



# 2020

**Annual Report**

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

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**MISSION STATEMENT**

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

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

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

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

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

**BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND**

HORSE RACING IRELAND BOARD

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



APPOINTMENTS & REMUNERATION COMMITTEE

Nicholas Hartery *Chairperson*  
Con Haugh  
Meta Osborne

FIXTURES COMMITTEE

Meta Osborne *Chairperson*  
Michael Halford  
Conor O'Neill  
Christy Grassick  
Caren Walsh

BOOKMAKERS COMMITTEE

Mary O'Connor *Chairperson*  
Bernard Caldwell  
Pat Brennan

FAIRYHOUSE COMMITTEE

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

BETTING COMMITTEE

Daragh Fitzpatrick *Chairperson*  
Paddy Desmond  
Sharon Byrne  
Elizabeth Headon  
Ross Kierans

FOAL LEVY COMMITTEE

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

AUDIT & RISK COMMITTEE

Victor Clarke *Acting Chairperson*  
Robert Nixon  
Peter Nolan  
Patricia O'Connor  
Meta Osborne

HRI RACECOURSES BOARD

Nicholas Hartery *Chairperson*  
David Allman  
Pat Byrne  
Tom Gaffney  
Suzanne Eade  
Noel Meade  
Paul Dermody  
Tim Hyde  
Claire Rudd  
John Osborne

ITM COMMITTEE

Dermot Cantillon *Chairperson*  
Victor Connolly  
Eamon Moloney  
Cathy Grassick  
Michael Halford  
Suzanne Eade  
Jim McCartan  
Eimear Mulhern  
Richard Pugh  
David O'Loughlin  
John Osborne

LEOPARDSTOWN COMMITTEE

David Allman *Chairperson*  
Henry De Bromhead  
Suzanne Eade  
Paul Dermody  
Una Manning  
Tommy Breen  
Eimear Mulhern  
Jim Mulqueen  
Paddy Prendergast

MEDIA RIGHTS COMMITTEE

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

NAVAN COMMITTEE

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

PROGRAMMES COMMITTEE

Meta Osborne *Chairperson*  
Michael Halford  
Conor O'Neill  
Christy Grassick  
Caren Walsh

TIPPERARY COMMITTEE

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

INDUSTRY SERVICE COMMITTEE

Carol Nolan *Chairperson*  
Ger Flynn  
Andrew Coonan  
John Lane  
Jennifer Walsh

Committee membership as at April 2022

HRI NOMINATIONS / APPOINTMENTS

<i>Dundalk</i>	<i>Cork</i>	<i>Irish Equine Centre</i>	<i>Punchestown</i>	<i>RACE</i>
Joe Collins John Osborne Aileen Goatley	John Murphy	Suzanne Eade John Malone John Osborne	Jason Morris Dick O'Sullivan Sandy Persse Nyall Speirs	Carol Nolan Michael Halford Michelle Lawlor
<i>Curragh Racecourse Limited</i>		<i>Jockeys Accident Fund clg</i>		
Suzanne Eade Paul Dermody John Moloney		Claire Rudd		

Nominations/Appointments as at April 2022

### CHAIRMAN'S REPORT

On behalf of Horse Racing Ireland, I am pleased to present our 2020 Annual Report. These pages throw light on the devastating impact of the Covid-19 pandemic but also reveal a notable resilience within the industry.

In reflecting on a very difficult period for the wider community in Ireland, I wish to convey my deepest condolences to those who lost loved ones in the pandemic. We have seen at first-hand how our frontline workers have excelled in the most remarkable of circumstances and it was appropriate that some of our racecourses facilitated both testing and vaccination centres to help fight the virus.

As Covid-19 struck in March 2020, Irish racing was already fronting up to the uncertainty of Brexit and other challenges. The suspension of racing for an 11-week period running into June came as a huge blow to the industry and for the remainder of the year, aside from a small number of fixtures where owners were permitted to attend under Government guidelines at that time, racing was staged behind closed doors. The absence of attendances had a significant impact on all racecourses and the many businesses that depend on them.

However there is an underlying strength to the appeal of Irish racing which was so admirably demonstrated by the resilience of Irish racing's ownership base. The number of horses returned in training in Ireland rose for a fourth time in five years, with a 3.3% increase recorded, the number of active owners was marginally up and the number of racing clubs rose by 6%.

Retaining owners, attracting new investors and building on the number of horses in training in stables across the country will drive this industry forward. Racing makes a significant contribution to the rural economy through employment and expenditure and our aim is that this figure will grow in the coming years to in excess of €2.5bn.

In presenting these financial statements, I thank the Board of Horse Racing Ireland and acknowledge those who serve on the many subsidiary boards and statutory and advisory committees. Each and every one of them has demonstrated tremendous commitment and dedication as have the senior management team and all of the staff of Horse Racing Ireland.

Nicky Hartery  
Chairman

### CHIEF EXECUTIVE'S REPORT

Across the board, the Covid-19 pandemic had a devastating impact on our lives in 2020. The racing and breeding industries faced-up to the challenges with admirable determination and a number of our key figures did hold up.

However, the pandemic brought a halt to many of the gains recorded in a number of critical areas in previous years. 2020 was particularly difficult for all levels of the bloodstock industry, with most of the major horse sales severely disrupted. Changes to sales' dates, locations and the extensive use of online sales allowed for some trade, but ultimately resulted in the end of year sales figures being well down on what might have been anticipated.

The onset of the virus in March resulted in racing stopping for 11 weeks and from its resumption in June, all meetings were staged behind closed doors except for a small number in September when owners were permitted to attend under Government guidelines at that time. Effectively there was no attendances at Irish racetracks from March 13 to the year's end and the overall attendance figure for 2020 was over 90% down for the 12 months, with on-course betting turnover reduced by a similar percentage.

It augurs well for the future that, even with the pandemic taking hold, the number of horses returned in training rose for a fourth time in five years, with a 3.3% increase recorded in 2020.

This statistic reflects the resilience of those involved in racehorse ownership. Their investment, in good times and bad, keeps the industry afloat and the numbers of horses in racing yards is directly reflected in employment levels within the industry and on widespread economic activity in rural Ireland.

On the track, there was continued success for Irish horses on the biggest of racing stages. A repeat win for Al Boum Photo in the Cheltenham Gold Cup was the highlight of 17 Irish-trained winners at the Cheltenham Festival where Willie Mullins was the leading trainer and Paul Townend topped the jockeys' table at the meeting.

On the Flat, the Aidan O'Brien-trained Love won both the 1,000 Guineas at Newmarket and the Epsom Oaks while Serpentine scored a famous win under Emmet McNamara in the Epsom Derby. At the Breeders' Cup, there were wins for Aidan's Order Of Australia which led home a Ballydoyle 1-2-3 in the Mile while the Dermot Weld-trained Tarnawa, ridden by our champion jockey Colin Keane, beat Magical to win the Turf. Twilight Payment won the Melbourne Cup, Australia's greatest race, a second success in the race in for Joseph O'Brien.

A little closer to home it was certainly a telling year for Ger Lyons and Colin Keane. Siskin gave the pair a first Classic victory when taking the Tattersalls Irish 2,000 Guineas and they doubled their Classic tally with success for Even So in the Juddmonte Irish Oaks. Donnacha O'Brien also made the breakthrough at the very highest level in his first year with a trainer's licence. Fancy Blue won the Prix De Diane at Chantilly in July and the same horse was also his first winner in Britain when taking the Group 1 Qatar Nassau Stakes at Goodwood a few weeks later. Donnacha also landed Group 1 success at home when Shale won the Moyglare Stud Stakes at the Curragh on Longines Irish Champions Weekend in September.

Suzanne Eade  
Chief Executive

**FINANCE REVIEW**

The financial statements of the Horse Racing Ireland Group show a surplus for the year ended 31<sup>st</sup> December 2020. There was a surplus of €14.793m for the year compared to a deficit of €1.054m in 2019. The main factor contributing to the surplus in 2020 was a gain on disposal of 6.215 acres of Land at Leopardstown by HRI to the Department of Education & Skills of €10.349m. The Department of Public Expenditure and Reform in sanctioning the sale directed that a dividend of €1.000m be paid to the Exchequer and the remaining sales proceeds (net of sale transaction costs) be used for the redevelopment of Leopardstown Racecourse.

*GROUP INCOME AND EXPENDITURE ACCOUNT*

Turnover for the year decreased by 19%, or €14.225m to €58.765m compared to €72.990m in 2019. Tote Ireland turnover has decreased from €56.476m to €48.160m resulting in a decrease of €8.316m. For the majority, this is due to COVID-19 and racing behind closed doors. The winnings paid by Tote have decreased by €5.155m which is reflective of lower turnover in Irish Pools.

Racecourse income has decreased by €4.433m with a corresponding decrease in operating costs of €4.848m. The reduction is attributable to COVID-19 and racing behind closed doors. Betting Related fees have decreased by €1.476m reflecting the effect of COVID-19 restrictions on Bookmaker and Sp Shop attendance at race meetings since mid-March 2020.

The number of fixtures staged in Ireland in 2020 was 332 compared to 363 in 2019. The total number of races run was 2,491 compared to 2,663 in 2019.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2020 and on [www.goracing.ie](http://www.goracing.ie).

*OTHER INCOME*

The movement in other income is mainly attributable to the effect of COVID-19 on Prizemoney, media income and registrations income.

The decrease in media income is due to the cessation of racing and compounded by the temporary closure of betting shops in the UK & Ireland due to lockdowns once racing resumed. This has been partially offset by increased media income from streaming services however the net effect is the decrease of €1.841m.

*PRIZEMONEY*

Prizemoney was reduced due to the impact of COVID-19 resulting in the cessation of racing from March 26th to June 12th, 2020. The total prizemoney pool of €51.633m showed a decrease of €15.969m from the previous year's total of €67.602m. The Owners contributions decreased by €3.385m due to reductions in Prizemoney and the fixtures lost. Sponsorship decreased by €3.779m due to the decrease in fixtures and the decision to allow racecourses retain any sponsorship they obtained while racing behind closed doors.

**FINANCE REVIEW (continued)***EXPENDITURE*

During 2020, Group expenditure excluding prizemoney decreased to €35.103m which was a slight decrease from the 2019 figure of €35.539m.

