gathering race evening on August 22nd was the Group 3 Coolmore Stud

Fairy Bridge stakes which attracted a very competitive field, including the Australian import triple Group 1 winning mare Sea Siren. However the Willie McCreery trained Fiesolana proved too good on this occasion by taking her third Group 3 of the season.

The National Hunt code included The Friends of Tipperary Hurdle (Grade 2) which was won in emphatic style by the Eddie Harty-trained and J.P. McManus-owned Captain Cee Bee. This former Supreme Novices Hurdle winner at Cheltenham ran out an easy winner under Mark Walsh. The Michael Winters-trained former Galway Hurdle winner Rebel Fitz was a very popular winner of the Like A Butterfly Novice Chase (Grade 3) under Barry Geraghty where he was recording a fifth successive win over fences.



IRISH THOROUGHBRED MARKETING REVIEW

2013 was another noteworthy year for Irish Thoroughbred Marketing with the value of bloodstock sold at public auction in Ireland increasing significantly, and the continued domination of Irish bred, trained and owned horses in many of the major international racing fixtures and festivals.

From an Irish Thoroughbred Marketing perspective, one of the most significant indicators is the value of bloodstock sold at public auction in Ireland. The figure is directly influenced by the level of inward investment by overseas bloodstock buyers, in addition to the activity of the domestic market. In 2013 this figure rose significantly, to €133.4m, a 42% increase on the previous year. It is worth noting that the Paulyn Dispersal of bloodstock, held at Goffs in November contributed over €12m to this figure but even without this unexpected boost to the industry the market for Irish horses remains very buoyant. International investment was greater than ever at these sales, with horses being exported to over 30 different countries.

The world's top stallions continue to be based in Ireland and multiple championsire Galileo enjoyed another outstanding year in 2013, with his sons and daughters continuing their domination in the sales ring and on the track. Emerging young stallions Mastercraftsman, Intense Focus and Dandy Man all impressed with their first season of runners and should prove valuable assets for their studs.

The UK remains Ireland's largest market and Irish Thoroughbred Marketing maintained significant involvement there in 2013, with sponsorship and branding presence

at Chester, Cheltenham, Ayr, Stratford and York. Beyond the UK, Irish Thoroughbred Marketing continued to promote Ireland through traditional means of face-to-face relationship building, achieved through hosting overseas receptions, international trade missions, hosting visiting delegations and backed up by in-house information dissemination through a revamped Irish Thoroughbred Marketing website. Major international receptions were hosted by Irish Thoroughbred Marketing in India, Turkey, America, Dubai and France while Irish Thoroughbred Marketing welcomed visiting delegations from Mongolia, China, Scandinavia, Switzerland, Morocco, Japan and Korea, in addition to the hundreds of overseas investors who came to Ireland to attend bloodstock sales.

On the racecourse it was a spectacular year for Irish-bred, trained and owned racehorses. At the 2013 Cheltenham Festival, no less than 20 of the 27 races were won by Irish-bred horses, including the Gold Cup with Bobs Worth and the Champion Hurdle courtesy of Hurricane Fly. Irish-bred horses won 8 of the 12 Grade 1 races and Irish trainers also had a fantastic four days, registering an unprecedented 14 winners, for the first time more than the UK trainers total with 9 different Irish trainers achieving success.

At Aintree, Aurora's Encore became the 8th Irish-bred Grand National winner in the last 10 years when winning for Sue and Harvey Smith. Trainer Willie Mullins continued to dominate the domestic jumps scene but his amazing achievements spread further in 2013 when he trained Blackstairmountain to win

the Nakayama Grand Jump in Japan under Ruby Walsh, becoming the first European horse to win the race which carries a first prize of over half a million Euros. The horse was bred by Mullins' wife Jackie.

On the Flat, 2013 was another vintage year for Irish horses. nine of the 10 Classics run in UK / Ireland were won by horses bred in Ireland. It was also a very open year with every Group 1 race in Ireland won by a different trainer. Some of the highlights include Dawn Approach winning the 2,000 Guineas at Newmarket for Jim Bolger and Ruler Of The World winning the Epsom Derby for Aidan O'Brien and the Coolmore partners.

At Royal Ascot, Irish-bred and Irish trained horses enjoyed tremendous success at the meeting in 2013, with an excellent total of 8 Irish trained, and 13 Irish bred winners. Dawn Approach followed up his Newmarket win to add another Group 1 victory to his record while Sole Power was also successful at Group 1 level for Eddie Lynam and the Power family. Trainers David Wachman, Aidan O'Brien and Joanna Morgan were also among the winners.

In the Autumn, Gordon Lord Byron, trained by Tom Hogan won his second Group 1 when winning the

Haydock Sprint Cup while Magician and Chrisellium made it 2 Irish-bred winners at the Breeders' Cup when winning at Santa Anita in California. A few days later an Irish-bred horse won the Melbourne Cup for the second year in a row. The winner Fiorente was bred at Ballymacoll Stud near Dunboyne and was one of three Irish-bred horses that finished in the top four of Australia's most famous race. On Prix De l'Arc day in Paris, the Irish-trained Maarek won the opening Group 1 Prix de L'Abbaye much to the delight of trainer Barry Lalor and owner Peter McCutcheon. On British Champions Day at Ascot, Irish trainers won the opening two races on the card when Royal Diamond and Slade Power won for trainers Johnny Murtagh and Eddie Lynam respectively.

All this success on the racecourse for Irish trained horses racing outside of Ireland brought an overall total prizemoney won in 2013 to almost €20m.

In mid-2013, racehorse ownership was incorporated into Irish Thoroughbred Marketing with a renewed and focused policy of encouraging new owners into the Irish industry and ensuring that those already involved are retained. Since the downturn in the Irish economy, the number of active owners in Ireland has dropped significantly, with the 2013 figure of 3,953 representing a 28% fall from the 2009 total. New registrations in 2013 also continued the downward trend with 635 (down from 696 in 2012) new owners processed throughout the year.

Investment in land and property by overseas breeders and owners is seen as the building blocks to further future investment through the standing of stallions and the movement of mares into Ireland. Significant overseas investment in this area was evident in 2013 when the Al Thani family of Qatar bought their first farm in Ireland in

Co. Limerick. This was preceded by the purchase of Kilfrush Stud, also in Limerick, by Qatari businessman Mubarak Al Naemi. There were also significant property purchases by American investors including Mellon Stud in Limerick and the Ardracran Estate in Meath.

As a global centre of excellence, Ireland is second to none for all aspects of the thoroughbred industry, be it for education, establishing a bloodstock enterprise, or for all the other ancillary services including veterinary, farriery, feed and nutrition and Irish Thoroughbred Marketing will continue to work hard to promote this fact. Irish Thoroughbred Marketing is confident that further progress can be made promoting Ireland overseas as a source for quality bloodstock for export or indeed to leave in training in Ireland, with emerging markets to be focused on in 2014 including South America, Mongolia and the Middle East.



