

# 2016

ANNUAL REPORT



HORSE RACING  
IRELAND

# Horse Racing Ireland Annual Report 2016

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<b>Contents</b>	<b>Page</b>
Mission Statement .....	2
Board Members & Committees of HRI .....	3
Chairman's Report .....	6
Chief Executive's Report .....	7
Finance Review .....	9
Audited Reports & Group Financial Statements.....	11

## MISSION STATEMENT

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

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

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

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

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

# Horse Racing Ireland Annual Report 2016

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## BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND

### HORSE RACING IRELAND BOARD

<b>Joe Keeling</b>	<i>Chairperson</i>
<b>Meta Osborne</b>	<i>Representative of the Racing Regulatory Body</i>
<b>Bernard Caldwell</b>	<i>Representative of the persons employed directly in the horse racing industry</i>
<b>Noel Cloake</b>	<i>Representative of persons employed in the industry</i>
<b>Harry McCalmont</b>	<i>Representative of the Racing Regulatory Body</i>
<b>Michael Halford</b>	<i>Representative of racehorse trainers</i>
<b>Francis Hyland</b>	<i>Representative of authorised bookmakers</i>
<b>John Powell</b>	<i>Representative of the Racing Regulatory Body</i>
<b>John Moloney</b>	<i>Representative of authorised racecourses</i>
<b>Eimear Mulhern</b>	<i>Representative of racehorse breeders</i>
<b>Robert Nixon</b>	<i>Representative of the horse racing industry in Northern Ireland</i>
<b>James Gough</b>	<i>Representative of racehorse owners</i>
<b>Elizabeth Headon</b>	<i>Ministerial nominee</i>
<b>Peter Nolan</b>	<i>Ministerial nominee</i>

# Horse Racing Ireland Annual Report 2016

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## APPOINTMENTS & REMUNERATION COMMITTEE

Joe Keeling *Chairperson*  
Meta Osborne  
Con Haugh

## FIXTURES COMMITTEE

Harry McCalmont *Chairperson*  
James Gough  
John Moloney  
Meta Osborne  
Michael Halford

## BOOKMAKERS COMMITTEE

Mary O'Connor *Chairperson*  
Bernard Caldwell  
James Gough  
Raymond Horan

## FAIRYHOUSE COMMITTEE

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

## FINANCE COMMITTEE

Joe Keeling *Chairperson*  
Meta Osborne  
Eimear Mulhern  
Brian Kavanagh  
John Moloney  
Harry McCalmont

## FOAL LEVY COMMITTEE

Jim Beecher *Chairperson*  
William Flood  
Suzanne Eade  
James Murphy  
Derek Icton  
Bernard Caldwell  
Joe Foley

## AUDIT & RISK COMMITTEE

Con Haugh *Chairperson*  
Bernard Caldwell  
James Gough  
Sasha Kerins  
Nick Wachman  
Peter Nolan

## HRI RACECOURSES BOARD

Joe Keeling *Chairperson*  
John Osborne  
Tom Gaffney  
Pat Byrne  
David Allman  
Tim Hyde  
Brian Kavanagh  
Noel Meade

## ITM COMMITTEE

Dermot Cantillon *Chairperson*  
David O'Loughlin  
John Osborne  
Cathy Grassick  
Richard Pugh  
Michael Halford  
Eimear Mulhern  
Gerry Duffy  
Brian Kavanagh  
Janet Williamson

## LEOPARDSTOWN COMMITTEE

David Allman *Chairperson*  
Una Manning  
Jim Mulqueen  
Eimear Mulhern  
Chris Jones  
Dermot Weld  
Henry De Bromhead  
Brian Kavanagh  
Dave McGrath

## MEDIA RIGHTS COMMITTEE

John Moloney *Chairperson*  
Derek McGrath  
Joe Keeling  
Meta Osborne  
James Gough

## NAVAN COMMITTEE

Noel Meade *Chairperson*  
Noel Cloake  
Pat Shiels  
Jimmy Owens  
Eimear Hannon  
Eddie O'Leary

## PROGRAMMES COMMITTEE

Harry McCalmont *Chairperson*  
James Gough  
John Moloney  
Meta Osborne  
Michael Halford

## TIPPERARY COMMITTEE

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

## TOTE COMMITTEE

Paul McCann *Chairperson*  
Brian Kavanagh  
Nathaniel Lacy  
Michael Moloney  
Antoin Murphy

## BETTING COMMITTEE

Daragh Fitzpatrick  
Sharon Byrne  
Tim Higgins  
Allan Byrne  
Elizabeth Headon

## INDUSTRY SERVICES COMMITTEE

John Flannery  
Damien Devenney  
Andrew Coonan  
Bernard Caldwell  
Carol Nolan

# Horse Racing Ireland Annual Report 2016

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## HRI NOMINATIONS / APPOINTMENTS

<i>Dundalk</i>	<i>Cork</i>	<i>Irish Equine Centre</i>	<i>Punchestown</i>	<i>RACE</i>
Philip Furlong Ciaran Kennelly Joe Collins	John Murphy	Suzanne Eade John Malone Meta Osborne	Sandy Persse Dick O'Sullivan Nyall Speirs Jason Morris	Michael Halford Suzanne Eade

# Horse Racing Ireland Annual Report 2016

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## CHAIRMAN'S REPORT

On behalf of Horse Racing Ireland, I am pleased to present our 2016 Annual Report. The figures show that the Irish racing and breeding industry enjoyed a positive year with continued growth in many key areas. We can be proud of our role as a valuable contributor to a growing economy.

One of my top priorities as chairman has been to increase the number of horses-in-training and we are now seeing positive results in this area. The number of horses-in-training is up for the first time since 2008 and the number of active owners has also shown an increase.

It is most encouraging that the number of new owners is up by almost 10% on 2015, no doubt the result of the additional attention ownership recruitment has received from my colleagues in Horse Racing Ireland. A great deal has been done to improve facilities for owners and I welcome the ongoing developments in this area at a number of racecourses.

In our drive to further encourage racehorse ownership, we remain committed to increasing prize-money. Prize-money grew to €56.8 million in 2016 and this figure will rise again by 6.5% this year. Our aim is to also further reduce administrative costs for owners and trainers in the coming years.

Our breeding industry remains strong and bloodstock export sales have risen for the sixth consecutive year; total sales by Irish vendors in 2016 totaled €338 million. Demand continues to be high and it is testament to the industry that Irish horses were sold to 36 countries. Bloodstock sales at public auction in Ireland topped €164 million, well ahead of the 2015 figure.

I am greatly encouraged by the number of racecourses that continue to avail of the Racecourse Capital Development Fund which was created early in 2015. The variety of projects being undertaken, both customer and industry facing, will improve the raceday experience for all. Works focusing on the tracks themselves, to enhance and protect the racing surfaces will go a long way towards guaranteeing the integrity of the fixture list.