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

During the year, there was a decrease in the fair value of the investment properties of €1.469m. The fair value of the properties as at 31 December 2020 was €12.485m.

HRI established a capital development scheme for racecourses in 2015. Under this scheme HRI provides up to a maximum of 40% of funding for approved capital projects at Authorized Racecourses with the balance being funded by the racecourses. Racecourse capital grants decreased by €0.922m in 2020.

HRI provides funding to the Irish Horseracing Regulatory Board to meet the cost of providing on-course integrity services. Integrity and the associated Racecourse Services costs amounted to €11.896m in 2020 with integrity services decreasing by €0.748m or 6% in the year. The reduction in spend in 2020 relates to the loss of fixtures due to COVID-19.

Racecourse schemes have decreased by €1.020m mainly due to COVID-19 restrictions on attendance by bookmakers at race meetings and the resultant reduction in levies and pitch fees collected and distributed to racecourses from mid-March 2020.

Grants paid to industry bodies remained broadly in line with the amounts paid during 2019.

Distributions paid under the Foal Levy Scheme in 2020 remained broadly the same as 2019 at €1.947m. The primary third-party beneficiaries of the Foal Levy funds in 2020 were the Irish Equine Centre, in receipt of €0.900m and the Irish Thoroughbred Breeders' Association, in receipt of €0.450m. Irish Thoroughbred Marketing Limited was also a beneficiary and received €0.450m.

Horse Racing Ireland's administration costs increased from €7.834m in 2019 to €8.423m in 2020. The increase in administration costs relates predominantly to an increase in labour costs and Building Running costs.

Marketing and Communications costs remained broadly in line with the amounts paid during 2019.

**FINANCE REVIEW (continued)**

*GROUP CASH FLOW*

In 2020, Group cash inflows from operating activities amounted to €7.493m. The net cash outflows from investing activities totalled €5.021m, giving total cash inflow of €2.472m.

During the year, Group payments to acquire tangible fixed assets totalled €8.174m and receipts from sale of fixed assets totalled €12.511m. Loans to associate undertakings amounted to €6.888m and the Group purchased listed investments of €2.488m

**AUDITED GROUP  
FINANCIAL STATEMENTS  
HORSE RACING IRELAND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**HORSE RACING IRELAND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

<b>Board Members</b>	<p>Mr. Nicholas Hartery (Chairperson)</p> <p>Mr. Bernard Caldwell</p> <p>Mr. Daragh Fitzpatrick</p> <p>Mr. Christy Grassick</p> <p>Mr. Michael Halford</p> <p>Ms. Elizabeth Headon</p> <p>Mr. Harry McCalmont (Retired 12 January 2021)</p> <p>Mr. Laurence McFerran (Appointed 12 January 2021)</p> <p>Mr. Robert Nixon</p> <p>Ms. Carol Nolan</p> <p>Mr. Peter Nolan</p> <p>Mr. Conor O'Neill</p> <p>Ms. Meta Osborne</p> <p>Mr. John Powell</p> <p>Ms. Caren Walsh (Appointed 10 October 2019)</p>
<b>Secretary</b>	<p>Mr. Raymond Horan</p>
<b>Registered Office</b>	<p>Ballymany</p> <p>The Curragh</p> <p>Co. Kildare</p>
<b>Auditors</b>	<p>Comptroller and Auditor General</p> <p>3A Mayor Street Upper</p> <p>Dublin 1</p>
<b>Solicitors</b>	<p>William Fry</p> <p>2 Grand Canal Square</p> <p>Dublin 2</p> <p>LK Shields</p> <p>40 Mount Street Upper</p> <p>Dublin 2</p>
<b>Bankers</b>	<p>Bank of Ireland</p> <p>Allied Irish Banks p.l.c.</p> <p>KBC Bank Ireland p.l.c.</p> <p>Permanent tsb Group Holdings p.l.c.</p> <p>Ulster Bank Ireland DAC</p>



**HORSE RACING IRELAND**  
**GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT**

**Governance**

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

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

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

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

**Board Member Responsibilities**

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

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

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

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

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

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

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

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

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

The Board considers that the financial statements of Horse Racing Ireland give a true and fair view of the financial performance and the financial position of Horse Racing Ireland at 31 December 2020.

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

**Board Structure**

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

As at 31 December, the Board had four female and ten male members, with no positions vacant. The Board therefore does not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards. The Board currently has 29% female representation. The next vacancies arise early 2022 at which time the matter of gender balance will be further addressed.

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

**Statutory Committees**

*Fixtures Committee*

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

*Media Rights Committee*

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

*Betting Committee*

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

*Industry Services Committee*

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

*Racegoers Consultative Forum*

The racegoers consultative forum function is to assist the Board of Horse Racing Ireland in the discharge of its responsibilities by providing consultations relating to the operations of HRI and racecourses in the context of developments or desired developments in the horseracing industry generally as they affect the racegoer or service or facility user.

*Fixtures Committee (3 meetings)*

Meta Osborne	Appointed February 2021	<i>Board member</i>
<i>(Chairperson)</i>		
Christy Grassick	Appointed February 2021	<i>Board member</i>
Michael Halford		<i>Board member</i>
Harry McCalmont	Retired January 2021	<i>Board member</i>
Conor O'Neill		<i>Board member</i>
Caren Walsh		<i>Board member</i>

*Media Rights Committee (3 meetings)*

Conor O'Neill	<i>Board member</i>
<i>(Chairperson)</i>	
Nicholas Hartery	<i>Board member</i>
Michael Moloney	<i>External member</i>
Robert Nixon	<i>Board member</i>
Meta Osborne	<i>Board member</i>

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

*Betting Committee (2 meetings)*

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

*Racegoers Consultative Forum (4 meetings)*

Paul Dermody (Chairperson)	<i>External member</i>
John Bannon Retired October 2020	<i>External member</i>
Marion Coy Retired October 2020	<i>External member</i>
Ben Dorney Retired October 2020	<i>External member</i>
Heather Downey	<i>External member</i>
Kara Gabbett	<i>External member</i>
Tom Galway	<i>External member</i>
Elizabeth Jones Retired October 2020	<i>External member</i>
Eugene Kelly	<i>External member</i>
Mark McGrath	<i>External member</i>
Steven McGuinness	<i>External member</i>
Colm Murphy Retired October 2020	<i>External member</i>
Jack Nagle Retired October 2020	<i>External member</i>
David O'Connor Retired October 2020	<i>External member</i>

*Industry Services Committee (1 meetings)*

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

Due to Covid-19 and racing behind closed doors the forum was suspended in February 2021.

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

*Audit & Risk Committee*

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

*Audit & Risk Committee (6 meetings)*

Sasha Kerins (Chairperson)	<i>External member</i>
Victor Clarke Appointed February 2021	<i>External member</i>
Robert Nixon	<i>Board member</i>
Peter Nolan	<i>Board member</i>
Patricia O'Connor	<i>External member</i>
Meta Osborne	<i>Board member</i>
Nick Wachman Retired February 2021	<i>External member</i>

**Schedule of Attendance, Fees and Expenses**

A schedule of attendance of Board members at the Board and Committee meetings for 2020 is set out in Note 15 to the financial statements. This includes the fees and expenses received by each member.

**Key Personnel Changes**

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

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

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

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

**Events since the financial year end**

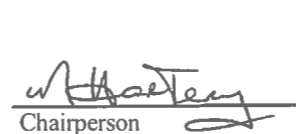
The impact of Covid-19 continues to be significant on Horse Racing Ireland into 2021 with a continued loss of revenue. Racing has continued with limited attendances and corresponding impacts for Tote and the racecourses.

**Statement of Compliance**

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

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

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

  
Chairperson

  
Board Member

Date 20.04.2022



## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

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

#### Horse Racing Ireland

##### Opinion on the financial statements

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2020 as required under the provisions of section 28 of the Irish Horseracing Industry Act 1994. The financial statements comprise

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the group and of Horse Racing Ireland at 31 December 2020 and of the group's income and expenditure for 2020 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

##### *Basis of opinion*

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

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

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

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

### Report of the C&AG (continued)

##### *Continuing loss related to investment in associate*

The group statement of income and expenditure indicates that the group incurred a loss of €1.8 million in 2020 related to Horse Racing Ireland's investment in an associate company, Curragh Racecourse Limited. The group's cumulative loss to end 2020 arising from the investment was €6.4 million, representing almost 28% of the amount of €23 million invested by Horse Racing Ireland in the associate company.

As explained in note 39 to the financial statements, Horse Racing Ireland entered into an agreement to provide a convertible loan of up to €9 million to Curragh Racecourse Limited. By 31 December 2020, €6.9 million of the loan facility had been transferred to the company. Under the terms of the loan agreement, any outstanding liability to Horse Racing Ireland at the loan maturity date (31 January 2024) will convert to shares in the associate company.

##### *Loss on disposal of land*

Note 15 (i) to the financial statements discloses that the Horse Racing Ireland group incurred a loss of €105,000 on the disposal of land through a land swap deal undertaken by its subsidiary, The Tipperary Race Company plc, in 2020.

**Seamus McCarthy**  
Comptroller and Auditor General

28 April 2022



### Responsibilities of Board members

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

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

### Responsibilities of the Comptroller and Auditor General

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

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

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

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

#### Information other than the financial statements

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

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

#### Reporting on other matters

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

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

I also report by exception if, in my opinion,

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

## STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### Scope of Responsibility

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

### Purpose of the System of Internal Control

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

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

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Horse Racing Ireland for the year ended 31 December 2020 and up to the date of approval of the financial statements.

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

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

### Capacity to Handle Risk

Horse Racing Ireland's Audit and Risk Committee comprise three Board members and three external members, with financial and audit expertise, one of whom is the Chair. The Audit and Risk Committee met six times in 2020.

Horse Racing Ireland has an outsourced internal audit function which is adequately resourced and conducts a programme of work agreed with the Audit & Risk Committee. The internal audit function reports directly to the Audit and Risk Committee which in turn reports to the Board of Horse Racing Ireland. The internal audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit and Risk Committee on behalf of the Board. In 2020, five separate internal audit reports were presented to the Audit and Risk Committee.