RACING REVIEW

The first big race of 2013 was the Goffs Thyestes Chase at Gowran Park in which victory went to 25/1 chance Jadanli, trained by Paul John Gilligan and ridden by Andrew Lynch. Two days later saw the January Jumps Weekend at Leopardstown proving to be a big success with the mighty Hurricane Fly winning the BHP Insurance Irish Champion Hurdle for the third consecutive year, the highlight of a fantastic four-timer on the card for Willie Mullins. The previous afternoon saw the same stable's Abbey Lane spring a 16/1 surprise in the Boylesports.com Hurdle under Emmet Mullins, while the Leopardstown Chase went to the Terence O'Brien-trained Farrells Fancy in a driving finish.

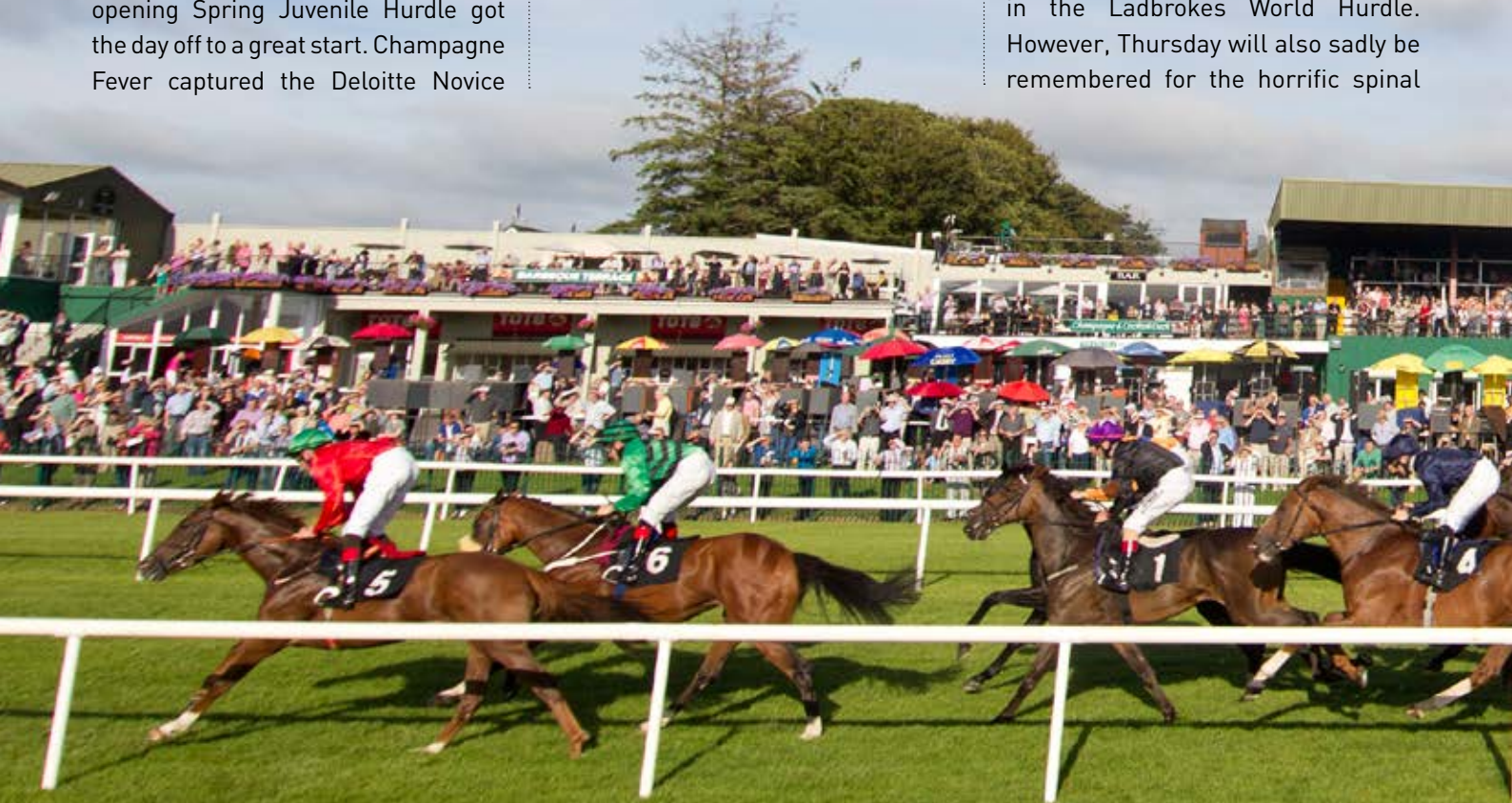
Leopardstown on February 9th was the place to be for top-quality action with four Grade 1 races on the card and the fluent victory of Our Conor in the hands of Bryan Cooper in the opening Spring Juvenile Hurdle got the day off to a great start. Champagne Fever captured the Deloitte Novice

Hurdle under Paul Townend who then doubled up half an hour later as he brought Boston Bob from off the pace to snatch victory in the Dr P.J. Moriarty Novice Chase, while another wonderful day for the Mullins yard was completed when Sir Des Champs outstayed Flemenstar to take the featured Hennessy Gold Cup in the hands of Davy Russell.

The 2013 Cheltenham Festival will live a long time in the memory as, for the first time in history, there were more Irish than British-trained winners on a score of 14-13 with Alderwood's win in the concluding Grand Annual Chase a fitting finale to the Festival. The opening day was a tour de force from Willie Mullins and Ruby Walsh as they combined to land a magnificent treble with Champagne Fever taking the opening Supreme Novices Hurdle before Hurricane Fly became the first horse since Comedy Of Errors in 1975 to regain

the Champion Hurdle crown having lost it the following year. The treble was completed by another record-breaking mare, Quevega, who landed the OBLG Mares Hurdle to become the first horse since Golden Miller in the 1930s to win at five consecutive Cheltenham Festivals.

There were four more Irish winners on the Wednesday with Lord Windermere winning the RSA Chase for trainer Jim Culloty, Flaxen Flare taking the Fred Winter Handicap Hurdle for Gordon Elliott before Ruby Walsh guided Briar Hill to victory in the Weatherbys Champion Bumper giving trainer Willie Mullins an incredible eighth success in this event. Thursday witnessed three more Irish winners with Beneficent winning the opening Jewson Novice Chase, while Big Shu gave jockey Barry Cash a memorable success in the Glenfarclas Cross Country Chase and Solwhit proved victorious in the Ladbrokes World Hurdle. However, Thursday will also sadly be remembered for the horrific spinal



injuries incurred by top amateur John Thomas McNamara when falling in the Kim Muir Handicap Chase.