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

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

Joe Keeling  
Chairman

## CHIEF EXECUTIVE'S REPORT

On and off the track 2016 represented a strong and positive year for Irish racing.

For the first time ever Irish-trained horses won the 'big five' races in Britain – the Champion Hurdle, Gold Cup, Grand National, Derby and Oaks. We saw a record number of Irish-trained winners at both Cheltenham and Royal Ascot, and in October 2016 Aidan O'Brien completed an unprecedented clean sweep of the first three places in the Prix de l'Arc de Triomphe. A truly extraordinary achievement.

Off the track significant developments included the conclusion of a long term media rights deal for Irish racing, bringing it up to 2023; the granting of planning permission for the new Curragh development; and the commitment by the Government of a further €6m to the Horse and Greyhound Racing Fund.

It was also the year in which demand for the Irish thoroughbred continued to rise; 2016 represented a seventh consecutive year of growth in bloodstock sales, with the value of Irish bloodstock sold at public auction up 7.7% on 2015. Irish-bred horses continue to dominate at the highest levels internationally and the value of Irish-foaled exported horses sold through public auction grew to €272.9m.

In all Irish horses were exported to 36 different countries and here at home numbers in key indicator areas were on the rise too, with horses-in-training, entries and runners on the track, new and active owners, racecourse attendances and Tote betting all showing year-on-year increases.

Crucially the quality of the Irish thoroughbred was again recognised across the world and in 2016 total sales by Irish vendors rose to €338m, making Ireland the second largest producer of bloodstock by value in the world.

Other key figures for 2016 include:

- Horses in Training up 4.2% from 8,214 to 8,561
- Flat Runners up 10.7% from 11,560 to 12,801
- National Hunt Runners up 4.1% from 15,488 to 16,130
- Number of Owners up 1.5% from 3,609 to 3,663
- Total Tote Betting up 22.1% from €79.3m to €96.8m
- On-Course Bookmakers down 5% from €79.9m to €75.9m

2016 saw active owner levels and the number of horses-in-training increase for the first time since 2008 and, most encouraging, the figure for new owners was up 10% on 2015. Those numbers have positive knock-on effects throughout the industry and, most practically, helped contribute to a significant rise in the entries and runners for both Flat and National Hunt racing, with the average field sizes growing in tandem.

Tote Ireland saw a sixth consecutive year of turnover growth with revenue, driven by betting into Irish pools from international customers, rising to €96.8m. The numbers on-course were less positive, down 4.5%, and reflect the continuing challenge experienced by all on-course operators. Racecourses and bookmakers are working together to arrest this decline and improve the way the betting service is delivered on-course, and this has involved the



## Horse Racing Ireland Annual Report 2016

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positioning of bookmakers in corporate facilities and others areas away from the traditional betting ring.

A strong Christmas trade at Leopardstown and Limerick helped the attendance figures finish the year up 3.3%, a result that reflects on the work being done by racecourses to attract customers to their meetings. The big festivals – Punchestown, Galway, Listowel and Longines Irish Champions Weekend – were undoubted highlights but it's not just the bigger, long-running festivals that thrived in 2016: the smaller, summer festival and race meetings continued to perform very strongly.

Of course behind all the facts and figures are the thousands of men and women who, directly and indirectly, make the Irish racing and breeding industry what it is. In a recent economic impact study of Irish racing by Deloitte it was estimated that they numbered almost 29,000 and contributed to making racing a €1.84bn industry with a phenomenal rural reach. I wish each and every one of them a successful 2017.

Brian Kavanagh  
Chief Executive

# Horse Racing Ireland Annual Report 2016

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## FINANCE REVIEW

The financial statements of the Horse Racing Ireland Group continue to show satisfactory results for the year ended 31<sup>st</sup> December 2016.

The Group Statement of Income and Expenditure showed a surplus of €4.825m for the year.

Following on from an increase in 2015, 2016 saw a further increase of €17.519m in Tote Turnover. Racecourse income increased by €0.823m in 2016. Winnings paid on bets increased by €17.227m and there was an increase in operating costs of €0.508m. Other Income has increased by €6.504m to €91.681m.

During 2016, Horse Racing Ireland contributed an additional €1.614m to prizemoney, bringing the contribution to €37.324m in 2016 from €35.710m in 2015.

### *GROUP INCOME AND EXPENDITURE ACCOUNT*

Turnover for the year increased by 21%, or €18.361m to €107.530m compared to €89.169m in the previous year. The turnover increase is primarily due to an increase of 23% or €17.519m in Tote Ireland turnover. Income from bookmakers showed a slight increase of €0.019m to €1.680m in 2016. Racecourse income increased during the year by 7% or €0.823m from €12.173m in 2015 to €12.996m in 2016.

Winnings paid on bets increased in 2016 by 25% or €17.227m to €85.791m.

Operating costs increased by 3% or €0.508m to €18.737m.

The number of fixtures staged in 2016 was 356 versus 351 in 2015. The total number of races run was 2,577 in 2016 compared to 2,522 in 2015, up 2%.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2016 and on the website [www.goracing.ie](http://www.goracing.ie).

### *OTHER INCOME*

During 2016, other income increased to €91.681m which was an increase of 8% or €6.504m from the 2015 figure of €85.177m. The allocation from the Horse and Greyhound Racing Fund showed an increase of 9% or €4.800m from the previous year. The total allocation to horse racing in 2016 was €59.200m. Foal Levy contributions showed an increase of 3% or €0.061m to €1.855m in 2016. Media income of €5.887m showed an increase year on year of 1% or €0.067m. Registrations income decreased by 7% or €0.172m from €2.581m in 2015 to €2.409m in 2016 reflecting a decrease in charges to owners. Industry contributions to Irish Thoroughbred Marketing slightly increased in 2016 by 6% to €0.471m and interest income reduced by €0.155m to €0.325m in 2016.

### *PRIZEMONEY*

The total prizemoney pool of €57.752m showed an increase of €3.528m from the previous year's total of €54.224m with additional fixtures scheduled and increases in base values across a range of races. The contribution from owners was up €1.294m from €12.307m in 2015 to €13.601m in 2016. The contribution from sponsors increased also to €6.827m from €6.207m, while Horse Racing Ireland's contribution increased by 5% or €1.614m to €37.324m in 2016.

# Horse Racing Ireland Annual Report 2016

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## *POINT TO POINTS*

Within the overall prizemoney pool, Point to Point prizemoney in 2016 totalled €0.935m, an increase of 2%. There were 98 Point to Point fixtures in 2016 (105 in 2015). The total number of races in 2016 decreased by 32 races to 617 (649 in 2015).

Payments made in respect of Point to Point Integrity costs increased to €0.573m in 2016 from €0.547m in 2015.

## *EXPENDITURE*

During 2016, Group expenditure excluding prizemoney, increased to €31.985m which was an increase of 41% or €9.362m from the 2015 figure of €22.623m.