The Audit and Risk Committee has overseen the refinement of a risk management policy which sets out the organisation's risk appetite, the risk management processes and details the roles and responsibilities of staff in relation to risk management. This policy was approved by the Board in 2020. The policy has been issued to all relevant personnel who are required to implement Horse Racing Ireland's risk management policy, to alert management on emerging risks and control weaknesses and assume responsibility for risks and reporting on risks and controls within their own area of work. A formal process to identify and evaluate organisation business risks is in place. An executive risk management committee meets regularly during the year and submits their reports to the Audit and Risk Committee.

### Risk and Control Framework

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



**STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

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

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

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

Horse Racing Ireland completed a detailed post project review of the Curragh Racecourse redevelopment. The review recognised the difficulties encountered but concluded the decision to redevelop the Curragh Racecourse was correct. A number of key lessons learned were identified and are now incorporated into HRI's Capital Development Procedures which will be of significant benefit to future capital projects.

**Ongoing Monitoring & Review**

Horse Racing Ireland has considered the impact of Covid-19 on the control environment as set out in the OCAI insights: The Impact of Covid-19 on your control environment issued in September 2020. Areas considered included:

- The control environment
- Entity risk management
- Increase in the risk of fraud
- The impact of changes to key control procedures including ICT controls
- Monitoring and oversight.

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

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

**Public Spending Code**

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

Horse Racing Ireland has procedures in place to ensure compliance with current procurement rules and guidelines and during 2020 Horse Racing Ireland complied with those procedures.

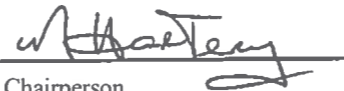
**STATEMENT ON INTERNAL CONTROL FOR HORSE RACING IRELAND (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**Annual Review of Effectiveness**

Horse Racing Ireland has procedures to monitor the effectiveness of its risk management and control procedures. The Board commenced an annual review of the effectiveness of internal controls in March 2021 and concluded this review in April 2021. The review was co-ordinated by the Audit and Risk Committee and included a review by the Board of:

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

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

  
Chairperson

Date 20.04.2022

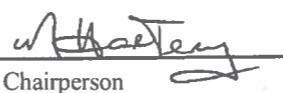
**GROUP STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	€'000	€'000
<b>Turnover</b>			
Tote Ireland turnover		48,160	56,476
Betting related fees		166	1,642
Racecourse income	7	10,439	14,872
<b>Total turnover</b>		<b>58,765</b>	<b>72,990</b>
Winnings paid by Tote Ireland	4	(46,169)	(51,324)
Operating costs	4	(13,500)	(21,372)
<b>Direct costs</b>		<b>(59,669)</b>	<b>(72,696)</b>
<b>Income from Racing</b>		<b>(904)</b>	<b>294</b>
<b>Other income</b>			
Allocation from the Horse and Greyhound Racing Fund	5	67,200	67,200
Prizemoney contributions from Owners and Sponsors	9	16,287	23,451
Foal levy	6	2,097	2,027
Media income		4,998	6,839
Registrations income		2,221	2,613
Industry services income		357	390
Other income	8	529	354
Industry contributions to Irish Thoroughbred Marketing		202	443
Fair value movements of investment properties	18	-	195
Interest income	15	935	235
<b>Net income</b>		<b>93,922</b>	<b>104,041</b>
<b>Expenditure</b>			
Contributions to prizemoney	9	35,346	44,151
Prizemoney contributions from Owners and Sponsors	9	16,287	23,451
Industry support schemes		2,685	1,652
Integrity and racecourse services	10	11,896	12,636
Racecourse schemes	12	74	1,094
Capital development fund grants	12	578	1,500
Capital development fund interest and expenses		832	760
Grants / Fees to industry bodies	11	2,980	2,977
Foal levy distribution	6	1,497	1,550
Other income / expenditure		359	672
Horse Racing Ireland administration costs	15	8,423	7,834
Irish Thoroughbred Marketing expenditure		1,389	1,933
General marketing and promotions		2,921	2,931
Fair value movements of investment properties	18	1,469	-
		<b>86,736</b>	<b>103,141</b>
Share of operating loss of associate	17	(1,843)	(2,064)
Other finance expense		(91)	(163)
Exceptional items	14	9,350	632
Taxation	13	191	(359)
<b>Surplus / (Deficit) before appropriation</b>		<b>14,793</b>	<b>(1,054)</b>

**GROUP STATEMENT OF INCOME AND EXPENDITURE (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	€'000	€'000
Surplus / (Deficit) for the financial year before appropriation		14,793	(1,054)
Contribution to the Exchequer	15	(1,000)	-
<b>Surplus / (Deficit) retained for the financial year</b>	15	<b>13,793</b>	<b>(1,054)</b>
<b>Surplus / (Deficit) attributable to:</b>			
Horse Racing Ireland Group		13,792	(1,056)
Non-controlling interest		1	2
		<b>13,793</b>	<b>(1,054)</b>

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

  
Chairperson

  
Board Member

Date 20.04.2022

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	€'000	€'000
Surplus / (Deficit) for the financial year after appropriation		13,793	(1,054)
Actuarial gain / (loss) recognised in the pension scheme	30	106	(1,032)
Share of comprehensive loss of associate	17	(20)	(23)
<b>Total comprehensive income / (expenditure) for the financial year</b>		<b>13,879</b>	<b>(2,109)</b>
<b>Total comprehensive income / (expenditure) attributable to:</b>			
Horse Racing Ireland Group		13,878	(2,111)
Non-controlling interest		1	2
		<u>13,879</u>	<u>(2,109)</u>

Notes 1 to 42 form part of these financial statements.

**GROUP STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Group Revenue Reserves					
	Other Comprehensive Income	I & E Reserves	Establishment Reserve	Non Distributable Reserves	Capital and Restricted Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Current financial year</b>						
At 1 January 2020	(15,473)	76,748	17,183	6,875	2,968	88,301
Retained surplus	-	13,793	-	-	-	13,793
Transfer to / (from) reserves	-	(982)	-	-	982	-
Non-controlling interest	-	(1)	-	-	-	(1)
Other comprehensive loss	(20)	-	-	-	-	(20)
Actuarial gain	106	-	-	-	-	106
At 31 December 2020	<u>(15,387)</u>	<u>89,558</u>	<u>17,183</u>	<u>6,875</u>	<u>3,950</u>	<u>102,179</u>
<b>Prior financial year</b>						
At 1 January 2019	(14,418)	62,860	17,183	6,875	17,912	90,412
Retained loss	-	(1,054)	-	-	-	(1,054)
Transfer to / (from) reserves	-	14,944	-	-	(14,944)	-
Non-controlling interest	-	(2)	-	-	-	(2)
Other comprehensive loss	(23)	-	-	-	-	(23)
Actuarial loss	(1,032)	-	-	-	-	(1,032)
At 31 December 2019	<u>(15,473)</u>	<u>76,748</u>	<u>17,183</u>	<u>6,875</u>	<u>2,968</u>	<u>88,301</u>

At 31 December 2020, €0.982m comprising of €1.214m was transferred from Capital reserves being a decrease in funds committed for future capital development projects (2019: €14.944m) and €2.196m was transferred to Restricted reserves being the remaining funds set aside from sale of lands for the redevelopment of Leopardstown Racecourse (2019: Nil).

	Total Establishment and Other Reserves €'000	Non- controlling Interest €'000	Total Equity €'000
<b>Current financial year</b>			
At 1 January 2020	88,301	16	88,317
Retained surplus	13,793	-	13,793
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(1)	1	-
Other comprehensive loss	(20)	-	(20)
Actuarial gain	106	-	106
At 31 December 2020	<u>102,179</u>	<u>17</u>	<u>102,196</u>
<b>Prior financial year</b>			
At 1 January 2019	90,412	14	90,426
Retained loss	(1,054)	-	(1,054)
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(2)	2	-
Other comprehensive loss	(23)	-	(23)
Actuarial loss	(1,032)	-	(1,032)
At 31 December 2019	<u>88,301</u>	<u>16</u>	<u>88,317</u>

Notes 1 to 42 form part of these financial statements.

**HORSE RACING IRELAND STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Horse Racing Ireland Revenue Reserves						
	Other Comprehensive Income	I & E Reserves	Establishment Reserve	Non Distributable Reserves	Capital and Restricted Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Current financial year</b>						
At 1 January 2020	(15,419)	36,752	9,592	6,875	2,968	40,768
Retained surplus	-	13,190	-	-	-	13,190
Transfer to/(from) reserves	-	(982)	-	-	982	-
Actuarial gain	106	-	-	-	-	106
At 31 December 2020	(15,313)	48,960	9,592	6,875	3,950	54,064
<b>Prior financial year</b>						
At 1 January 2019	(14,387)	24,403	9,592	6,875	17,912	44,395
Retained loss	-	(2,595)	-	-	-	(2,595)
Transfer to/(from) reserves	-	14,944	-	-	(14,944)	-
Actuarial loss	(1,032)	-	-	-	-	(1,032)
At 31 December 2019	(15,419)	36,752	9,592	6,875	2,968	40,768

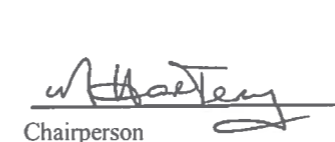
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Notes 1 to 42 form part of these financial statements.

**GROUP  
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Notes	2020 €'000	2019 €'000
<b>Fixed assets</b>			
Tangible assets	16	86,814	85,522
Financial assets	17	44,148	35,892
Investment properties	18	12,485	13,950
Negative goodwill	19	(2,078)	(2,078)
		<b>141,369</b>	<b>133,286</b>
<b>Current assets</b>			
Debtors	20	6,137	8,064
Cash at bank	22	34,544	32,767
		<b>40,681</b>	<b>40,831</b>
<b>Creditors: Amounts falling due within one year</b>	23	46,588	51,692
<b>Net current liabilities</b>		<b>(5,907)</b>	<b>(10,861)</b>
<b>Debtors: Amounts falling due after one year</b>	21	500	500
<b>Total assets less current liabilities</b>		<b>135,962</b>	<b>122,925</b>
<b>Creditors: Amounts falling due after one year</b>	24	25,566	24,605
Provision for liabilities	26	1,079	1,477
Pension liability	30	7,121	8,526
<b>Net assets</b>		<b>102,196</b>	<b>88,317</b>
<b>Capital and reserves</b>			
Establishment reserve	28	17,183	17,183
Revenue reserves	29	74,171	61,275
Non-distributable reserves	29	6,875	6,875
Capital and restricted reserves	29	3,950	2,968
<b>Capital and reserves attributable to Group</b>		<b>102,179</b>	<b>88,301</b>
Non-controlling interest	31	17	16
<b>Total capital and reserves</b>		<b>102,196</b>	<b>88,317</b>

Notes 1 to 42 form part of these financial statements.