Friday opened with a tremendously impressive success for the Dessie Hughes-trained Our Conor in the JCB Triumph Hurdle, while just half an hour later his jockey Bryan Cooper partnered Tony Martin's Ted Veale to a hard fought success in the County Hurdle. There was no Irish joy in the Gold Cup, but Salsify won his second consecutive CGA Foxhunters Chase, albeit somewhat fortuitously as the Jane Mangan-partnered Oscar Delta looked sure to win until ducking to his left and unseating his unlucky partner in the last furlong.

The opening day of the 2013 Flat Turf Season featured the Irish Lincolnshire which went to Sweet Lightning, the first of many big wins for jockey Johnny Murtagh during the year, while over in Dubai at Meydan Racecourse, St Nicholas Abbey recorded a decisive success in the Dubai Sheema Classic under Joseph O'Brien. The Easter

Festival at Fairyhouse commenced on the final day of March with Realt Mor the hero of the hour in the Powers Gold Cup, while there was a major shock in the Ladbrokes Irish Grand National with 50/1 chance, Liberty Counsel, emerging best for trainer Dot Love and rider Ben Dalton.

There was more Irish success at Aintree in early April with Solwhit following up his Cheltenham victory in the John Smith's Liverpool Hurdle while Northern Ireland-based trainer Stuart Crawford landed the John Smith's Mares Bumper with Legacy Gold and the Henry de Bromhead-trained Special Tiara took the John Smith's Maghull Novice Chase. The biggest Irish win of the meeting came in the Betfred Bowl Chase with the Mouse Morris-trained First Lieutenant gaining an overdue big race success. Just a week later there was

a first ever Irish-trained winner of the Nakayama Grand Jump Steeplechase in Japan when the Willie Mullins-trained Blackstairmountain emerged best in a thrilling finish under Ruby Walsh in a race that was worth over €572,000 to the winner.

The Punchestown Festival rounded off the 2012/2013 National Hunt season with another very successful meeting in late April. Once again the Willie Mullins stable dominated proceedings with an incredible 13-winner haul over the five days, seven of which were at Grade 1 level. The most notable successes came courtesy of Sir Des Champs who took the big race of the week, The Punchestown Gold Cup, while Quevega notched up another success in the Ladbrokes World Series Hurdle and Hurricane Fly rounded off another perfect season with a fluent success in the Rabobank Champion Hurdle.



RACING REVIEW (CONTINUED)



Victory for Sir Des Champs was sufficient for jockey Davy Russell to claim his second consecutive Champion National Hunt Jockeys' Title while Mark Enright was a clear-cut winner of the Claiming Professionals Title and Patrick Mullins was once again crowned Champion Amateur Rider.

With the National Hunt season done and dusted attention switched to the Flat and the first week of May brought big race success for Jim Bolger as his charge, Dawn Approach, landed the English 2000 Guineas at Newmarket by an impressive five lengths under Kevin Manning. Three weeks later at the Curragh, it was the turn of Magician to show his class as he ran out a ready winner of the Tattersalls Irish 2000 Guineas to give jockey Joseph O'Brien a third consecutive success in the first Irish Classic race of the year.

Following his easy win in the English

2000 Guineas, the Jim Bolger-trained Dawn Approach started favourite for the Investec Derby at Epsom on the first Saturday in June but in a slowly run affair, the favourite pulled too hard and failed to last out the trip. However, there was plenty of Irish joy as Aidan O'Brien's Ruler Of The World proved a decisive winner in the hands of Ryan Moore to give his trainer a fourth Epsom Derby while earlier that afternoon St Nicholas Abbey recorded his third consecutive success in the Coronation Cup to become the first horse to win this race on three occasions.

The Royal Ascot Meeting in the middle of June proved to be another hugely successful meeting for Irish-trained horses with no less than eight wins on the board by the end of the week. Indeed, Irish stables totally dominated the opening Tuesday by winning the first four races on the card with Dawn Approach's last gasp success in the

St James Palace Stakes the highlight of the quartet, while victories for Declaration Of War in the Queen Anne Stakes and War Command in the Coventry Stakes brought up a fine double for Aidan O'Brien. There was also a memorable victory for Edward Lynam's Sole Power who came with a devastating late burst to pip his rivals in the King's Stand Stakes to give jockey Johnny Murtagh another big race success. Indeed, Murtagh went on to capture the Leading Jockey Award at the meeting by the end of the week and there were further Irish winners courtesy of Gale Force Ten, Duntle, Roca Tumu and Leading Light in the Queens Vase.

In late June, Epsom Derby winner Ruler Of The World started a warm favourite to land the Dubai Duty Free Irish Derby at the Curragh but he was never able to mount a challenge as victory went to the Jim Bolger-trained Trading Leather. This was one of the trainer's



sweetest ever victories as not only did he train the winner, the horse raced in his wife's colours and was ridden by his son-in-law Kevin Manning. For good measure, Bolger had also trained the sire (Teofilo) and dam (Night Visit) during their respective racing careers.

In mid-July the Darley Irish Oaks attracted a small field of seven but in a high-class contest it was Murtagh who rode a fantastic race to win on the Alain Royer-Dupre trained Chicquita and in what was to prove a fine weekend for overseas raiders, Sir Michael Stoute's Dank was a comfortable winner of the Kilboy Estate Stakes. The last week of July was dominated by the Galway Festival and, as usual, Dermot Weld was the man to follow as he saddled 11 winners over the meeting which included Yellow Rosebud's fluent success in the Guinness EBF Corrib Stakes. The Galway Plate was landed by John Kiely's Carlingford Lough, while for the second consecutive

year there were scenes of great celebrations in the parade ring as the Guinness Galway Hurdle went to the Michael Winters trained Missunited.

The first Group 1 two year old race of 2013 was the Keeneland Phoenix Stakes at the Curragh with the David Wachman trained Sudirman taking the honours with Coventry Stakes winner, War Command, back in third place. Two weeks later, War Command gained some compensation for his defeat in the Keeneland Phoenix Stakes with a convincing success in the Galileo EBF Futurity Stakes back at the Curragh with Edward Lynam's Vallado taking the most valuable event of the day in the shape of the €125,000 Tattersalls Ireland Super Auction Stakes for two-year-olds. Across the water at the York Ebor meeting, Declaration Of War bounced back to winning ways with a fine win in the Juddmonte International Stakes.

In early September at the Curragh,

the Clive Brittain-trained Rizeena emerged best from what was a rough race in the Moyglare Stud Stakes while Leopardstown took centre stage six days later with the Red Mills Irish Champion Stakes, the feature event on a glittering card and here it was John Gosden's crack filly, The Fugue, who proved too good for fellow English raider Al Kazeem with Trading Leather back in third place. On the same card, the Coolmore Fusaichi Pegasus Matron Stakes went to 25/1 outsider La Collina, trained by Kevin Prendergast and the mount of Chris Hayes who was enjoying his first ever Group 1 success.