The movement on the fair value of investment properties accounts for €4.964m of this increase. In 2016, the fair value decreased by €1.690m to €11.300m.

Capital development fund grant expenditure in 2016 increased to €2.270m from €0.654m in 2015, an increase of €1.616m. This is due to the timing of grants paid.

Integrity and Racecourse Services costs totalled €10.479m in 2016 with integrity services increasing by €0.826m or 13% in the year. Racecourse services costs showed an increase of 3% or €0.087m over 2015. This increase is mainly due to the additional fixtures in 2016.

Grants / Fees paid to industry bodies increased by 18% in 2016 to a figure of €2.715m primarily due to increased funding for the Irish Equine Centre. Distributions under the Foal Levy Scheme in 2016 increased by 3% to €1.320m. The primary third party beneficiaries of the Foal Levy funds in 2016 were the Irish Equine Centre, in receipt of €0.850m and Irish Thoroughbred Breeders' Association, in receipt of €0.415m. Irish Thoroughbred Marketing Limited was also a beneficiary and received €0.415m.

Horse Racing Ireland administration costs increased from €5.855m in 2015 to €6.279m in 2016.

Irish Thoroughbred Marketing expenditure decreased from €2.009m to €1.973m in 2016 and general marketing and promotional costs increased by 10% to €2.015m in 2016.

## *GROUP CASH FLOW*

In 2016, Group cash inflows from operating activities amounted to €12.393m. The net cash flows from investing activities totalled €8.580m, giving total cash inflow of €3.813m.

During the year, Group payments to acquire tangible fixed assets totalled €3.648m.

During the year the Group purchased unlisted investments of €12.490m and sold unlisted investments of €4.995m. The Group purchased listed investments of €2.964m and sold listed investments of €4.984m during 2016.

Horse Racing Ireland Group repaid bank loans of €3.000m in 2016.

The overall increase in cash in the year was €0.591m.

**AUDITED GROUP FINANCIAL  
STATEMENTS**

**HORSE RACING IRELAND**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

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<b>Members</b>	Mr. Joe Keeling (Chairperson) Ms. Meta Osborne Mr. Bernard Caldwell Mr. Noel Cloake Mr. William Flood (Retired 18 December 2016) Mr. James Gough Mr. Michael Halford (Appointed 26 May 2016) Ms. Elizabeth Headon (Appointed 10 November 2016) Mr. Francis Hyland Mr. John Moloney Ms. Eimear Mulhern Mr. John Powell (Appointed 26 May 2016) Mr. Robert Nixon (Appointed 31 August 2016) Mr. Peter Nolan (Appointed 10 November 2016) Mr. Harry McCalmont (Appointed 26 July 2017) Mr. Michael Hickey (Retired 26 May 2016) Mr. Noel Meade (Retired 26 May 2016) Mr. Jim Nicholson (Retired 31 August 2016)
<b>Secretary</b>	Mr. Raymond Horan
<b>Registered Office</b>	Ballymany The Curragh Co. Kildare
<b>Auditors</b>	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1
<b>Solicitors</b>	William Fry 2 Grand Canal Square Dublin 2  Kilroys Solicitors 69 Lower Lesson Street Dublin 2
<b>Bankers</b>	Bank of Ireland Allied Irish Banks p.l.c. KBC Bank Ireland p.l.c. Permanent tsb Group Holdings p.l.c.

## **HORSE RACING IRELAND**

### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

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

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

The members of Horse Racing Ireland are responsible for keeping adequate books of account which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland. They are also responsible for safeguarding the assets of Horse Racing Ireland and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Joe Keeling  
Chairperson



Meta Osborne  
Director

12th October 2017



## Horse Racing Ireland

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2016 under the Horse and Greyhound Racing Act 2001. 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. The financial statements have been prepared in the form prescribed under Section 28 of the Irish Horseracing Industry Act 1994, and in accordance with generally accepted accounting practice.

### Responsibilities of the Members of the Board

The Board is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

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

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

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

### Scope of audit of the financial statements

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

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

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

In addition, I read Horse Racing Ireland's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and of Horse Racing Ireland as at 31 December 2016 and of its income and expenditure for 2016; and
- have been properly prepared in accordance with generally accepted accounting practice.


In my opinion, the accounting records of Horse Racing Ireland were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

### Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

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

I have nothing to report in regard to those matters upon which reporting is by exception.

  
Seamus McCarthy  
Comptroller and Auditor General  
20 October 2017

**STATEMENT OF INTERNAL FINANCIAL CONTROL  
FOR HORSE RACING IRELAND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

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

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

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

- A clearly defined Management Structure within Horse Racing Ireland and its subsidiaries with clarity on management responsibilities and powers.
- Developing a strong culture of accountability across all levels of the organisation.
- Establishment of formal procedures through various Committee functions to monitor activities and safeguard the assets of all companies within the organisation.
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken. This includes an active Audit Committee, an Internal Audit function and regular reporting to the Board.

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

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

- Regular financial information.
- Administrative procedures including segregation of duties and responsibilities and a system of delegation and accountability.
- A comprehensive annual budgeting system, including the annual review and 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.

Horse Racing Ireland has an outsourced Internal Audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies and which reports directly to the Audit Committee and in turn to the Board of Horse Racing Ireland. The Internal Audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit Committee on behalf of the Board. In 2016, four Audit Committee meetings were held and eight separate reports presented.

For 2016, the head of Internal Audit (outsourced) provided the Board through the Audit Committee with a report on the Internal Audit activity for the year. This report includes the Head of Internal Audit's opinion on the Horse Racing Ireland system of Internal Financial Control.

I confirm that in respect of the year to 31 December 2016 the Board conducted a review of the effectiveness of the system of Internal Financial Control.