  
Chairperson

  
Board Member

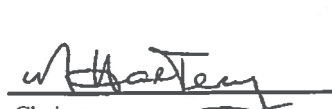
Date 20.04.2022



**HORSE RACING IRELAND**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Notes	2020 €'000	2019 €'000
<b>Fixed assets</b>			
Tangible assets	16	20,247	22,493
Financial assets	17	45,699	41,966
Investment properties	18	6,640	6,750
		<b>72,586</b>	<b>71,209</b>
<b>Current assets</b>			
Debtors	20	28,641	25,094
Cash at bank	22	28,694	25,084
		<b>57,335</b>	<b>50,178</b>
<b>Creditors: Amounts falling due within one year</b>	23	43,687	48,007
<b>Net current assets</b>		<b>13,648</b>	<b>2,171</b>
<b>Debtors: Amounts falling due after one year</b>	21	500	500
<b>Total assets less current liabilities</b>		<b>86,734</b>	<b>73,880</b>
<b>Creditors: Amounts falling due after one year</b>	24	25,549	24,586
Pension liability	30	7,121	8,526
<b>Net assets</b>		<b>54,064</b>	<b>40,768</b>
<b>Capital and reserves</b>			
Establishment reserve	28	9,592	9,592
Revenue reserves	29	33,647	21,333
Non-distributable reserves	29	6,875	6,875
Capital and restricted reserves	29	3,950	2,968
<b>Total capital and reserves</b>		<b>54,064</b>	<b>40,768</b>

Notes 1 to 42 form part of these financial statements.

  
Chairperson

  
Board Member

Date 20.04.2022

**GROUP STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 €'000	2019 €'000
<b>Net cash inflow from operating activities</b>	34	<b>7,493</b>	<b>9,487</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of tangible fixed assets		12,511	172
Payments to acquire tangible fixed assets		(8,174)	(14,194)
Payments to improve investment properties		(4)	(2,055)
Investment in associate undertakings		-	(5,500)
Receipts from financial asset loans		-	265
(Loans) / Receipts to / from racecourses and industry bodies		(281)	277
Loan to associate undertakings		(6,888)	-
Purchase of listed investments - net		(2,488)	(2,500)
Interest received		303	194
<b>Net cash flows from investing activities</b>		<b>(5,021)</b>	<b>(23,341)</b>
<b>Cash flows from financing activities</b>			
Loans in the period		-	12,500
Bank loan repayment		(250)	(3,000)
Interest paid		(445)	(315)
<b>Net cash flows from financing activities</b>		<b>(695)</b>	<b>9,185</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,777</b>	<b>(4,669)</b>
Cash and cash equivalents at beginning of financial year	35	32,767	37,436
<b>Cash and cash equivalents at end of financial year</b>	35	<b>34,544</b>	<b>32,767</b>

Notes 1 to 42 form part of these financial statements.

## 1. Accounting Policies

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

### General Information and Basis of Accounting

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

### Statement of Compliance

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

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

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

### Basis of consolidation

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

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

### Turnover

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

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

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

## 1. Accounting Policies (continued)

### Foal levy income

Foal levy income is recognised on a cash receipts basis.

### Contribution to prizemoney

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

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

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

### Grants and racecourse incentive schemes

#### Grants paid

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

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

#### Grants received

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

### Operating leases

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

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

#### Operating lease incentives

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

### Finance leases / hire purchase agreements

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

### Exceptional items

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

**1. Accounting Policies (continued)**

**Taxation and deferred tax**

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

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

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

**Fixed assets and depreciation**

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

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

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

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

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

All capitalised software is recognised as a fixed asset.

**Investment properties**

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

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

**Reserves**

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

**1. Accounting Policies (continued)**

**Financial instruments**

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

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

*Cash and cash equivalents*

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

*Financial assets and liabilities*

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

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

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

**1. Accounting Policies (continued)**

**Financial instruments (continued)**

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

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

Financial assets are derecognised when and only when:

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

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

*Investments*

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

*Fair value measurement*

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

**Investments in subsidiaries and racecourses**

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

**Acquisitions**

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

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

**1. Accounting Policies (continued)**

**Investment in associate**

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

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

Investments in associates are accounted at cost less impairment in Horse Racing Ireland's Statement of Financial Position.

Where indicators of impairment arise, the carrying amount of the associate is tested for impairment by comparing its recoverable amount with its carrying amount. Please see Judgements and key sources of estimation and uncertainty for further details.

During 2020, HRI assessed there to be an indicator of impairment of their investment in Curragh Racecourse Ltd due to Covid-19 restrictions. Details of the result of this impairment review are set out in Note 17 (B).

**Negative Goodwill**

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

**Pensions**

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

*Defined contribution schemes*

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

*Defined benefit schemes*

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

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

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

**Client Funds**

Horse Racing Ireland holds balances due to racing clients which are available for withdrawal by the client upon request. Client account balances are regularly reviewed for dormancy and HRI actively engages with the account holder.



**1. Accounting Policies (continued)**

**Judgements and key sources of estimation uncertainty**

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

*Going concern*

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

*Useful lives of tangible fixed assets*

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The useful lives are reviewed by management on a regular basis and changed, if necessary, to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The depreciation policy reported in these financial statements is approved by the Members and is reviewed annually, in conjunction with the approval of the Financial Statements. The net book value of tangible fixed assets subject to depreciation was €68.962m (2019: €65.068m).

*Retirement benefit obligations*

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

*Valuation of investment property*

Investment properties were valued at €12.485m at 31 December 2020. During the year, works to the properties amounted to €0.004m and there was a decrease in value of €1.469m during 2020. Significant assumptions were applied in the valuation of investment properties. These assumptions applied to size, location, terms, covenant and other material factors.

*Financial instruments*

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

*Impairment of tangible assets*

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

**1. Accounting Policies (continued)**

*Impairment of investment in associate - Curragh Racecourse Ltd*

Determining whether investment in associate is impaired requires judgement in establishing an appropriate recoverable amount. Given the specialist nature of the assets that underlie HRI's investment in Curragh Racecourse Ltd and in the absence of an active market for these assets, racecourse land and buildings were valued on a depreciable replacement basis by an independent qualified valuer. Due to the strategic importance of this investment, Curragh Racecourse Ltd is held for its service potential. Therefore, the depreciable replacement cost for the specialised assets plus carrying value of all other assets less liabilities is appropriate in calculating the recoverable amount.

The Board of HRI have taken account of the asset valuations carried out by Curragh Racecourse Ltd, the forecast trading results included in strategic plans and assessed current and future projected profitability. The Board have also noted the disclosures made by Curragh Racecourse Ltd in its financial statements regarding a material uncertainty in the determination of asset value and also in the preparation of Curragh Racecourse Ltd financial statements.

The Board of HRI believe the investment's carrying value in the Group Statement of Financial Position is not impaired as the recoverable amount exceeds the carrying value. In relation to the HRI Statement of Financial Position, the directors believe that an impairment is required as set out in note 17 (B).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**2. Employee numbers**

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

	2020	2019
	Number	Number
HRI - Full time staff	106	105
HRI - Raceday casual staff (Full time equivalents)	6	8
	112	113
HRI Subsidiaries - Full time staff	94	95
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	11	39
	105	134
	217	247

The average number of individual casual employees that worked in 2020 was 61 (2019: 268).

**3. Employee remuneration**

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

	2020	2019
	€'000	€'000
Wages and salaries	13,106	12,964
Covid subsidy received (TWSS)	(507)	-
Covid subsidy received (EWSS)	(431)	-
Employer's social welfare costs	1,197	1,347
	13,365	14,311

**Analysed as follows:**

Capitalised into assets	394	346
Expensed in financial year	12,971	13,965
	13,365	14,311

Included in the above figure is an amount in respect of payments paid and accrued in 2020 under a restructuring, redundancy and other programs of €0.696m (2019: €0.044m). Also included within the figure for wages & salaries are amounts relating to overtime €0.128m (2019: €0.231m) and allowances €0.080m (2019: €0.076m).

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

	2020	2019
	€'000	€'000
Remuneration and other benefits	1,588	1,430

The above figure includes remuneration of €1.346m (2019: €1.197m) and benefits of €0.242m (2019: €0.233m) paid and accrued in 2020. Key management includes the Chief Executive Officer, Board members and senior management.

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**4. Direct costs**

	Winnings paid on bets		Operating costs		Total	
	2020	2019	2020	2019	2020	2019
	€'000	€'000	€'000	€'000	€'000	€'000
Betting collection costs	-	-	137	213	137	213
Tote Ireland	46,169	51,324	3,213	6,161	49,382	57,485
HRI Racecourses Group	-	-	10,150	14,998	10,150	14,998
	46,169	51,324	13,500	21,372	59,669	72,696

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

Horse Racing Ireland with a registered office at Ballymany, The Curragh, Co. Kildare was established on 18 December 2001, under the Horse and Greyhound Racing Act 2001. A fund was established for the purpose of giving support to the horse and greyhound racing industries under Section 12 of this Act. This has subsequently been extended under the Horse and Greyhound Fund Regulations, most recently in 2020. The general functions of Horse Racing Ireland are set out in the Irish Horseracing Industry Act 1994, the Horse and Greyhound Act 2001 and the Horse Racing Ireland Act 2016.

In 2020, €67.2m was allocated to Horse Racing Ireland (2019: €67.2m).

**6. Foal levy**

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

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

	2020	2019
	€'000	€'000
Balance on hand at 1 January	976	949
Collected during the financial year	2,097	2,027
<b>Expenditure in the year:</b>		
Irish Equine Centre	(900)	(900)
Irish Thoroughbred Breeders' Association	(450)	(450)
Irish Thoroughbred Marketing Limited	(450)	(450)
Others	(147)	(200)
	(1,947)	(2,000)
Balance on hand at 31 December (included in revenue reserves)	1,126	976

Irish Thoroughbred Marketing Limited expenditure of €450,000 (2019: €450,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing Limited expenditure in the Group Statement of Income and Expenditure Account.