Over at Haydock that weekend Tom Hogan's Gordon Lord Byron showed what a smart horse he is with a comprehensive win in the Haydock Sprint Cup. Just eight days later it was Chris Hayes who stole the headlines once again as he guided the Dermot Weld-trained Voleuse De Coeurs to victory in the GAIN Irish St Leger, while



RACING REVIEW (CONTINUED)

at Doncaster on the same weekend, there was further big race success for the Aidan and Joseph O'Brien combination as Leading Light proved a good winner of the Ladbrokes St Leger.

The Harvest Festival at Listowel in mid-September was once again a big success with The Guinness Kerry National being won by White Star Line, trained by Dessie Hughes and partnered by Andrew Lynch. However, there was a sad postscript to the race as his proud Kerry owner Patsy Byrne unfortunately died

suddenly just ten days later.

The first weekend of October witnessed another win for the veteran Captain Cee Bee who, even at the age of 12, proved too strong for his rivals in The Friends Of Tipperary Hurdle on 'Super Sunday' at Tipperary. The following weekend at Newmarket was Future Champions Day and a fine performance by Aidan O'Brien's War Command was enough to see him win the Dewhurst Stakes, while Curragh trainer Willie McCreery capped an excellent year by sending out his stable star Fiesolana to take the Challenge Stakes under Billy Lee. Champions Day at Ascot in

late October was another successful one for Irish-trained horses with Johnny Murtagh recording the biggest success of his fledgling training career by sending out Royal Diamond to win the Long Distance Cup in a pulsating finish. What made it an extra special victory for Murtagh was that he rode the winner as well, while there was more Irish joy when Eddie Lynam's Slade Power came out best in a tight finish to the Champions Sprint Stakes.

With the National Hunt season now in full swing, the remarkable Hurricane Fly entered the record books as



he landed his 17th Grade 1 career success in the Morgiana Hurdle at Punchestown in mid-November. The Ladbrokes Troytown Chase was the big one at Navan in late November and in a fiercely competitive contest it was Cootamundra, trained by John Berry, who emerged best, while over at Ascot the highly-regarded Annie Power kept her unbeaten record intact by claiming the Coral Ascot Hurdle. All roads led to Fairyhouse on the first weekend of December with three Grade 1 races down for decision. Jessica Harrington's Jezki justified favouritism in the featured Hatton's

Grace Hurdle while The Tullow Tank looked a nice prospect when claiming the Royal Bond Novice Hurdle and Don Cossack gained a deserved win in Drinmore Novice Chase.

The four-day Christmas Festival at Leopardstown provided some wonderful racing and the Nicky Henderson-trained Bobs Worth bounced back to winning ways with a fine victory in the Lexus Chase under regular partner Barry Geraghty. Other notable victories were recorded by the Paul Nolan-trained Defy Logic in the Racing Post

Novice Chase, while Rockyaboya won a thrilling renewal of the valuable Paddy Power Chase. The Tullow Tank proved his class with a good win in the Paddy Power Future Champions Novice Hurdle and Beneficient produced another excellent display to win the Paddy Power Dial-A-Bet Chase. Undoubtedly the star of the meeting, though, was Hurricane Fly. In the Ryanair Hurdle on the final day, he was opposed by the high class pair of Jezki and Our Conor but he once again proved himself to be a champion with a fluent win, bringing his tally of Grade 1 career wins to eighteen.

AUDITED REPORTS & GROUP FINANCIAL STATEMENTS



MEMBERS AND OTHER INFORMATION

MEMBERS

Mr. Joe Keeling (Chairperson)	(Appointed 20 March 2013)
Mr. Denis Brosnan (Chairperson)	(Retired 19 March 2013)
Mr. Neville O'Byrne (Vice Chairperson)	
Mr. Bernard Caldwell	
Mr. Noel Cloake	
Mr. William Flood	
Mr. Joe Hernon	(Retired 17 December 2013)
Mr. Michael Hickey	
Mr. Francis Hyland	
Mr. Noel Meade	
Mr. John Moloney	
Mr. Jim Nicholson	
Mr. Roderick Ryan	(Retired 17 December 2013)
Ms. Mary O'Connor	
Mr. John Power	
Ms. Eimear Mulhern	(Appointed 18 December 2013)
Ms. Meta Osborne	(Appointed 18 December 2013)

SECRETARY

Mr. Raymond Horan

REGISTERED OFFICE

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

BANKERS

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



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



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

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 2013 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 2013 and of the group's income and expenditure for 2013.

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.

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, during 2013. Horse Racing Ireland did not obtain ministerial consent for this loan.



Seamus McCarthy

Comptroller and Auditor General
30th September 2014

STATEMENT ON INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE YEAR ENDED 31 DECEMBER 2013

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.

Non-compliance with public procurement requirements was previously highlighted as an issue during 2013, following the audit of the 2012 financial statements. With additional resources added in late 2013, Horse Racing Ireland continued their strategy of re-tendering all expired contracts in line with the public procurement legislative framework.

During the audit of the 2013 financial statements, it was highlighted that this program of work had not been fully completed, and there remained instances where expenditure was associated with expired contracts, operating under formal extensions, to facilitate re-tender, which was ongoing. Horse Racing Ireland is committed to fulfilling its obligations in relation to public procurement.

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 2013, four Audit Committee meetings were held and fifteen separate reports presented.

For 2013, 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 2013 the Board conducted a review of the effectiveness of the system of Internal Financial Control.



Joe Keeling
Chairperson

Date
30th September 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.

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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €'000	2012 €'000
Turnover			
Tote Ireland turnover		51,554	47,662
Betting income		1,668	2,102
Racecourse income		10,810	10,482
Total turnover		64,032	60,246
Winnings paid on bets	3	(45,114)	(42,318)
Operating costs	3	(16,697)	(16,164)
Direct costs		(61,811)	(58,482)
Income from Racing		2,221	1,764
Other income			
Allocation from the Horse and Greyhound Racing Fund	4	44,016	45,032
Prizemoney contributions from Owners and Sponsors	7	17,074	16,822
Foal Levy	5	1,561	1,430
Media income		5,524	5,436
Registrations income		3,262	3,296
Industry services income		566	553
Other income	6	349	437
Industry contributions to Irish Thoroughbred Marketing		359	281
Interest income	13	725	1,384
Net income		75,657	76,435
Expenditure			
Contributions to prizemoney	7	29,729	28,937
Prizemoney contributions from Owners and Sponsors	7	17,074	16,822
Integrity and racecourse services	8	8,547	8,090
Racecourse schemes	10	1,249	1,318
Capital development fund grants	10	1,034	2,423
Capital development fund interest and expenses		114	239
Grants / Fees to industry bodies	9	2,057	1,972
Foal Levy distribution	5	1,246	1,313
Other expenditure		785	1,112
Horse Racing Ireland administration costs	13	5,533	5,402
Irish Thoroughbred Marketing expenditure		1,574	1,419
General marketing and promotions		1,647	2,010
		70,589	71,057
Other finance expense		(185)	(465)
Exceptional items	11	(263)	-
Taxation	12	(290)	(152)
Surplus for the year	13	4,330	4,761

The result on ordinary activities arises solely from continuing activities.