  
Joe Keeling  
Chairperson

12th October 2017  
Date



**GROUP STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**


		2016	2015
	Notes	€'000	€'000
<b>Turnover</b>			
Tote Ireland turnover		92,854	75,335
Income arising from betting		1,680	1,661
Racecourse income	7	12,996	12,173
<b>Total turnover</b>		<b>107,530</b>	<b>89,169</b>
Winnings paid by Tote Ireland	4	(85,791)	(68,564)
Operating costs	4	(18,737)	(18,229)
<b>Direct costs</b>		<b>(104,528)</b>	<b>(86,793)</b>
<b>Income from Racing</b>		<b>3,002</b>	<b>2,376</b>
<b>Other income</b>			
Allocation from the Horse and Greyhound Racing Fund	5	59,200	54,400
Prizemoney contributions from Owners and Sponsors	9	20,428	18,514
Foal Levy	6	1,855	1,794
Media income		5,887	5,820
Registrations income		2,409	2,581
Industry services income		488	527
Other income	8	618	615
Industry contributions to Irish Thoroughbred Marketing		471	446
Interest income	15	325	480
<b>Net income</b>		<b>94,683</b>	<b>87,553</b>
<b>Expenditure</b>			
Contributions to prizemoney	9	37,324	35,710
Prizemoney contributions from Owners and Sponsors	9	20,428	18,514
Industry support schemes		819	448
Integrity and racecourse services	10	10,479	9,566
Racecourse schemes	12	1,234	1,206
Capital development fund grants	12	2,270	654
Capital development fund interest and expenses		416	136
Grants / Fees to industry bodies	11	2,715	2,298
Foal Levy distribution	6	1,320	1,284
Other expenditure		775	609
Fair value movements of investment properties	18	1,690	(3,274)
Horse Racing Ireland administration costs	15	6,279	5,855
Irish Thoroughbred Marketing expenditure		1,973	2,009
General marketing and promotions		2,015	1,832
		<b>89,737</b>	<b>76,847</b>
Share of operating loss of associate	17	(207)	-
Other finance expense		(228)	(301)
Exceptional items	13	32	2,054
Taxation	14	282	(1,006)
<b>Surplus</b>	15	<b>4,825</b>	<b>11,453</b>

**GROUP STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	2016	2015
	€'000	€'000
Surplus for the financial year	4,825	11,453
<i>Surplus attributable to:</i>		
Horse Racing Ireland Group	4,822	11,449
Non-controlling interest	3	4
	<u>4,825</u>	<u>11,453</u>

The result on ordinary activities arises solely from continuing activities.  
Notes 1 to 40 form part of these financial statements.

  
Jee Keeling  
Chairperson

  
Meta Osborne  
Director

12th October 2017

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €'000	2015 €'000
Surplus for the financial year		4,825	11,453
Actuarial (loss) / gain recognised in the pension scheme	29	(2,750)	2,224
Share of comprehensive loss of associate	17	(81)	-
<b>Total comprehensive income for the financial year</b>		<b>1,994</b>	<b>13,677</b>
<i>Total comprehensive income attributable to:</i>			
Horse Racing Ireland Group		1,991	13,673
Non-controlling interest		3	4
		<b>1,994</b>	<b>13,677</b>

Notes 1 to 40 form part of these financial statements.

**GROUP STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Revenue Reserves					
	Other Comprehensive Income	I & E Reserves	Establishment Reserve	Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000	€'000
<b><i>Current financial year</i></b>						
At 1 January 2016	(13,778)	68,333	17,183	6,875	15,635	94,248
Retained surplus	-	4,825	-	-	-	4,825
Transfer to/(from) reserves	-	(2,091)	-	-	2,091	-
Non-controlling interest	-	(3)	-	-	-	(3)
Other comprehensive loss	(81)	-	-	-	-	(81)
Actuarial loss	(2,750)	-	-	-	-	(2,750)
At 31 December 2016	(16,609)	71,064	17,183	6,875	17,726	96,239
<b><i>Prior financial year</i></b>						
At 1 January 2015	(16,002)	64,119	17,183	6,875	8,400	80,575
Retained surplus	-	11,453	-	-	-	11,453
Transfer to/(from) reserves	-	(7,235)	-	-	7,235	-
Non-controlling interest	-	(4)	-	-	-	(4)
Actuarial gain	2,224	-	-	-	-	2,224
At 31 December 2015	(13,778)	68,333	17,183	6,875	15,635	94,248

	Total Establishment and Other Reserves €'000	Non- controlling Interest €'000	Total Equity €'000
<b><i>Current financial year</i></b>			
At 1 January 2016	94,248	2	94,250
Retained surplus	4,825	-	4,825
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(3)	3	-
Other comprehensive loss	(81)	-	(81)
Actuarial loss	(2,750)	-	(2,750)
At 31 December 2016	96,239	5	96,244
<b><i>Prior financial year</i></b>			
At 1 January 2015	80,575	(2)	80,573
Retained surplus	11,453	-	11,453
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(4)	4	-
Actuarial gain	2,224	-	2,224
At 31 December 2015	94,248	2	94,250

Notes 1 to 40 form part of these financial statements.

**HORSE RACING IRELAND**  
**STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

Revenue Reserves						
	Other Comprehensive Income	I & E Reserves	Establishment Reserve	Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000	€'000
<i>Current financial year</i>						
At 1 January 2016	(13,778)	31,371	9,592	6,875	15,635	49,695
Retained surplus	-	2,621	-	-	-	2,621
Transfer to/(from) reserves	-	(2,091)	-	-	2,091	-
Actuarial loss	(2,750)	-	-	-	-	(2,750)
At 31 December 2016	(16,528)	31,901	9,592	6,875	17,726	49,566
<i>Prior financial year</i>						
At 1 January 2015	(16,002)	31,664	9,592	6,875	8,400	40,529
Retained surplus	-	6,942	-	-	-	6,942
Transfer to/(from) reserves	-	(7,235)	-	-	7,235	-
Actuarial gain	2,224	-	-	-	-	2,224
At 31 December 2015	(13,778)	31,371	9,592	6,875	15,635	49,695

Notes 1 to 40 form part of these financial statements.

## GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 €'000	2015 €'000
<b>Fixed assets</b>			
Tangible assets	16	73,215	72,581
Financial assets	17	27,939	23,062
Investment properties	18	11,300	12,990
Negative goodwill	19	(2,680)	(3,029)
		<b>109,774</b>	<b>105,604</b>
<b>Current assets</b>			
Debtors	20	8,197	9,282
Cash at bank	21	40,399	39,808
		<b>48,596</b>	<b>49,090</b>
<b>Creditors: Amounts falling due within one year</b>	22	42,027	38,627
<b>Net current assets</b>		<b>6,569</b>	<b>10,463</b>
<b>Total assets less current liabilities</b>		<b>116,343</b>	<b>116,067</b>
<b>Creditors: Amounts falling due after one year</b>			
	23	6,027	9,030
Provision for liabilities	25	1,325	1,851
Pension liability	29	12,747	10,936
<b>Net assets</b>		<b>96,244</b>	<b>94,250</b>
<b>Capital and reserves</b>			
Establishment reserve	27	17,183	17,183
Revenue reserves	28	54,455	54,555
Non-distributable reserves	28	6,875	6,875
Capital reserves	28	17,726	15,635
<b>Capital and reserves attributable to Group</b>		<b>96,239</b>	<b>94,248</b>
Non-controlling interest	30	5	2
<b>Total capital and reserves</b>		<b>96,244</b>	<b>94,250</b>

Notes 1 to 40 form part of these financial statements.