**7. Racecourse income**

Racecourse income excludes the fair value movement of investment properties showing a decrease of €1.355m (2019: €0.100m increase) which were valued at the financial year end by Knight Frank. See Note 18 for more information.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>8. Other income</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Negative goodwill amortisation (Note 19)	-	-
HRI lease income	529	354
	<u>529</u>	<u>354</u>
<b>9. Contributions to prizemoney</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
From Sponsors	4,624	8,403
From Owners	11,663	15,048
	<u>16,287</u>	<u>23,451</u>
From Horse Racing Ireland	35,346	44,151
	<u>51,633</u>	<u>67,602</u>

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

**10. Integrity and racecourse services**

Under the Irish Horseracing Industry Act 1994, Part III, as amended by the Horse and Greyhound Racing Act 2001, Schedule 6, the Racing Regulatory Body (which comprises the Turf Club and the Irish National Hunt Steeplechase Committee) has responsibility for making and enforcing the Rules of Racing and for providing on-course integrity services. Horse Racing Ireland provides the funding to the Racing Regulatory Body in order to meet the costs of providing such services as laid out in Part III, paragraph 42 of the 1994 Act. The Irish Horseracing Regulatory Board has been established to assume the activities of the Racing Regulatory Body and as from 1 January 2018 is the regulatory body for all horseracing in Ireland. Included in the Grants to Irish Horseracing Regulatory Board (IHRB) are the costs associated with National Hunt Integrity Services.

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Grant to IHRB in relation to Racing Integrity Services	7,713	8,321
Grant to IHRB in relation to Point to Point Integrity Services	592	732
Total Grant paid to the IHRB	<u>8,305</u>	<u>9,053</u>
Racecourse services funded by Horse Racing Ireland	3,591	3,583
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	<u>11,896</u>	<u>12,636</u>

In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the IHRB in respect of license renewals, appeal costs, commissions on stable bonus, sampling fees and certain charitable funds. The amounts deducted and paid over are not reflected in Horse Racing Ireland's Statement of Income and Expenditure and amounted to €1.161m in 2020 (€1.246m in 2019).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Irish Equine Centre	1,320	1,341
Racing Academy and Centre of Education	740	710
Order of Malta	477	507
Blue Cross	261	235
Other Industry Bodies	182	184
	<u>2,980</u>	<u>2,977</u>

As at 31 December 2020, total loans outstanding from the Irish Equine Centre amounted to €0.990m (2019: €0.990m). In 2019, €0.260m of this loan was converted into a grant. This loan is included in Note 20 Debtors: Amounts falling due within one year.

**12. Racecourse schemes and capital grants**

<b>Racecourse schemes</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Levy, pitch fee and other payments to racecourses	70	1,016
Tote percentage betting payments	4	78
	<u>74</u>	<u>1,094</u>

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

<b>Capital grants</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Capital development fund grants	578	1,500

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**13. Taxation**

<b>(A) Analysis of charge in the financial year</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current tax:</b>		
Corporation tax	205	120
<b>Deferred tax:</b>		
Origination and reversal of timing differences (Note 26)	(398)	80
<b>Capital taxes:</b>		
Capital gains tax	2	159
<b>Tax on profit on ordinary activities</b>	<u>(191)</u>	<u>359</u>

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

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>(Loss) / Profit on ordinary activities before taxation (HRI owned racecourses)</b>	<u>(524)</u>	<u>977</u>
(Loss) / Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in Ireland of 12.5% (2019: 12.5%)	(66)	122
<i>Effect of:</i>		
Non deductible expenses	199	15
Non allowable income	(140)	(144)
Depreciation in excess of capital allowances	177	149
Income taxable at higher rate	56	27
Losses utilised on current period basis - Case 1	(21)	(49)
Current tax charge for financial year	<u>205</u>	<u>120</u>

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.

In 2019, the capital gains tax relates to an unprompted revenue disclosure in relation to a land swap transaction that occurred in The Leopardstown Club Limited in 2016 and includes relevant interest and penalties.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>14. Exceptional items</b>		<b>2020</b>	<b>2019</b>
		<b>€'000</b>	<b>€'000</b>
Profit from sale of lands	(i)	10,349	-
Redundancy and restructuring program	(ii)	(598)	-
Impairment loss	(iii)	(401)	-
Gain on disposal of listed investments (Note 17)	(iv)	-	1,021
Losses in relation to cash in transit services	(v)	-	(389)
		<u>9,350</u>	<u>632</u>

- (i) In April 2020, Horse Racing Ireland concluded a sale of lands at Ballyogan, Dublin 18 to the Department of Education and Skills who had identified the site as a location for the construction of a new post primary school, the profit on the sale of this land was €10.349m. The Department of Public Expenditure and Reform in sanctioning the sale directed that a dividend of €1.000m be paid to the Exchequer and the remaining sales proceeds (net of sale transaction costs) be used for the redevelopment of Leopardstown Racecourse.
- (ii) Costs relating to a redundancy and restructuring program in Tote Ireland Ltd.
- (iii) An impairment review was conducted by Tote Ireland Ltd and identified assets which were obsolete.
- (iv) The gain on disposal of listed investments relates to the disposal of fixed interest investment bonds.
- (v) HRI Group suffered a financial loss of €389,000 in relation to cash in transit services.

<b>15. Surplus / (Deficit) for the financial year</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>

**Surplus / (Deficit) for the financial year has been arrived at after charging:**

Depreciation			
- Owned tangible fixed assets		4,202	3,757
Auditors' remuneration: Audit of group financial statements		111	110
Capital development fund interest		445	315
Loss on disposal of assets	(i)	126	-
Operating lease rentals		107	123
Fair value movements of investment properties		1,469	-
Consultancy costs	(ii)	926	884
Legal fees and settlements	(iii)	(118)	89
Travel and subsistence	(iv)	445	931
Hospitality	(v)	150	537
Contribution to the Exchequer	(vi)	1,000	-

**and after crediting:**

Interest receivable on deposits		259	156
Effective interest on loans		676	79
Gain on disposal of assets		10,358	134
Fair value movements of investment properties		-	195

Horse Racing Ireland administration costs comprise the following:

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Running costs of departments - pay and non-pay	6,545	6,207
Pension costs	325	319
Building running costs	1,553	1,308
	<u>8,423</u>	<u>7,834</u>



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

The remuneration package of the Chief Executive of Horse Racing Ireland was as follows:	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Basic salary	191	191
Pension contributions and other taxable benefits	60	58
	<u>251</u>	<u>249</u>

**(i) Loss on disposal of assets**

Included in loss on disposal of assets is an amount of €105,000 on the sale of land by The Tipperary Race Company plc as part of a land swap arrangement in order to facilitate the future development of the racecourse.

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>(ii) Consultancy costs *</b>		
Legal advice	302	201
Financial / actuarial advice	74	107
Internal audit	58	58
Capital Development Scheme	35	37
Pension Advice / Consultancy	181	203
Public relations / marketing	18	81
IT Consultancy	125	60
Other	133	137
<b>Total consultancy costs</b>	<u><b>926</b></u>	<u><b>884</b></u>

**(iii) Legal fees and settlements**

Legal fees - legal proceedings	19	101
Conciliation and arbitration payments	-	-
Settlements	(137)	(12)
<b>Total legal fees and settlements</b>	<u><b>(118)</b></u>	<u><b>89</b></u>

**(iv) Travel and subsistence**

Domestic - Board and committee members	3	29
Domestic - Employees	369	678
International - Board and committee members	1	-
International - Employees	72	224
<b>Total travel and subsistence</b>	<u><b>445</b></u>	<u><b>931</b></u>

**(v) Hospitality**

Staff hospitality	22	48
Client hospitality (External hospitality provided to clients/third parties) **	128	489
<b>Total hospitality</b>	<u><b>150</b></u>	<u><b>537</b></u>

**(vi) Contribution to the Exchequer**

The contribution to the Exchequer relates to the remaining €1m net proceeds from the sale of lands at Ballyogan, Dublin 18 to the Department of Education and Skills. See Note 14 (i) Profit from sale of lands.

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

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

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

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

<b>Horse Racing Ireland Group Board Members' fees and expenses were as follows:</b>		<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
		<b>Fees</b>	<b>Mileage</b>	<b>Fees</b>	<b>Mileage</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Nicholas Hartery	Appointed 24 May 2018	22	1	22	3
Bernard Caldwell	Appointed 18 December 2008	13	-	13	2
Daragh Fitzpatrick	Appointed 26 January 2018	13	-	13	-
James Gough	Retired 10 October 2019	-	-	10	2
Christy Grassick	Appointed 26 January 2018	13	-	13	-
Michael Halford	Appointed 26 May 2016	13	-	13	-
Elizabeth Headon	Appointed 10 November 2016	13	-	13	1
Harry McCalmont	Retired 12 January 2021	13	-	13	1
Robert Nixon	Appointed 31 August 2016	13	-	13	2
Carol Nolan	Appointed 28 March 2018	-	-	-	-
Peter Nolan	Appointed 10 November 2016	13	-	13	1
Conor O'Neill	Appointed 10 December 2018	13	-	13	4
Meta Osborne	Appointed 18 December 2013	13	-	13	-
John Powell	Appointed 26 May 2016	13	-	13	1
Caren Walsh	Appointed 10 October 2019	13	-	3	-
		<u>178</u>	<u>1</u>	<u>178</u>	<u>17</u>

**Horse Racing Ireland Group Board Members' attendance at meetings during 2020 was as follows:**

		<b>Board</b>	<b>Board</b>	<b>Total no. of</b>	<b>Total no. of</b>
		<b>Meetings</b>	<b>Meetings</b>	<b>Board &amp; Other</b>	<b>Board &amp; Other</b>
			<b>Attended</b>	<b>Committee</b>	<b>Committee</b>
				<b>Meetings</b>	<b>Meetings</b>
					<b>Attended</b>
Nicholas Hartery	Appointed 24 May 2018	15	15	23	23
Bernard Caldwell	Appointed 18 December 2008	15	15	19	19
Daragh Fitzpatrick	Appointed 26 January 2018	15	15	17	17
Christy Grassick	Appointed 26 January 2018	15	15	17	17
Michael Halford	Appointed 26 May 2016	15	15	25	23
Elizabeth Headon	Appointed 10 November 2016	15	15	17	17
Harry McCalmont	Retired 12 January 2021	15	15	23	23
Robert Nixon	Appointed 31 August 2016	15	14	26	24
Carol Nolan	Appointed 28 March 2018	15	15	18	17
Peter Nolan	Appointed 10 November 2016	15	13	24	21
Conor O'Neill	Appointed 10 December 2018	15	15	25	25
Meta Osborne	Appointed 18 December 2013	15	14	31	30
John Powell	Appointed 26 May 2016	15	14	15	14
Caren Walsh	Appointed 10 October 2019	15	14	19	18