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Joe Keeling
Chairperson



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €'000	2012 €'000
Surplus for the year		4,330	4,761
Movement on pension scheme			
Actuarial gain / (loss) recognised in the pension scheme	26	1,639	(2,824)
Investment properties			
Surplus on revaluation of investment properties	25	250	250
Total recognised gains and losses for the year		6,219	2,187

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Joe Keeling
Chairperson



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

GROUP BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €'000	2012 €'000
Fixed assets			
Tangible assets	14	73,017	77,126
Financial assets	15	16,182	18,282
Negative goodwill	16	(3,727)	(9,251)
		85,472	86,157
Current assets			
Debtors	17	6,080	6,026
Cash at bank	18	43,145	38,277
		49,225	44,303
Creditors: Amounts falling due within one year	19	27,977	29,420
Net current assets		21,248	14,883
Total assets less current liabilities		106,720	101,040
Creditors: Amounts falling due after one year	20	11,753	8,208
Provision for liabilities and charges	23	58	3
Pension liability	26	11,461	13,617
Net assets		83,448	79,212
Capital and reserves			
Establishment reserve	24	17,183	17,193
Revenue reserves	25	47,649	45,084
Revaluation and non-distributable reserves	25	10,221	9,971
Capital reserves	25	8,400	5,000
Total establishment and other reserves		83,453	77,248
Minority interest	27	(5)	1,964
		83,448	79,212

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Joe Keeling
Chairperson



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

HORSE RACING IRELAND BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €'000	2012 €'000
Fixed assets			
Tangible assets	14	19,350	19,567
Financial assets	15	27,674	30,851
		47,024	50,418
Current assets			
Debtors	17	3,008	3,315
Cash at bank	18	36,107	29,721
		39,115	33,036
Creditors: Amounts falling due within one year	19	22,673	24,090
Net current assets		16,442	8,946
Total assets less current liabilities		63,466	59,364
Creditors: Amounts falling due after one year	20	11,500	8,008
Pension liability	26	11,461	13,617
Net assets		40,505	37,739
Capital and reserves			
Establishment reserve	24	9,592	9,592
Revenue reserves	25	15,638	16,272
Non-distributable reserves	25	6,875	6,875
Capital reserves	25	8,400	5,000
Total establishment and other reserves		40,505	37,739

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Joe Keeling
Chairperson



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €'000	2012 €'000
Net cash inflow from operations	29(i)	3,374	7,209
Return on investments and servicing of finance			
Interest received		725	1,384
Interest paid		(73)	(183)
Net cash inflow from returns on investments and servicing of finance		652	1,201
Taxation paid		(255)	(99)
Capital expenditure and financial investment			
Receipts from sale of tangible fixed assets		20	28
Payments to acquire tangible fixed assets		(5,033)	(2,537)
Loans repaid from racecourses and industry bodies		451	488
Loans paid to racecourses and industry bodies		(50)	-
Sale / (Purchase) of listed investments		2,009	(8,120)
Net cash outflow from capital expenditure and financial investment		(2,603)	(10,141)
Net cash inflow / (outflow) before financing	29(ii)	1,168	(1,830)
Financing			
Loans in the period		3,700	-
Bank loan repayment		-	(7,000)
Net cash inflow / (outflow) from financing		3,700	(7,000)
Increase / (Decrease) in cash	29(iii)	4,868	(8,830)

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Joe Keeling
Chairperson



Neville O'Byrne
Vice Chairperson

Date
30th September 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. EMPLOYEE NUMBERS

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

HRI - Full time staff	
HRI - Raceday casual staff (Full time equivalents)	
HRI Subsidiaries - Full time staff	
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	

2013 Number	2012 Number
75	72
6	6
81	78
85	79
49	50
134	129
215	207

The average number of individual casual employees that worked in 2013 was 304 (2012: 315).

2. EMPLOYEE REMUNERATION

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

Wages and salaries
Employer's social welfare costs

2013 €'000	2012 €'000
9,713	8,891
871	827
10,584	9,718

Included in the above figure is an amount in respect of payments paid in 2013 under a restructuring programme of €400,971 (2012: €94,727).

3. DIRECT COSTS

	Winnings paid on bets		Operating costs		Total	Total
	2013 €'000	2012 €'000	2013 €'000	2012 €'000	2013 €'000	2012 €'000
Betting collection costs	-	-	392	399	392	399
Tote Ireland	45,114	42,318	6,037	5,297	51,151	47,615
HRI Racecourses Group	-	-	10,268	10,468	10,268	10,468
	45,114	42,318	16,697	16,164	61,811	58,482

Included in Operating costs 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 and 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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.

	2013 €'000	2012 €'000
Balance on hand at 1 January	437	720
Collected during the year	1,561	1,430
Expenditure in the year:		
Breeders' prizes and sponsorship	20	48
Irish Equine Centre	800	800
Irish Thoroughbred Breeders' Association	375	400
Irish Thoroughbred Marketing	375	400
Others	51	65
	1,621	1,713
Balance on hand at 31 December (included in revenue reserves)	377	437

Irish Thoroughbred Marketing expenditure of €375,000 (2012: €400,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing expenditure in the Group Income and Expenditure account.

6. OTHER INCOME

Negative goodwill amortisation (Note 16)

2013 €'000	2012 €'000
349	437

7. CONTRIBUTIONS TO PRIZEMONEY

From Sponsors
From Owners

From Horse Racing Ireland

2013 €'000	2012 €'000
5,805	5,865
11,269	10,957
17,074	16,822
29,729	28,937
46,803	45,759

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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.

	2013 €'000	2012 €'000
Grant to Turf Club in relation to Racing Integrity Services	5,374	4,897
Grant to Turf Club in relation to Point to Point Integrity Services	444	500
Total Grant paid to the Turf Club	5,818	5,397
Racecourse services funded by Horse Racing Ireland	2,729	2,693
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	8,547	8,090

9. GRANTS / FEES TO INDUSTRY BODIES

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

	2013 €'000	2012 €'000
Irish Equine Centre	695	695
RACE	625	525
Order of Malta	398	444
Blue Cross	181	172
Other Industry Bodies	158	136
	2,057	1,972

10. RACECOURSE SCHEMES AND CAPITAL GRANTS

Racecourse schemes

Levy, pitch fee and other payments to racecourses
Tote percentage betting payments

2013 €'000	2012 €'000
1,140	1,213
109	105
1,249	1,318

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

Capital grants

Capital development fund grants

2013 €'000	2012 €'000
1,034	2,423

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

11. EXCEPTIONAL ITEMS

Impairment of golf assets	(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)
Release of negative goodwill	5,175
Pension curtailment loss	(880)
	(263)