  
Joe Keeling  
Chairperson

  
Meta Osborne  
Director

12th October 2017

**HORSE RACING IRELAND**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Notes	2016 €'000	2015 €'000
<b>Fixed assets</b>			
Tangible assets	16	19,484	18,981
Financial assets	17	29,778	23,113
Investment properties	18	4,250	4,200
		<b>53,512</b>	<b>46,294</b>
<b>Current assets</b>			
Debtors	20	21,043	23,804
Cash at bank	21	33,375	33,267
		<b>54,418</b>	<b>57,071</b>
<b>Creditors: Amounts falling due within one year</b>	22	39,617	33,734
<b>Net current assets</b>		<b>14,801</b>	<b>23,337</b>
<b>Total assets less current liabilities</b>		<b>68,313</b>	<b>69,631</b>
<b>Creditors: Amounts falling due after one year</b>	23	6,000	9,000
Pension liability	29	12,747	10,936
<b>Net assets</b>		<b>49,566</b>	<b>49,695</b>
<b>Capital and reserves</b>			
Establishment reserve	27	9,592	9,592
Revenue reserves	28	15,373	17,593
Non-distributable reserves	28	6,875	6,875
Capital reserves	28	17,726	15,635
<b>Total capital and reserves</b>		<b>49,566</b>	<b>49,695</b>

Notes 1 to 40 form part of these financial statements.

  
 Joe Keeling  
 Chairperson

  
 Meta Osborne  
 Director

12th October 2017

**GROUP STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 €'000	2015 €'000
<b>Net cash inflows from operating activities</b>	33	<b>12,393</b>	<b>13,059</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of tangible fixed assets		30	14
Payments to acquire tangible fixed assets		(3,648)	(7,131)
Payments to acquire investment properties		-	(16)
Receipts from financial asset loans		312	359
Loans to racecourses and industry bodies		(121)	(2,640)
Purchase of unlisted investments - net		(7,495)	(9)
Sale of listed investments - net		2,018	4,058
Interest received		324	480
<b>Net cash flows from investing activities</b>		<b>(8,580)</b>	<b>(4,885)</b>
<b>Cash flows from financing activities</b>			
Loans in the period		-	-
Bank loan repayment		(3,000)	(3,201)
Interest paid		(222)	(50)
<b>Net cash flows from financing activities</b>		<b>(3,222)</b>	<b>(3,251)</b>
<b>Net increase in cash and cash equivalents</b>		<b>591</b>	<b>4,923</b>
Cash and cash equivalents at beginning of financial year	34	39,808	34,885
<b>Cash and cash equivalents at end of financial year</b>	34	<b>40,399</b>	<b>39,808</b>

Notes 1 to 40 form part of these financial statements.



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies**

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

**General Information and Basis of Accounting**

Horse Racing Ireland is the national authority for thoroughbred horse racing in Ireland, with responsibility for the governance, development and promotion of the industry under the Horse and Greyhound Racing Act 2001, as updated for the Horse and Greyhound Racing Act 2016.

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

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

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies (continued)**

**Foal Levy Income**

Foal levy income is recognised when the income is probable to be received and can be measured reliably.

**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 using the accruals model.

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

**Exceptional items**

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies (continued)**

**Taxation and deferred tax**

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

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

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

**Fixed assets and depreciation**

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

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

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

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

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

**Investment properties**

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Income and Expenditure.

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

**Reserves**

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies (continued)**

**Financial instruments**

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

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

*Cash and cash equivalents*

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

*Financial assets and liabilities*

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

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies (continued)**

**Financial instruments (continued)**

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

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

Financial assets are derecognised when and only when:

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

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

*Investments*

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

*Fair value measurement*

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

**Investments in subsidiaries and racecourses**

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

**Acquisitions**

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

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting Policies (continued)**

**Investment in associate**

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

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

In the Parents financial statements investments in associates are accounted for at cost less impairment.

**Goodwill**

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

**Pensions**

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

*Defined contribution schemes*

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

*Defined benefit schemes*

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

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

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

**Judgements and key sources of estimation uncertainty**

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

*Going concern*

The members have reviewed and approved budgets and cash flows for the next financial year which demonstrate that there is no material uncertainty regarding the Group's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the members consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Group was unable to continue as a going concern.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**1. Accounting Policies (continued)**

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

*Useful lives of tangible fixed assets*

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The useful lives are reviewed by management on a regular basis and changed, if necessary, to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The depreciation policy reported in these financial statements is approved by the members and is reviewed annually, in conjunction with the approval of the Financial Statements. The net book value of tangible fixed assets subject to depreciation was €53.510m (2015: €52.878m).

*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.

*Litigation*

The court proceedings between The Leopardstown Club Limited and Templeville Developments concluded with a Supreme Court ruling in favour of The Leopardstown Club Limited. The court also awarded costs to The Leopardstown Club Limited together with the costs of proceedings in the High Court and the Court of Appeal. The potential financial effect of this ruling cannot reasonably be ascertained at this time.

*Valuation of investment property*

Investment properties were valued at €11.300m at 31 December 2016 and included a decrease in value of €1.690m during 2016. Significant assumptions were applied in the valuation of investment properties. These assumptions applied to size, location, terms, covenant and other material factors.

*Financial instruments*

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

*Impairment of tangible assets*

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

**2. Employee numbers**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
HRI - Full time staff	94	89
HRI - Raceday casual staff (Full time equivalents)	7	6
	<hr/> 101	<hr/> 95
HRI Subsidiaries - Full time staff	93	91
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	52	44
	<hr/> 145	<hr/> 135
	<hr/> 246	<hr/> 230

The average number of individual casual employees that worked in 2016 was 286 (2015: 258).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**3. Employee remuneration**

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Wages and salaries	11,163	10,412
Employer's social welfare costs	1,108	1,040
	12,271	11,452
<i>Analysed as follows:</i>		
Capitalised into assets	328	302
Expensed in financial year	11,943	11,150
	12,271	11,452

Included in the above figure is an amount in respect of payments paid and accrued in 2016 under a restructuring, redundancy and other programs of €221,525 (2015: €79,824).

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Remuneration and other benefits	1,047	942

The above figure includes remuneration and benefits paid and accrued in 2016. Key management includes the Chief Executive Officer and Directors with strategic responsibilities.

**Range of total employee benefits**

	<b>Number of Employees</b>	
<b>From</b>	<b>2016</b>	<b>2015</b>
<b>To</b>		
€60,000 - €69,999	18	19
€70,000 - €79,999	8	3
€80,000 - €89,999	3	2
€90,000 - €99,999	1	3
€100,000 - €109,999	1	2
€110,000 - €119,999	-	1
€120,000 - €129,999	4	2
€130,000 - €139,999	1	2
€140,000 - €149,999	1	1
€150,000 - €159,999	2	1
€160,000 - €169,999	-	-
€170,000 - €179,999	-	-
€180,000 - €189,999	-	-
€190,000 - €199,999	1	1

The above table includes remuneration paid and accrued in 2016.