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**16. Tangible assets**

Group	Plant, Equipment, Land & IT Development		Total
	Buildings	& Vehicles	
	€'000	€'000	€'000
<i>Cost and valuation</i>			
At 1 January 2020	108,536	39,963	148,499
Additions	6,308	1,866	8,174
Disposals	(2,256)	(829)	(3,085)
At 31 December 2020	112,588	41,000	153,588
<i>Accumulated Depreciation</i>			
At 1 January 2020	36,559	26,418	62,977
Charge for the financial year	1,611	2,591	4,202
Impairment loss	-	401	401
Disposals	-	(806)	(806)
At 31 December 2020	38,170	28,604	66,774
<i>Net book value</i>			
At 31 December 2020	74,418	12,396	86,814
At 31 December 2019	71,977	13,545	85,522
Included above are assets held under finance leases as follows:		<b>2020</b>	<b>2019</b>
<i>Land &amp; Buildings</i>		€'000	€'000
Net book value		472	489
Depreciation charge		17	11

Following the changes to the Tote Ireland operating model, an impairment review was conducted and identified assets which were obsolete. The assets are primarily software development costs associated with the account betting platform.

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

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**16. Tangible assets (continued)**

Horse Racing Ireland	Plant, Equipment, Land & IT Development		Total
	Buildings	& Vehicles	
	€'000	€'000	€'000
<i>Cost and valuation</i>			
At 1 January 2020	23,913	10,744	34,657
Additions	57	1,013	1,070
Disposals	(2,081)	-	(2,081)
At 31 December 2020	21,889	11,757	33,646
<i>Accumulated Depreciation</i>			
At 1 January 2020	6,687	5,477	12,164
Charge for the financial year	187	1,048	1,235
Disposals	-	-	-
At 31 December 2020	6,874	6,525	13,399
<i>Net book value</i>			
At 31 December 2020	15,015	5,232	20,247
At 31 December 2019	17,226	5,267	22,493
Included above are assets held under finance leases as follows:		<b>2020</b>	<b>2019</b>
<i>Land &amp; Buildings</i>		€'000	€'000
Net book value		472	489
Depreciation charge		17	11

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

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

17. Financial assets		2020	2019
	Note	€'000	€'000
<b>Group</b>			
Loans to racecourses	(A)	896	903
Loans to associate undertaking	(D)	8,217	690
Investment in racecourse	(B)	1	1
Investment in associate	(B)	16,614	18,477
Unlisted investments	(B)	-	-
Listed investments	(B)	18,420	15,821
		44,148	35,892
<b>Horse Racing Ireland</b>			
Loans to racecourses	(A)	896	903
Loans to associate undertaking	(D)	8,217	690
Investment in racecourse	(B)	1	1
Investment in associate	(B)	16,614	23,000
Unlisted investments	(B)	-	-
Listed investments	(B)	18,420	15,821
Investment in subsidiary undertakings	(C)	1,551	1,551
		45,699	41,966

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

	Fair value through profit or loss €'000	Total €'000
<b>Current financial year</b>		
At 1 January 2020	903	903
Repayments	-	-
Loss on fair value movement	(7)	(7)
At 31 December 2020	896	896
<b>Prior financial year</b>		
At 1 January 2019	1,041	1,041
Repayments	(165)	(165)
Gain on fair value movement	27	27
At 31 December 2019	903	903

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**17. Financial assets (continued)**

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

	Fair value through profit or loss €'000	Total €'000
<b>Current financial year</b>		
At 1 January 2020	903	903
Repayments	-	-
Loss on fair value movement	(7)	(7)
At 31 December 2020	896	896
<b>Prior financial year</b>		
At 1 January 2019	1,041	1,041
Repayments	(165)	(165)
Gain on fair value movement	27	27
At 31 December 2019	903	903

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

- a loan to Blackhall Racing Company, Punchestown Development Company Limited and Punchestown Enterprises Company Limited measured to €0.815m (2019: €0.822m). The maturity date of the loan is 30 November 2026 and interest is charged at a rate of 3 month Euribor plus 1%.
- a loan to Gowran Park Race Company Limited measured to €0.081m (2019: €0.081m). The maturity date of the loan is 31 March 2026 and interest is charged at a rate of ECB plus 1%.

**(B) Investments - Group**

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
<b>Current financial year</b>					
At 1 January 2020	18,477	1	-	15,821	34,299
Additions	-	-	-	2,488	2,488
Share of loss in associate	(1,863)	-	-	-	(1,863)
Disposals	-	-	-	-	-
Gain on fair value movement	-	-	-	111	111
At 31 December 2020	16,614	1	-	18,420	35,035
<b>Prior financial year</b>					
At 1 January 2019	15,064	1	-	12,791	27,856
Additions	6,000	-	-	14,883	20,883
Reclassification	(500)	-	-	-	(500)
Share of loss in associate	(2,087)	-	-	-	(2,087)
Disposals	-	-	-	(12,383)	(12,383)
Gain on fair value movement	-	-	-	530	530
At 31 December 2019	18,477	1	-	15,821	34,299

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**17. Financial assets (continued)**

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

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
<b>Current financial year</b>					
At 1 January 2020	23,000	1	-	15,821	38,822
Additions	-	-	-	2,488	2,488
Disposals	-	-	-	-	-
Impairment	(6,386)	-	-	-	(6,386)
Gain on fair value movement	-	-	-	111	111
At 31 December 2020	16,614	1	-	18,420	35,035
<b>Prior financial year</b>					
At 1 January 2019	17,500	1	-	12,791	30,292
Additions	6,000	-	-	14,883	20,883
Reclassification	(500)	-	-	-	(500)
Disposals	-	-	-	(12,383)	(12,383)
Gain on fair value movement	-	-	-	530	530
At 31 December 2019	23,000	1	-	15,821	38,822

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). As at 31 December 2020, Horse Racing Ireland held 4 fixed interest bonds with maturity dates in 2023, 2024 and 2030. The bonds are listed on the Irish Stock Exchange and have full daily liquidity.

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

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

As set out in the accounting policies HRI carried out an impairment review of its investment in Curragh Racecourse Ltd. As a result of this review HRI concluded that:

- (a) no impairment was required to its Group Investment in Associate in the Group Statement of Financial Position
- (b) an impairment of €6.386m is required to the HRI Investment in Associate in the HRI Statement of Financial Position.

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**17. Financial assets (continued)**

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

	2020 €'000	2019 €'000
At 1 January	1,551	1,551
Additions	-	-
Disposals	-	-
Gain / (Loss) on fair value movement	-	-
At 31 December	1,551	1,551

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

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

	2020 €'000	2019 €'000
<b>Current financial year</b>		
At 1 January	690	776
Additions	6,888	-
Repayments	-	(100)
Gain on fair value movement	639	14
At 31 December	8,217	690

**(D) Loans to associate undertaking - Horse Racing Ireland**

	2020 €'000	2019 €'000
<b>Current financial year</b>		
At 1 January	690	776
Additions	6,888	-
Repayments	-	(100)
Gain on fair value movement	639	14
At 31 December	8,217	690

Loans to associate undertakings, which is at fair value through profit or loss, constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest. Loans to associate undertaking includes a loan to Curragh Racecourse Limited measured at €0.669m (2019: €0.690m) in respect of an element of a previous development plan of the Curragh Racecourse. The maturity date of the loan is 31 March 2027 and interest is charged at a rate of 3 month Euribor plus 1%. In 2020, HRI entered into a €9.000m convertible loan agreement with Curragh Racecourse Limited. As at 31 December 2020, €6.888m has been transferred to Curragh Racecourse Limited. The maturity date of the loan is 31 January 2024 and interest is charged at 3.25%. Under the terms of the convertible loan agreement the loan shall be repaid in full or converted into shares on 31 January 2024. The fair value of the convertible loan assumes this debt will convert into equity at the final repayment date and HRI will be allotted new shares in respect of any loan amount outstanding. Assuming the loan amount is fully drawn down at 31 January 2024 and upon receipt of the new shares HRI will have 33.33% voting rights and 37.4% economic shares in Curragh Racecourse Limited.



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**18. Investment properties**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Fair value at 1 January	13,950	11,700
Additions	4	2,055
(Loss) / Gain on fair value movement	(1,469)	195
Fair value at 31 December	<u>12,485</u>	<u>13,950</u>
	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Horse Racing Ireland</b>		
Fair value at 1 January	6,750	4,600
Additions	4	2,055
(Loss) / Gain on fair value movement	(114)	95
Fair value at 31 December	<u>6,640</u>	<u>6,750</u>

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

**19. Negative goodwill**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
At 31 December	<u>7,135</u>	<u>7,135</u>
<b>Accumulated Amortisation</b>		
At 1 January	5,057	5,057
Amortised in the financial year	-	-
At 31 December	<u>5,057</u>	<u>5,057</u>
<b>Net book value</b>		
At 31 December	<u>2,078</u>	<u>2,078</u>
Goodwill attributable to non-monetary depreciable assets	<u>(5,057)</u>	<u>(5,057)</u>

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**20. Debtors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Trade debtors	1,812	2,880
Prepayments and accrued income	2,037	2,668
Amounts due from industry bodies	1,373	1,092
Amounts due from associate undertaking	19	346
Other debtors	805	893
Taxation recoverable	91	185
	<u>6,137</u>	<u>8,064</u>

**Horse Racing Ireland**

Trade debtors	645	1,141
Prepayments and accrued income	853	1,337
Amounts due from subsidiary undertakings	25,403	20,842
Amounts due from associate undertaking	19	346
Amounts due from industry bodies	1,373	1,092
Other debtors	348	336
	<u>28,641</u>	<u>25,094</u>