2013 €'000	2012 €'000
(1,356)	-
1,973	-
617	-
(5,175)	-
5,175	-
(880)	-
(263)	-

A pension curtailment loss of €0.880m arose 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

Corporation tax charge	235
Deferred tax movement (Note 23)	55

Taxation charge for the year

290

152

Reconciliation of Profit of taxable entities at standard rate:

Profit on ordinary activities before taxation

325

2,380

Profit on ordinary activities before taxation at the standard rate

41

298

Effect of:

Non deductible expenses	15
Non allowable income	(111)
Depreciation in excess of capital allowances	94
Income taxable at higher rate	91
Losses carried forward from previous years	(77)
Closure costs	182
Write back of intercompany loan	-

16

(112)

162

80

(146)

-

(147)

Corporation tax charge for the year

235

151

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 (2012: €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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

13. SURPLUS FOR THE YEAR

Surplus for the year has been arrived at after charging:

Depreciation

Owned tangible fixed assets	2,576	2,967
Leased tangible fixed assets	30	132
Auditors' remuneration: Audit of group financial statements	87	98
Capital development fund interest	69	166
Finance lease / hire purchase interest	4	17
Loss on disposal of assets	3	-

and after crediting:

Interest receivable on deposits	693	1,325
Interest receivable on loans	32	59
Negative goodwill amortisation	349	437
Gain on disposal of assets	18	18

Horse Racing Ireland administration costs comprise the following:

	2013 €'000	2012 €'000
Running costs of departments - pay and non-pay	4,565	4,383
Additional pension / FRS 17	72	(65)
Building running costs	896	1,084
	5,533	5,402

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

	2013 €'000	2012 €'000
Basic salary	191	191
Pension contributions and other taxable benefits	56	56
	247	247

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

13. SURPLUS FOR THE YEAR (CONTINUED)

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

	2013 Fees €'000	2013 Mileage €'000	2012 Fees €'000	2012 Mileage €'000
Denis Brosnan (Retired 19 March 2013)	-	1	-	3
Joe Keeling (Appointed 20 March 2013)	-	-	-	-
William Flood	13	2	13	2
Francis Hyland	13	1	13	1
Jim Nicholson	13	4	13	4
Mary O'Connor	13	1	13	1
Noel Meade	13	2	13	3
Bernard Caldwell	13	1	13	1
John Power	-	3	-	4
Noel Cloake	13	1	13	1
Michael Hickey	13	-	13	-
John Moloney	13	3	13	4
Joe Hernon (Retired 17 December 2013)	13	3	13	3
Neville O'Byrne	13	1	13	1
Roderick Ryan (Retired 17 December 2013)	13	1	13	1
	156	24	156	29

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

	2013 Board Meetings	2013 Board Meetings Attended	2013 Total number of Board & Other Committee Meetings	2013 Total number of Board & Other Committee Meetings Attended
Denis Brosnan (Retired 19 March 2013)	2	2	4	4
Joe Keeling (Appointed 20 March 2013)	8	8	20	20
William Flood	8	8	31	31
Francis Hyland	8	8	12	12
Jim Nicholson	8	8	18	18
Mary O'Connor	8	7	18	17
Noel Meade	8	7	31	24
Bernard Caldwell	8	8	27	26
John Power	8	7	23	19
Noel Cloake	8	6	26	18
Michael Hickey	8	7	13	11
John Moloney	8	8	19	19
Joe Hernon (Retired 17 December 2013)	8	8	19	17
Neville O'Byrne	8	8	24	23
Roderick Ryan (Retired 17 December 2013)	8	8	13	13

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

14. TANGIBLE ASSETS

GROUP

Cost and valuation

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 1 January 2013	89,261	31,614	120,875
Additions	2,394	2,639	5,033
Impairment	(2,628)	-	(2,628)
Disposals	-	(757)	(757)
At 31 December 2013	89,027	33,496	122,523

Accumulated Depreciation

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 1 January 2013	21,171	22,578	43,749
Charge for year	1,398	1,208	2,606
Impairment	3,801	102	3,903
Disposals	-	(752)	(752)
At 31 December 2013	26,370	23,136	49,506

Net book value

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 31 December 2013	62,657	10,360	73,017
At 31 December 2012	68,090	9,036	77,126

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

Plant, Equipment, IT Development and Vehicles

	2013 €'000	2012 €'000
Net book value	8	39
Depreciation charge	30	132

Impairment of assets of €6.531m are shown as an exceptional item in Note 11.

HORSE RACING IRELAND

Cost and valuation

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 1 January 2013	24,947	4,685	29,632
Additions	-	332	332
Disposals	-	(664)	(664)
At 31 December 2013	24,947	4,353	29,300

Accumulated Depreciation

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 1 January 2013	6,572	3,493	10,065
Charge for year	149	398	547
Disposals	-	(662)	(662)
At 31 December 2013	6,721	3,229	9,950

Net book value

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
At 31 December 2013	18,226	1,124	19,350
At 31 December 2012	18,375	1,192	19,567

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

14. TANGIBLE ASSETS (CONTINUED)

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

Plant, Equipment, IT Development and Vehicles

Net book value

Depreciation charge

2013 €'000	2012 €'000
8	33
23	111

15. FINANCIAL ASSETS

GROUP

Loans to racecourses / industry body

Investment in racecourse

Investment properties

Listed investments

2013 €'000	2012 €'000
3,820	4,221
1	1
6,250	5,940
6,111	8,120
16,182	18,282

HORSE RACING IRELAND

Loans to subsidiary undertakings

Investment in subsidiary undertakings

Loans to racecourses / industry body

Investment in racecourse

Listed investments

17,691	18,458
51	51
3,820	4,221
1	1
6,111	8,120
27,674	30,851

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 €6.111m (2012: €8.120m) was €6.625m (2012: €8.636m). Investment properties are valued on the basis of open market value by O'Donnell Property Consultants.

The movement on investment properties was as follows:

At 1 January

Surplus on revaluation

At 31 December

2013 €'000	2012 €'000
5,940	5,650
310	290
6,250	5,940

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

16. NEGATIVE GOODWILL

Cost

At 1 January

Impairment

At 31 December

Accumulated Amortisation

At 1 January

Amortised in the year

At 31 December

Net book value

At 31 December

Goodwill attributable to non-monetary depreciable assets

2013 €'000	2012 €'000
12,310	12,310
(5,175)	-
7,135	12,310
3,059	2,622
349	437
3,408	3,059
3,727	9,251
(5,057)	(8,463)

In 2006, net assets were acquired in Fairyhouse Club Limited leading to negative goodwill arising of €12.3m. The impairment of these assets arising in 2013 reduces the negative goodwill in the Group Balance Sheet.