**4. Direct costs**

	<b>Winnings paid on bets</b>		<b>Operating costs</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Betting collection costs	-	-	342	331	342	331
Tote Ireland	85,791	68,564	6,073	5,983	91,864	74,547
HRI Racecourses Group	-	-	12,322	11,915	12,322	11,915
	85,791	68,564	18,737	18,229	104,528	86,793



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

Horse Racing Ireland with a registered office at Ballymany, The Curragh, Co. Kildare was established on 18 December 2001, under the Horse and Greyhound Racing Act 2001. A fund was established for the purpose of giving support to the horse and greyhound racing industry under Section 12 of this Act. This has subsequently been extended under the Horse and Greyhound Fund Regulations 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016. The general functions of Horse Racing Ireland are set out in the Horse and Greyhound Act 2001 and the Irish Horseracing Industry Act 1994. In 2016, €59.2m was allocated to Horse Racing Ireland (2015: €54.4m).

**6. Foal Levy**

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

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Balance on hand at 1 January	416	306
Collected during the financial year	1,855	1,794
<b><u>Expenditure in the year:</u></b>		
Irish Equine Centre	(850)	(815)
Irish Thoroughbred Breeders' Association	(415)	(400)
Irish Thoroughbred Marketing	(415)	(400)
Others	(55)	(69)
	(1,735)	(1,684)
Balance on hand at 31 December (included in revenue reserves)	536	416

Irish Thoroughbred Marketing expenditure of €415,000 (2015: €400,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing expenditure in the Group Statement of Income and Expenditure account.

**7. Racecourse income / costs**

In 2016, racecourse income / costs excludes the fair value movement of investment properties showing a decrease of €1.740m (2015: increase of €2.340m) which were valued at the financial year end by Knight Frank. See Note 18 for more information.

**8. Other income**

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Negative goodwill amortisation (Note 19)	349	349
HRI lease income	269	266
	618	615

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>9. Contributions to prizemoney</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
From Sponsors	6,827	6,207
From Owners	13,601	12,307
	<u>20,428</u>	<u>18,514</u>
From Horse Racing Ireland	37,324	35,710
	<u>57,752</u>	<u>54,224</u>

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

**10. Integrity and racecourse services**

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

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Grant to Turf Club in relation to Racing Integrity Services	6,745	5,945
Grant to Turf Club in relation to Point to Point Integrity Services	573	547
Total Grant paid to the Turf Club	<u>7,318</u>	<u>6,492</u>
Racecourse services funded by Horse Racing Ireland	3,161	3,074
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	<u>10,479</u>	<u>9,566</u>

In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the Turf Club 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 €0.384m in 2016 (€0.272m in 2015).

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

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Irish Equine Centre	1,135	815
Racing Academy and Centre of Education	710	710
Order of Malta	501	408
Blue Cross	201	190
Other Industry Bodies	168	175
	<u>2,715</u>	<u>2,298</u>

In 2016, HRI also advanced loans totalling €0.124m to the Irish Equine Centre. As at 31 December 2016, total loans outstanding from the Irish Equine Centre amounted to €1.075m. This balance is included in Note 20 Debtors: Amounts falling due within one year. With effect from 2013, HRI appoints four directors to the Board of the Irish Equine Centre, including the Chair.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**12. Racecourse schemes and capital grants**

<i>Racecourse schemes</i>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Levy, pitch fee and other payments to racecourses	1,111	1,109
Tote percentage betting payments	123	97
	1,234	1,206

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

<i>Capital grants</i>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Capital development fund grants	2,270	654

The Board of Horse Racing Ireland established a new capital development scheme for racecourses commencing in 2015. Under this scheme Horse Racing Ireland provides up to a maximum of 40% funding with the balance being funded by the racecourses. These grants are charged directly to the Statement of Income and Expenditure and the payments relate to payments made to third party owned racecourses only.

<b>13. Exceptional items</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Impairment on listed investments (Note 17)	2	(2)
Gain on disposal of listed investments (Note 17)	30	2,056
	32	2,054

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**14. Taxation**

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current tax:</b>		
Corporation tax	244	189
<b>Deferred tax:</b>		
Origination and reversal of timing differences (Note 25)	(526)	817
<b>Tax on profit on ordinary activities</b>	(282)	1,006

**(B) Reconciliation between tax (credit)/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>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Profit on ordinary activities before taxation</b>	130	3,705
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in Ireland of 12.5% (2015: 12.5%)	16	463
<i>Effect of:</i>		
Non-deductible expenses	233	41
Non-allowable income	(134)	(412)
Depreciation in excess of capital allowances	150	157
Income taxable at higher rate	45	44
Losses utilised on current period basis - Case 1	(66)	(104)
<b>Current tax charge for financial year</b>	244	189

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

A deferred tax asset of €145,000 (2015: €186,000) has not been recognised in the financial statements as there is insufficient evidence that the asset will be recovered in the foreseeable future.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>15. Surplus for the financial year</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<i>Surplus for the financial year has been arrived at after charging:</i>		
Depreciation		
Owned tangible fixed assets	3,002	2,715
Auditors' remuneration: Audit of group financial statements	88	83
Capital development fund interest	222	50
Loss on disposal of assets	-	1
Operating lease rentals	113	74
Fair value movements of investment properties	1,690	-
 <i>and after crediting:</i>		
Interest receivable on deposits	335	359
Effective interest on loans	(10)	121
Negative goodwill amortisation	349	349
Gain on disposal of assets	18	14
Fair value movements of investment properties	-	3,274
 Horse Racing Ireland administration costs comprise the following:		
	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Running costs of departments - pay and non-pay	5,071	4,924
Pension costs	234	131
Building running costs	974	800
	6,279	5,855
 The remuneration package of the Chief Executive of Horse Racing Ireland was as follows:		
	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Basic salary	191	191
Pension contributions and other taxable benefits	57	56
	248	247

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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

Horse Racing Ireland Group Board Members' fees and expenses were as follows:	2016	2016	2015	2015
	Fees	Mileage	Fees	Mileage
	€'000	€'000	€'000	€'000
Joe Keeling	-	-	-	-
Meta Osborne	13	1	13	-
Bernard Caldwell	13	1	13	1
Noel Cloake	13	1	13	1
William Flood	13	2	13	3
James Gough	13	2	11	1
Michael Halford (Appointed 26 May 2016)	8	-	-	-
Elizabeth Headon (Appointed 10 November 2016)	2	-	-	-
Francis Hyland	13	1	13	1
John Moloney	13	3	13	4
Eimear Mulhern	13	1	13	-
John Powell (Appointed 26 May 2016)	8	1	-	-
Robert Nixon (Appointed 31 August 2016)	4	1	-	-
Peter Nolan (Appointed 10 November 2016)	2	-	-	-
Michael Hickey (Retired 26 May 2016)	5	-	13	-
Noel Meade (Retired 26 May 2016)	5	-	13	2
Jim Nicholson (Retired 31 August 2016)	8	1	13	3
Neville O'Byrne (Retired 18 December 2015)	-	-	13	1
Mary O'Connor (Retired 18 December 2015)	-	-	13	1
	146	15	167	18