**21. Debtors: Amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Amounts due from associate undertaking	<u>500</u>	<u>500</u>
<b>Horse Racing Ireland</b>		
Amounts due from associate undertaking	<u>500</u>	<u>500</u>

**22. Cash at bank**

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Horse Racing Ireland	28,694	25,084
HRI Racecourses	4,748	5,497
Tote Ireland	387	1,830
Irish Thoroughbred Marketing	715	356
	<u>34,544</u>	<u>32,767</u>
<b>Horse Racing Ireland</b>	<u>28,694</u>	<u>25,084</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>23. Creditors: Amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Accruals	3,679	5,811
Bank loans (Note 25)	250	1,750
Trade creditors	1,276	2,431
Balances due to racing clients	36,088	33,417
Deferred income	2,031	2,416
Amounts due to associate undertakings	438	1,320
Other creditors	2,620	3,787
Taxation creditors	206	760
	46,588	51,692
<b>Horse Racing Ireland</b>		
Accruals	2,596	4,340
Amounts owed to subsidiary undertakings	305	1,818
Bank loans (Note 25)	250	1,750
Trade creditors	959	826
Balances due to racing clients	36,088	33,417
Deferred income	649	779
Other creditors	2,302	3,229
Amounts due to associate undertakings	438	1,320
Taxation creditors	100	528
	43,687	48,007

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

Balances due to racing clients represent prizemoney held by HRI on behalf of clients and are available for withdrawal upon request. HRI has sufficient funds available to meet its obligations to clients. Funds available include cash at bank and listed investments. Note 17 (B) sets out how HRI manages its group funding and liquidity positions.

Other creditors includes balances amounting to €0.421m at 31 December 2020 (2019: €1.930m) deducted from Trainers' prizemoney accounts in respect of a Stable Employees Pension Plan and a €1.000m contribution payable to the Exchequer at 31 December 2020 (2019: Nil) in respect of sale of lands at Ballyogan, Dublin 18.

<b>Taxation creditors is split as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
PAYE	8	302
PRSI	28	175
VAT	71	211
Other taxes	99	72
	206	760
<b>Horse Racing Ireland</b>		
PAYE	-	274
PRSI	22	150
VAT	47	76
Other taxes	31	28
	100	528

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>24. Creditors: Amounts falling due after more than one year</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Bank loans (Note 25)	24,500	23,250
Deferred income	17	19
Amounts due to leasee	1,049	1,336
	25,566	24,605
<b>Horse Racing Ireland</b>		
Bank loans (Note 25)	24,500	23,250
Amounts due to leasee	1,049	1,336
	25,549	24,586
<b>25. Bank loans</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Repayable within 1 year	250	1,750
Repayable within 2 to 5 years	22,500	14,000
Repayable after 5 years	2,000	9,250
	24,750	25,000
<b>Horse Racing Ireland</b>		
Repayable within 1 year	250	1,750
Repayable within 2 to 5 years	22,500	14,000
Repayable after 5 years	2,000	9,250
	24,750	25,000

Horse Racing Ireland's Group loan from KBC was fully repaid in 2019. The loan was subject to a variable interest rate based on Euribor. The weighted average interest rate in 2019, for drawn amounts, was 0.350%.

Following receipt of approval from the Minister for Finance in December 2015, HRI entered into a €25m loan facility in 2016 with Ulster Bank to enable the funding of a capital development programme. The loan is unsecured and a variable interest rate, based on Euribor, applies to any drawings. As at 31 December 2020, this has been fully drawn down and repayable over the subsequent seven years. The weighted average interest rate during the financial year was 1.75% (2019: 1.75%).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>26. Provision for liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Deferred taxation</b>		
At 1 January	1,477	1,397
Charge to Statement of Income and Expenditure	(398)	80
At 31 December	<u>1,079</u>	<u>1,477</u>
<b>Components of deferred taxation</b>		
Valuation of investment properties	752	1,199
Accelerated capital allowances	327	299
Losses carried forward	-	(21)
	<u>1,079</u>	<u>1,477</u>

**27. Financial instruments**

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

	<b>Horse Racing Ireland</b>		<b>Group</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Financial assets</b>				
<i>Measured at fair value through profit or loss</i>				
Listed investments (Note 17)	18,420	15,821	18,420	15,821
Unlisted investments (Note 17)	-	-	-	-
Loans to racecourses (Note 17)	896	903	896	903
Loans to associate undertakings (Note 17)	8,217	690	8,217	690
<i>Measured at cost less impairment</i>				
Investment in associate (Note 17)	16,614	23,000	-	-
Investment in racecourse (Note 17)	1	1	1	1
<i>Measured using the equity method</i>				
Investment in associate (Note 17)	-	-	16,614	18,477
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (Note 20)	28,641	25,094	6,137	8,064
Cash at bank and in hand (Note 35)	7,047	4,352	12,890	10,830
Short term fixed deposits (Note 35)	21,647	20,732	21,654	21,937
	<u>101,483</u>	<u>90,593</u>	<u>84,829</u>	<u>76,723</u>
<b>Financial liabilities</b>				
<i>Measured at amortised cost</i>				
Bank loans (Note 25)	24,750	25,000	24,750	25,000
<i>Measured at undiscounted amount payable</i>				
Trade and other payables (Note 23)	43,437	46,257	46,338	49,942
	<u>68,187</u>	<u>71,257</u>	<u>71,088</u>	<u>74,942</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**27. Financial instruments (continued)**

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

	<b>Horse Racing Ireland</b>		<b>Group</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Fair value gains / (losses)</b>				
On financial assets (including listed investments) measured at fair value through profit or loss	718	995	718	995
<b>Interest income and interest expense calculated using effective interest rate method</b>				
Interest income on financial assets measured at amortised cost	642	55	642	55

**28. Establishment reserve**

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

**29. Reserves**

Retained surplus include all cumulative gains and losses recognised in the Statement of Income and Expenditure. Revenue reserves at 31 December 2020 include €15.313m being the pension reserve cumulative amount charged through the Statement of Comprehensive Income (2019: €15.419m). Capital and restricted reserves of €3.950m represent capital reserves of €1.754m set aside to fund future capital development and restricted reserves of €2.196m represent funds set aside for the development of Leopardstown Racecourse. These reserves will be released to revenue reserves on completion of such developments. Non-distributable reserves represent reserves which are non-distributable.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**30. Pension commitments**

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

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

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

The DB Scheme covers the employees involved in Integrity Services who are directly funded by Horse Racing Ireland under Horseracing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2020 amounted to 137 (2019: 140). As the DB Scheme did not satisfy the statutory Funding Standard, governing pensions legislation required that a Funding Proposal to rectify this deficit be agreed and submitted to the Pensions Authority (formerly known as the Pensions Board). Following consultation with relevant stakeholders, a Funding Proposal over the period from 2013 to 2023 was agreed and subsequently approved by the Pensions Authority. Under the terms of the agreed Funding Proposal, the DB Scheme ceased to accrue retirement benefits with effect from 1 April 2013, and future retirement provisions for service after 1 April 2013 is on a defined contribution basis. As a measure to resolve the deficit in the DB Scheme, the employers (Horse Racing Ireland and the Turf Club), have committed, subject to the terms of the Funding Proposal, to make additional contributions over the funding proposal period to 2023.

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

- c) Total employer contributions in the DB Scheme made for the financial period ended 31 December 2020 were €1,450,000 (2019: €1,401,000). Future expected employer contributions in the DB Scheme are €1,494,000 for the financial year ended 31 December 2021.
- d) A comprehensive actuarial valuation was completed as at 31 December 2020 in order to determine the defined benefit obligation for the DB Scheme.
- e) The pension cost of the DB Scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected unit credit method. Liabilities relating to other employees of the Curragh Racecourse Limited are excluded in calculating the net pension liability disclosed underneath.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**30. Pension commitments (continued)**

The principal financial assumptions for the DB Scheme used to calculate the retirement liabilities under FRS 102 as at 31 December 2020 were as follows:

Valuation method	Projected unit credit 2020	Projected unit credit 2019
Discount rate	0.80% p.a.	1.15% p.a.
Future pension increases	1.00% p.a. / 2.50% p.a.	2.50% p.a. / 1.00% p.a.
Future inflation	1.30% p.a.	1.30% p.a.
Statutory revaluation	0.90% p.a.	1.30% p.a.

		2020 Year	2019 Year
Mortality pre-retirement	Male	88% ILT + CSO improvements	88% ILT + CSO improvements
	Female	91% ILT + CSO improvements	91% ILT + CSO improvements
Mortality post-retirement	Male	88% ILT + CSO improvements	88% ILT
	Female	91% ILT + CSO improvements	91% ILT

The mortality basis explicitly allows for improvements in life expectancy over time so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The life expectancy for members attaining age 65 in 2020 and 2040 is detailed below:

*Life expectancy at 65:*

Current pensioners (currently aged 65) - male	21.8 years	21.7 years
Current pensioners (currently aged 65) - female	24.2 years	24.1 years
Future pensioners (currently aged 45) - male	24.1 years	24 years
Future pensioners (currently aged 45) - female	26.2 years	26.1 years

The asset distribution of the DB Scheme was as follows:

Class	Asset Distribution as percentage of total DB Scheme assets 31/12/2020	Asset Distribution as percentage of total DB Scheme assets 31/12/2019
Equities	29%	29%
Property	4%	6%
Fixed Interest	34%	33%
Absolute Return Funds	31%	30%
Cash	1%	1%
Insurance	1%	1%
Total	100%	100%

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



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**30. Pension commitments (continued)**

For accounting periods commencing on or after 1 January 2015, FRS17 is replaced by FRS102. FRS102 stipulates that the expected return on a scheme's assets is the discount rate. As such, the expected return on assets assumption for the DB Scheme for 2020 is 0.80%.

<b>Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Interest income on DB Scheme assets	556	825
Interest on DB Scheme liabilities	(652)	(997)
	<u>(96)</u>	<u>(172)</u>

During 2013 it was agreed that future accrual of retirement benefits would cease in the DB Scheme with effect from 31 March 2013. The accrued retirement benefits for active members, calculated at 1 April 2013, will be indexed each year up to retirement by means of Statutory Revaluation (as set out in governing pensions legislation), and the Actuary has advised that 0.90% per annum is the appropriate assumption as at this reporting date in this regard.