17. DEBTORS

GROUP

Trade debtors

Prepayments and accrued income

Other debtors

Taxation recoverable

2013 €'000	2012 €'000
2,770	3,092
2,177	1,817
862	1,079
271	38
6,080	6,026
1,032	856
686	890
813	819
477	750
3,008	3,315

HORSE RACING IRELAND

Trade debtors

Prepayments and accrued income

Amounts due from subsidiary undertakings

Other debtors

18. CASH AT BANK

GROUP

Horse Racing Ireland

HRI Racecourses

Tote Ireland

Irish Thoroughbred Marketing

2013 €'000	2012 €'000
36,107	29,721
3,464	5,591
3,169	2,633
405	332
43,145	38,277
36,107	29,721

HORSE RACING IRELAND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP

Accruals
Bank / Other loans (Note 21)
Trade creditors
Stakes due to racing clients
Deferred income
Guaranteed value races prize fund
Other creditors
Taxation creditors
Finance leases / hire purchase liability (Note 22)

2013 €'000	2012 €'000
3,561	5,204
50	-
2,202	2,178
18,549	18,793
510	1,239
272	272
2,272	1,356
553	331
8	47
27,977	29,420

HORSE RACING IRELAND

Accruals
Amounts owed to subsidiary undertakings
Bank / Other loans (Note 21)
Trade creditors
Stakes due to racing clients
Deferred income
Guaranteed value races prize fund
Other creditors
Taxation creditors
Hire purchase liability (Note 22)

1,571	3,168
218	227
-	-
442	603
18,549	18,793
-	63
272	272
1,457	826
156	114
8	24
22,673	24,090

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

Taxation creditors is split as follows:

GROUP

PAYE
PRSI
VAT
Other taxes

2013 €'000	2012 €'000
25	37
15	23
113	22
400	249
553	331

HORSE RACING IRELAND

VAT
Other taxes

96	-
60	114
156	114

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP

Bank / Other loans (Note 21)
Deferred income
Finance leases / hire purchase liability (Note 22)

2013 €'000	2012 €'000
11,650	8,000
103	192
-	16
11,753	8,208
11,500	8,000
-	-
-	8
11,500	8,008

HORSE RACING IRELAND

Bank / Other loans (Note 21)
Deferred income
Hire purchase liability (Note 22)

21. BANK / OTHER LOANS

GROUP

Repayable within 1 year
Repayable within 2 to 5 years
Repayable after 5 years

2013 €'000	2012 €'000
50	-
11,650	8,000
-	-
11,700	8,000
-	-
11,500	8,000
-	-
11,500	8,000

HORSE RACING IRELAND

Repayable within 1 year
Repayable within 2 to 5 years
Repayable after 5 years

Horse Racing Ireland's Group loans at 31 December 2013 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:

GROUP

Repayable within 1 year
Repayable within 2 to 5 years

2013 €'000	2012 €'000
8	47
-	16
8	63
8	24
-	8
8	32

HORSE RACING IRELAND

Repayable within 1 year
Repayable within 2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

23. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

At 1 January

Charge to the Income and Expenditure account

At 31 December

2013 €'000	2012 €'000
3	2
55	1
58	3

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 2013	45,084	17,193	9,971	5,000	77,248
Transfer to / (from) reserves	(3,400)	-	-	3,400	-
Retained surplus for the year	4,330	-	-	-	4,330
Surplus on revaluation	-	-	250	-	250
Minority interest	(4)	-	-	-	(4)
Actuarial gain	1,639	-	-	-	1,639
Write off of investment in subsidiary	-	(10)	-	-	(10)
At 31 December 2013	47,649	17,183	10,221	8,400	83,453

Revenue reserves at 31 December 2013 include €15.699m being the pension reserve cumulative amount charged through the Statement of Total Recognised Gains and Losses (2012: €14.060m). 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	Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000
At 1 January 2013	16,272	9,592	6,875	5,000	37,739
Transfer to / (from) reserves	(3,400)	-	-	3,400	-
Retained surplus for the year	1,127	-	-	-	1,127
Actuarial gain	1,639	-	-	-	1,639
At 31 December 2013	15,638	9,592	6,875	8,400	40,505

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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 Horse racing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2013 amounted to 159 (2012: 159). As the merged 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 Board. Following consultation with relevant stakeholders, a Funding Proposal over the period from 2013 out to 2023 was agreed and subsequently approved by the Pensions Board. Under the terms of the agreed Funding Proposal (as approved by the Pensions Board), the merged 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 FRS 17 deficit of €12.819m, 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 2013 were €1,614,000. Future expected employer contributions in this scheme are €1,200,000 for the year ended 31 December 2014.
- 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 full scheme used to calculate the retirement liabilities under FRS 17 as at 31 December 2013 were as follows:

Valuation method	Projected unit 2013	Projected unit 2012
Discount Rate	3.75%	3.75%
Future pensionable salary increases	n/a	1.25%
Future pension increases	2.50% / 1.25% (where applicable)	2.50% / 1.25% (where applicable)
Future inflation	2.00%	2.00%
Statutory Revaluation	1.75%	1.75%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

26. PENSION COMMITMENTS (CONTINUED)

Life expectancy at 65:

Current pensioners (currently aged 65) - male
Current pensioners (currently aged 65) - female
Future pensioners (currently aged 45) - male
Future pensioners (currently aged 45) - female

2013 Year	2012 Year
87.5	87.3
88.9	88.7
90	89.9
91	90.9

The life expectancy assumptions are based on up to date mortality tables as set out in actuarial guidance and include an allowance for future improvements in life expectancy.

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

Class	Rate of expected return at 31/12/2013	Asset Distribution as percentage of total DB Scheme assets 31/12/2013	Rate of expected return at 31/12/2012	Asset Distribution as percentage of total DB Scheme assets 31/12/2012
Equities	7.00%	60%	7.00%	57%
Property	6.00%	3%	6.00%	3%
Fixed Interest	3.50%	34%	3.50%	38%
Cash	1.50%	3%	1.50%	2%
Total		100%		100%

The expected return on DB Scheme assets assumption is determined based on the weighted average expected return of the underlying asset classes. The expected return on assets assumption for 2014 allows for the Government's Pension levy of 0.75% of the DB Scheme's assets.

Analysis of the amount charged to HRI Administration costs before amounts deducted for Curragh / Others are as follows:

Current service cost
Past service cost

2013 €'000	2012 €'000
(83)	(176)
189	165
106	(11)

Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:

Expected return on DB Scheme assets
Interest on DB Scheme liabilities

2013 €'000	2012 €'000
1,467	1,370
(1,668)	(1,906)
(201)	(536)

Analysis of the amount charged to exceptional items before amounts deducted for Curragh / Others are as follows:

Curtailment loss

2013 €'000	2012 €'000
(957)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

26. PENSION COMMITMENTS (CONTINUED)

A curtailment gain of €1.837m arose as a result of a pension scheme review undertaken during 2010. At that time, the rate of salary increase was capped and it was assumed, by the employers, (Horse Racing Ireland and the Turf Club), following advice from the Actuary, that salaries for active members would increase at 1.25% per annum which would feed into expected retirement benefits. During 2013, as a result of a requirement by the Pensions Board to have Trustees prepare a Funding Proposal, it was agreed that future accrual of retirement benefits would cease in the 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 1.75% per annum is the appropriate assumption in this regard. As a result of the difference in the existing assumption of expected capped salary increase and the Statutory Revaluation assumption, a loss of circa €880,000 has been recognised in the 2013 accounts as being the share of this loss attributable to Horse Racing Ireland.