Horse Racing Ireland Group Board Members' attendance at meetings during 2016 was as follows:	Board	Board	Total no. of	Total no. of
	Meetings	Meetings	Board & Other	Board & Other
		Attended	Committee	Committee
			Meetings	Meetings
				Attended
Joe Keeling	10	10	31	30
Meta Osborne	10	9	30	29
Bernard Caldwell	10	9	31	24
Noel Cloake	10	10	19	18
William Flood	10	10	35	35
James Gough	10	10	20	18
Michael Halford (Appointed 26 May 2016)	8	6	18	13
Elizabeth Headon (Appointed 10 November 2016)	2	2	2	2
Francis Hyland	10	10	14	14
John Moloney	10	10	22	20
Eimear Mulhern	10	9	25	22
John Powell (Appointed 26 May 2016)	7	7	7	7
Robert Nixon (Appointed 31 August 2016)	5	5	5	5
Peter Nolan (Appointed 10 November 2016)	2	1	2	1
Michael Hickey (Retired 26 May 2016)	2	2	3	3
Noel Meade (Retired 26 May 2016)	2	2	13	11
Jim Nicholson (Retired 31 August 2016)	5	3	5	3

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 2016**

**16. Tangible assets**

<b>Group</b>	<b>Plant, Equipment, Land &amp; IT Development &amp; Vehicles</b>		<b>Total</b>
	<b>Buildings</b>	<b>&amp; Vehicles</b>	
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2016	92,379	31,012	123,391
Additions	1,502	2,146	3,648
Disposals	-	(459)	(459)
At 31 December 2016	93,881	32,699	126,580
<i>Accumulated Depreciation</i>			
At 1 January 2016	30,656	20,154	50,810
Charge for the financial year	1,426	1,576	3,002
Disposals	-	(447)	(447)
At 31 December 2016	32,082	21,283	53,365
<i>Net book value</i>			
At 31 December 2016	61,799	11,416	73,215
At 31 December 2015	61,723	10,858	72,581

Included above are assets held under finance leases / hire purchase agreements as follows:	<b>2016</b>	<b>2015</b>
<i>Plant, Equipment, IT Development and Vehicles</i>	<b>€'000</b>	<b>€'000</b>
Net book value	-	-
Depreciation charge	-	-

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

<b>Group - in respect of prior financial year</b>	<b>Plant, Equipment, Land &amp; IT Development &amp; Vehicles</b>		<b>Total</b>
	<b>Buildings</b>	<b>&amp; Vehicles</b>	
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2015	87,317	29,027	116,344
Additions	5,062	2,069	7,131
Disposals	-	(84)	(84)
At 31 December 2015	92,379	31,012	123,391
<i>Accumulated Depreciation</i>			
At 1 January 2015	29,295	18,883	48,178
Charge for the financial year	1,361	1,354	2,715
Disposals	-	(83)	(83)
At 31 December 2015	30,656	20,154	50,810
<i>Net book value</i>			
At 31 December 2015	61,723	10,858	72,581
At 31 December 2014	58,022	10,144	68,166

Included above are assets held under finance leases / hire purchase agreements as follows:	<b>2015</b>	<b>2014</b>
<i>Plant, Equipment, IT Development and Vehicles</i>	<b>€'000</b>	<b>€'000</b>
Net book value	-	-
Depreciation charge	-	15

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**16. Tangible assets (continued)**

<b>Horse Racing Ireland</b>	<b>Land &amp; Buildings</b>	<b>Plant, Equipment, &amp; Vehicles</b>	<b>IT Development</b>	<b>Total</b>
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2016	23,025	5,713		28,738
Additions	1	1,116		1,117
Disposals	-	(413)		(413)
At 31 December 2016	23,026	6,416		29,442
<i>Accumulated Depreciation</i>				
At 1 January 2016	6,182	3,575		9,757
Charge for the financial year	115	492		607
Disposals	-	(406)		(406)
At 31 December 2016	6,297	3,661		9,958
<i>Net book value</i>				
At 31 December 2016	16,729	2,755		19,484
At 31 December 2015	16,843	2,138		18,981

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

<i>Plant, Equipment, IT Development and Vehicles</i>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Net book value	-	-
Depreciation charge	-	-

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

<b>Horse Racing Ireland - in respect of prior financial year</b>	<b>Land &amp; Buildings</b>	<b>Plant, Equipment, &amp; Vehicles</b>	<b>IT Development</b>	<b>Total</b>
<i>Cost and valuation</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2015	22,975	4,543		27,518
Additions	50	1,246		1,296
Disposals	-	(76)		(76)
At 31 December 2015	23,025	5,713		28,738
<i>Accumulated Depreciation</i>				
At 1 January 2015	6,067	3,299		9,366
Charge for the financial year	115	352		467
Disposals	-	(76)		(76)
At 31 December 2015	6,182	3,575		9,757
<i>Net book value</i>				
At 31 December 2015	16,843	2,138		18,981
At 31 December 2014	16,908	1,244		18,152

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

<i>Plant, Equipment, IT Development and Vehicles</i>	<b>2015</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Net book value	-	-
Depreciation charge	-	8



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

17. Financial assets		2016	2015
	Note	€'000	€'000
<b>Group</b>			
Loans to racecourses	(A)	1,304	5,058
Loans to associate undertaking	(D)	942	-
Investment in racecourse	(B)	1	1
Investment in associate	(B)	2,212	-
Unlisted investments	(B)	12,490	4,995
Listed investments	(B)	10,990	13,008
		27,939	23,062
<b>Horse Racing Ireland</b>			
Loans to racecourses	(A)	1,304	5,058
Loans to associate undertaking	(D)	942	-
Investment in racecourse	(B)	1	1
Investment in associate	(B)	2,500	-
Unlisted investments	(B)	12,490	4,995
Listed investments	(B)	10,990	13,008
Investment in subsidiary undertakings	(C)	1,551	51
		29,778	23,113

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

	Fair value through profit or loss €'000	Cost less Impairment €'000	Total €'000
<b>Current financial year</b>			
At 1 January 2016	2,558	2,500	5,058
Repayments	(165)	-	(165)
Conversion of debt to investment in associate	-	(2,500)	(2,500)
Transfers to Loans to associate undertaking	(1,027)	-	(1,027)
Loss on fair value movement	(62)	-	(62)
At 31 December 2016	1,304	-	1,304
<b>Prior financial year</b>			
At 1 January 2015	2,917	-	2,917
Issuance	-	2,500	2,500
Repayments	(451)	-	(451)
Gain on fair value movement	92	-	92
At 31 December 2015	2,558	2,500	5,058