<b>The amounts recognised in the Statement of Financial Position are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Present value of wholly or partly funded DB Scheme liabilities	(58,674)	(57,901)
Fair value of DB Scheme assets	51,025	48,858
Total Deficit in DB Scheme at end of the financial year	<u>(7,649)</u>	<u>(9,043)</u>
Curragh Racecourse / Others deficit included in total deficit for the financial year	(528)	(517)
Net HRI liability recognised in the Statement of Financial Position	<u>(7,121)</u>	<u>(8,526)</u>

<b>Changes in the present value of DB Scheme liabilities are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Opening present value of DB Scheme liabilities	(57,901)	(54,035)
Current service cost	-	-
Interest cost	(652)	(997)
Contributions by DB Scheme participants	-	-
Actuarial gain	637	764
Past service cost gain	-	-
Benefits paid	2,473	3,339
Changes in assumptions	(3,231)	(6,972)
Closing present value of DB Scheme liabilities	<u>(58,674)</u>	<u>(57,901)</u>

<b>Changes in the fair value of DB Scheme assets are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Opening fair value of DB Scheme assets	48,858	44,870
Interest income	556	825
Actuarial gain	2,634	5,101
Contributions by employer	1,450	1,401
Contributions by DB Scheme participants	-	-
Benefits paid	(2,473)	(3,339)
Closing fair value of DB Scheme assets	<u>51,025</u>	<u>48,858</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**30. Pension commitments (continued)**

<b>Analysis of the amount which is recognised in the Statement of Comprehensive Income is as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Curragh / Others actuarial (loss) / gain for the financial year	(66)	(75)
HRI actuarial gain / (loss) for the financial year	106	(1,032)

The actual return on DB Scheme assets in 2020 was a gain of €3.190m (2019: gain of €5.926m). The total gains and losses recognised in the Statement of Comprehensive Income at 31 December 2020 for the period was a gain of €0.040m (2019: loss of €1.107m).

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

<b>Year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Present value of DB Scheme liabilities	(58,674)	(57,901)
Fair value of DB Scheme assets	51,025	48,858
Deficit in the scheme	<u>(7,649)</u>	<u>(9,043)</u>

<b>Year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Net deficit in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	<u>(7,121)</u>	<u>(8,526)</u>
Experience adjustment arising on		
- the DB Scheme liabilities	637	764
- the DB Scheme assets	2,634	5,101
- Changes in assumptions	<u>(3,231)</u>	<u>(6,972)</u>

**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 and Associated Companies Defined Employee Benefits Plan ("the DC Scheme") which is a trust based defined contribution pension plan. In addition, the DB Scheme ceased accruing benefits with effect from 31 March 2013 and all active members of the DB Scheme became active members in the DC Scheme with effect from 1 April 2013.
- b) At 31 December 2020, there were 203 active DC participants. Horse Racing Ireland also offers a PRSA to employees who are not eligible to join the DC Scheme.
- c) The pension contributions for the DC Scheme for the year ended 31 December 2020 were €0.830m (2019: €0.811m).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>31. Non-controlling interest</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of financial year	16	14
Movement in the financial year	1	2
At end of financial year	17	16

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

**32. Capital and other commitments**

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Authorised, but not contracted for	180	951
Contracted	2,371	8,935
Total	2,551	9,886

**Horse Racing Ireland**

Authorised, but not contracted for	180	951
Authorised, but not contracted for, to subsidiary undertakings	-	-
Contracted	1,574	2,017
Total	1,754	2,968

**33. Lease commitments**

*Operating Leases - Lessee*

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	101	78
Between one and five years	147	106
After five years	-	-
	248	184

**Horse Racing Ireland**

Within one year	62	41
Between one and five years	95	55
After five years	-	-
	157	96

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**33. Lease commitments (continued)**

*Operating Leases - Lessor*

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	1,188	939
Between one and five years	4,753	3,752
After five years	11,162	8,711
	17,103	13,402

**Horse Racing Ireland**

Within one year	530	280
Between one and five years	2,119	1,118
After five years	7,177	4,067
	9,826	5,465

*Significant leasing arrangements - Lessor*

- The office building has a 25 year lease expiring in 2039. The next rent review is July 2024.
- The health and fitness club has a 35 year lease expiring in 2033. The next rent review is due in January 2023.
- There are two retail unit operating leases detailed as follows:
  - The first retail unit has a 10 year lease expiring in January 2028.
  - The second retail unit has a 16 year lease expiring in February 2032.

*Significant leasing arrangements - Lessee*

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

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

	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
Surplus / (Deficit) for the financial year before tax, exceptional item		
other finance expenses & associate undertakings	7,186	900
Interest receivable	(935)	(235)
Interest payable	445	315
Depreciation	4,202	3,757
Impairment loss	401	-
Exceptional items	9,350	632
Contribution to the Exchequer	(1,000)	-
Fair value movement of investment properties	1,469	(195)
Fair value movement on listed investments	(111)	(530)
Gain on disposal of assets	(10,358)	(134)
Loss on disposal of assets	126	-
Tax paid	(120)	(301)
Decrease in operating debtors	2,208	1,252
(Decrease) / Increase in operating creditors	(3,980)	5,369
Difference between pension charge and contribution	(1,390)	(1,343)
Net cash inflow from operating activities	7,493	9,487

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b>35. Components of cash and cash equivalents</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Cash at bank and in hand	12,890	10,830
Short term fixed deposits	21,654	21,937
	34,544	32,767
<b>Horse Racing Ireland</b>		
Cash at bank and in hand	7,047	4,352
Short term fixed deposits	21,647	20,732
	28,694	25,084

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

	<b>1 Jan 2020</b>	<b>Cash flows</b>	<b>31 Dec 2020</b>
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	10,830	2,060	12,890
Short term fixed deposits	21,937	(283)	21,654
	32,767	1,777	34,544
<b>Borrowings</b>			
Bank loans repayable within 1 year	(1,750)	1,500	(250)
Bank loans repayable after more than 1 year	(23,250)	(1,250)	(24,500)
	(25,000)	250	(24,750)
<b>Total net funds</b>	7,767	2,027	9,794

**37. Related party transactions**

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

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

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

**Subsidiary undertakings**

Transactions in the financial year between Horse Racing Ireland and its non-wholly owned subsidiary undertakings included payroll and cost recharges of €3.314m (2019: €4.267m), bookmaker's fees of €0.067m (2019: €0.374m), sponsorship collected of €0.477m (2019: €1.274m), grants payable of €1.314m (2019: €4.138m) and interest income of €0.189m (2019: €0.120m).

During the financial year, Horse Racing Ireland received repayments on financial assets of €0.200m (2019: €0.625m) and issuance of financial assets of €4.500m (2019: €3.500m).

**Associate undertakings**

Transactions in the financial period between Horse Racing Ireland and its associate undertakings included payroll and cost recharges of €0.024m (2019: €0.026m), bookmakers fees of Nil (2019: €0.109m), sponsorship collected of €0.017m (2019: €1.238m), grants payable of Nil (2019: €0.050m), schools and gallops recharges of €0.247m (2019: €0.236m), training ground recharges of €1.153m (2019: €1.084m) and interest income of €0.020m (2019: €0.012m).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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

As set out in Note 39 HRI has an equity investment of €23m at year end (2019: €23m) in CRL. As set out in Note 17 the carrying value of HRI Group's investment is €16.614m after taking account of HRI's share of losses in CRL to date.

In 2020, HRI entered into a €9.000m convertible loan agreement with CRL of which €6.888m has been transferred as at 31 December 2020.

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

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

<b>Related party name</b>	<b>2020</b>	<b>2019</b>
	<b>€'000</b>	<b>€'000</b>
The Tipperary Race Company Plc	(4)	(114)
The Leopardstown Club Limited	8,915	3,433
Navan Races Limited	5,907	5,989
Fairyhouse Club Limited	3,242	3,133
Curragh Racecourse Limited	8,297	216

**38. Property**

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

**39. Investment in Associate**

HRI, the Turf Club and private investors established a company, Curragh Racecourse Limited (CRL) to facilitate the redevelopment and future operations of the Curragh racecourse. This company is incorporated in the Republic of Ireland. HRI total investment at 31 December 2020 is €23m (2019: €23m). The carrying value of this investment by HRI is €16.6m.

HRI provided grant funding of €12.5m towards the redevelopment under HRI's Racecourse Capital Development Scheme 2015 - 2019, €0.2m towards track works under HRI's Track Works Scheme 2018 - 2019 and €0.1m towards the installation of wifi at the racecourses under HRI's Wifi Scheme. These schemes were available to all racecourses. HRI also has a historic loan of €1.6m in relation to an earlier development. The remaining balance on this loan of €0.669m is disclosed as a financial asset as at 31 December 2020. The loan yields an interest rate of 1% and is scheduled to be fully repaid in 2027. In 2019, HRI provided CRL with a loan of €0.5m to fund necessary alterations to the parade ring which is disclosed as a long term debtor. The loan yields an interest rate of 3.25% and is to be repaid when sufficient working capital in CRL permits such repayment. Any amounts outstanding as at 31 March 2026 are required to be repaid in 5 equal annual repayments beginning in 2027. See Note 37 for further information on CRL.

In 2020, HRI entered into a €9.000m convertible loan agreement with CRL. As at 31 December 2020, €6.888m has been transferred to CRL. The maturity date on the loan is 31 January 2024 and interest is charged at 3.25%. Under the terms of the agreement if any outstanding amount at final repayment date shall convert into shares.

As at 31 December 2020, there were two classes of shares held by Horse Racing Ireland in CRL. HRI held 120,000 B1 (2019: 120,000) Ordinary Shares and 136,809 B2 (2019: 136,809) Ordinary Shares with a nominal value of €0.001 each. The B1 shares are fully paid up as at 31 December 2020 and represent 33.33% voting rights in CRL. The B2 shares represent 35.29% economic shares with no voting rights.

At 31 December 2020 the Group and company had interests in the following associates:

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

**HORSE RACING IRELAND**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**40. Principal subsidiaries**

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

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

**41. Contingent liabilities**

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

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

**42. Approval of financial statements**

The Board of Horse Racing Ireland approved these financial statements for issue on 20.04.2022.






# r HORSE RACING IRELAND

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