The amounts recognised in the Balance Sheet are as follows:

	2013 €'000	2012 €'000
Present value of wholly or partly funded DB Scheme liabilities	(46,636)	(44,984)
Fair value of DB Scheme assets	33,817	29,821
Total Deficit in DB Scheme at end of the year	(12,819)	(15,163)
Curragh Racecourse / Others deficit included in total deficit for the year	(1,358)	(1,546)
Net HRI liability recognised in the Balance Sheet	(11,461)	(13,617)

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

	2013 €'000	2012 €'000
Opening present value of DB Scheme liabilities	(44,984)	(38,144)
Current service cost	(83)	(176)
Interest cost	(1,668)	(1,906)
Contributions by DB Scheme participants	(92)	(376)
Actuarial loss	(400)	(5,699)
Past service cost gain	189	165
Benefits paid	1,359	1,152
Curtailment loss	(957)	-
Closing present value of DB Scheme liabilities	(46,636)	(44,984)

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

	2013 €'000	2012 €'000
Opening fair value of DB Scheme assets	29,821	26,068
Expected return	1,467	1,370
Actuarial gain	2,182	2,441
Contributions by employer	1,614	718
Contributions by DB Scheme participants	92	376
Benefits paid	(1,359)	(1,152)
Closing fair value of DB Scheme assets	33,817	29,821

Analysis of the amount which is recognised in the Statement of Total Recognised Gains and Losses (STRGL) is as follows:

	2013 €'000	2012 €'000
Curragh / Others actuarial gain / (loss) for the year	143	(434)
HRI actuarial gain / (loss) for the year	1,639	(2,824)

The actual return on scheme assets in 2013 was a gain of €3.649m (2012: gain of €3.811m). The cumulative gains and losses recognised in the statement of total recognised gains and losses at 31 December 2013 is a loss of €11.983m (2012: cumulative loss of €13.765m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

26. PENSION COMMITMENTS (CONTINUED)

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

Year ended 31 December	2013 €'000	2012 €'000	2011 €'000	2010 €'000	2009 €'000
Present value of DB Scheme liabilities	(46,636)	(44,984)	(38,144)	(36,651)	(36,265)
Fair value of DB Scheme assets	33,817	29,821	26,068	27,189	24,596
Deficit in the scheme	(12,819)	(15,163)	(12,076)	(9,462)	(11,669)

Year ended 31 December	2013 €'000	2012 €'000	2011 €'000	2010 €'000	2009 €'000
Net deficit in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	(11,461)	(13,617)	(10,941)	(8,667)	(10,634)
Experience adjustment arising on - the DB Scheme liabilities	(400)	256	876	597	2,119
- the DB Scheme assets	2,182	2,441	(2,769)	700	2,265

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 & 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.
- b) At 31 December 2013, there were 134 active 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 2013 was €505,000 (2012: €350,000).

27. MINORITY INTEREST

	2013 €'000	2012 €'000
At 1 January	1,964	1,962
Movement in the year	4	2
Release of minority interest provision (Note 11)	(1,973)	-
At 31 December	(5)	1,964

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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:

GROUP

Authorised, but not contracted for	131	867
Authorised, but not contracted for, to subsidiary undertakings	-	1,395
Contracted	476	156
Total	607	2,418

HORSE RACING IRELAND

Authorised, but not contracted for	-	867
Authorised, but not contracted for, to subsidiary undertakings	-	1,395
Contracted	92	29
Total	92	2,291

2013 €'000	2012 €'000
131	867
-	1,395
476	156
607	2,418
-	-
-	867
-	1,395
92	29
92	2,291

29. (i) RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATIONS:

Surplus for the year before tax and other finance expense	4,805	5,378
Interest receivable	(725)	(1,384)
Interest payable	73	183
Depreciation	2,606	3,099
Non cash exceptional items	263	-
Surplus on revaluation	(60)	(40)
Write off of investment in subsidiary	(10)	-
Gain on disposal of assets	(18)	(18)
Loss on disposal of assets	3	-
Negative goodwill amortisation	(349)	(437)
Increase in operating debtors	(54)	(509)
(Decrease) / Increase in operating creditors	(1,578)	1,550
Difference between pension charge and contribution	(1,582)	(613)

Net cash inflow from operations

2013 €'000	2012 €'000
4,805	5,378
(725)	(1,384)
73	183
2,606	3,099
263	-
(60)	(40)
(10)	-
(18)	(18)
3	-
(349)	(437)
(54)	(509)
(1,578)	1,550
(1,582)	(613)
3,374	7,209

29. (ii) RECONCILIATION OF MOVEMENT IN NET FUNDS

Increase / (Decrease) in cash in the year	4,868	(8,830)
Loans in the year	(3,700)	-
Repayment of bank loans	-	7,000
Change in net funds	1,168	(1,830)
Net funds at 1 January	30,277	32,107
Net funds at 31 December	31,445	30,277

2013 €'000	2012 €'000
4,868	(8,830)
(3,700)	-
-	7,000
1,168	(1,830)
30,277	32,107
31,445	30,277

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

29. (iii) ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/2012 €'000	Cash Flows €'000	At 31/12/2013 €'000
Cash at Bank	38,277	4,868	43,145
Debt due within 1 year	-	(50)	(50)
Debt due after 1 year	(8,000)	(3,650)	(11,650)
	30,277	1,168	31,445

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. 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 €2.924m (2012: €2.207m), bookmaker's fees of €0.313m (2012: €0.343m), sponsorship collected of €0.627m (2012: €0.597m), grants payable of €1.612m (2012: €0.440m) and interest income of €0.100m (2012: €0.184m).

During the year, Horse Racing Ireland received repayments on financial assets of €0.767m (2012: €0.785m).

At 31 December 2013, the amounts due from related parties were as follows:

Related party name

	2013 €'000	2012 €'000
The Tipperary Race Company plc	29	110
The Leopardstown Club Limited	3,604	4,010
Navan Races Limited	5,124	5,219
Fairyhouse Club Limited	4,601	4,792

31. CONTINGENT LIABILITY

The court proceedings between The Leopardstown Club Limited and Templeville Developments Limited were concluded recently 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 30 and is a freehold property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

33. APPROVAL OF FINANCIAL STATEMENTS

The Board of Horse Racing Ireland approved these financial statements for issue on 30th September 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.



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