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**17. Financial assets (continued)**

<b>(A) Loans to racecourses - Horse Racing Ireland</b>	<b>Fair value through profit or loss €'000</b>	<b>Cost less Impairment €'000</b>	<b>Total €'000</b>
<b>Current financial year</b>			
At 1 January 2016	2,558	2,500	5,058
Repayments	(165)	-	(165)
Conversion of debt to investment in associate	-	(2,500)	(2,500)
Transfers to Loans to associate undertaking	(1,027)	-	(1,027)
Loss on fair value movement	(62)	-	(62)
At 31 December 2016	1,304	-	1,304
<b>Prior financial year</b>			
At 1 January 2015	2,917	-	2,917
Issuance	-	2,500	2,500
Repayments	(451)	-	(451)
Gain on fair value movement	92	-	92
At 31 December 2015	2,558	2,500	5,058

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 €1.188m (2015: €1.389m). The maturity date of the loan is 30 November 2025 and interest is charged at a rate of 3 month Euribor plus 1%.
- a loan to Gowran Park Race Company Limited measured to €0.116m (2015: €0.142m). The maturity date of the loan is 31 March 2025 and interest is charged at a rate of ECB plus 1%.

Horse Racing Ireland has an investment in an associate, Curragh Racecourse Limited. In 2015, HRI advanced €2.5m in anticipation of investment funding which was subject to capital appraisal. This was initially recognised as a loan and carried at amortised cost in the consolidated accounts of Horse Racing Ireland. The capital appraisal was completed in 2016. During 2016 this loan was converted into a 33% shareholding in Curragh Racecourse Limited. This equity holding has been reflected as an investment in associate in the Horse Racing Ireland Parent and Horse Racing Ireland Group financial statements.

A loan to Curragh Racecourse Limited was transferred to "Loans to associate undertakings" in 2016. This loan was in respect of an element of a previous redevelopment of the Curragh Racecourse. The balance on this loan at 31/12/2015 was €1.027m. See Section D "Loans to associate undertaking" below and Note 38 for further information.

<b>(B) Investments - Group</b>	<b>Investment in Associate €'000</b>	<b>Investment in Racecourse €'000</b>	<b>Unlisted Investments €'000</b>	<b>Listed Investments €'000</b>	<b>Total €'000</b>
<b>Current financial year</b>					
At 1 January 2016	-	1	4,995	13,008	18,004
Additions	2,500	-	12,490	2,964	17,954
Share of loss in associate	(288)	-	-	-	(288)
Disposals	-	-	(4,995)	(4,984)	(9,979)
Gain on fair value movement	-	-	-	2	2
At 31 December 2016	2,212	1	12,490	10,990	25,693
<b>Prior financial year</b>					
At 1 January 2015	-	1	4,986	17,066	22,053
Additions	-	-	4,995	13,010	18,005
Disposals	-	-	(4,986)	(17,066)	(22,052)
Loss on fair value movement	-	-	-	(2)	(2)
At 31 December 2015	-	1	4,995	13,008	18,004

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**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 2016	-	1	4,995	13,008	18,004
Additions	2,500	-	12,490	2,964	17,954
Disposals	-	-	(4,995)	(4,984)	(9,979)
Gain on fair value movement	-	-	-	2	2
At 31 December 2016	2,500	1	12,490	10,990	25,981
<b>Prior financial year</b>					
At 1 January 2015	-	1	4,986	17,066	22,053
Additions	-	-	4,995	13,010	18,005
Disposals	-	-	(4,986)	(17,066)	(22,052)
Loss on fair value movement	-	-	-	(2)	(2)
At 31 December 2015	-	1	4,995	13,008	18,004

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). The unlisted investments relate to investments in short term financial money market instruments.

Group funding and liquidity is managed by ensuring that sufficient funds are available to meet the Group's needs with an appropriate spread of investment maturity dates. The Group controls and monitors credit risk on the amounts due from counter parties by ensuring that all financial assets are held with reputable and financially secure institutions 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 controls this risk by daily monitoring of the market for fluctuations.

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

See Note 38 for further information on investment in associate undertaking.

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

	2016 €'000	2015 €'000
At 1 January	51	51
Additions	1,500	-
Disposals	-	-
Gain / (Loss) on fair value movement	-	-
At 31 December	1,551	51

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 39. During 2016, it was agreed that an amount in the sum of €1.5m due from the repayment of a loan made by Horse Racing Ireland to The Leopardstown Club Limited be converted from debt to equity. This conversion was achieved through the issuing of 133 ordinary shares in The Leopardstown Club Limited at a total share consideration of €1.5m (€11,278 per share).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**17. Financial assets (continued)**

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current financial year</b>		
At 1 January 2016	-	-
Transfers from loans to racecourses	1,027	-
Repayments	(100)	-
Gain on fair value movement	15	-
At 31 December 2016	942	-

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Current financial year</b>		
At 1 January 2016	-	-
Transfers from loans to racecourses	1,027	-
Repayments	(100)	-
Gain on fair value movement	15	-
At 31 December 2016	942	-

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 relates to a loan to Curragh Racecourse Limited measured at €0.942m (2015: €1.027m) in respect of an element of a previous redevelopment of the Curragh Racecourse. The maturity date of the loan is 31 March 2020 and interest is charged at a rate of 3 month Euribor plus 1%.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**18. Investment properties**

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Fair value at 1 January	12,990	9,700
Additions	-	16
Reclassification of Tangible Assets	-	-
(Loss) / Gain on fair value movement	(1,690)	3,274
Fair value at 31 December	11,300	12,990
	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Horse Racing Ireland</b>		
Fair value at 1 January	4,200	3,250
Additions	-	16
Reclassification of Tangible Assets	-	-
Gain on fair value movement	50	934
Fair value at 31 December	4,250	4,200

Investment properties, which are a health and fitness club, a retail unit and an office building, were valued to fair value by Knight Frank (2015: CBRE), 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>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>		
At 1 January	7,135	7,135
Impairment	-	-
At 31 December	7,135	7,135
<b>Accumulated Amortisation</b>		
At 1 January	4,106	3,757
Amortised in the financial year	349	349
At 31 December	4,455	4,106
<b>Net book value</b>		
At 31 December	2,680	3,029
Goodwill attributable to non-monetary depreciable assets	(5,057)	(5,057)

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

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>20. Debtors: Amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Trade debtors	3,597	4,852
Prepayments and accrued income	2,309	1,964
Amounts due from industry bodies	1,211	1,090
Amounts due from associated undertaking	63	197
Other debtors	977	1,142
Taxation recoverable	40	37
	8,197	9,282
 <b>Horse Racing Ireland</b>		
Trade debtors	1,150	2,036
Prepayments and accrued income	848	804
Amounts due from subsidiary undertakings	17,380	19,226
Amounts due from associated undertaking	63	197
Amounts due from industry bodies	1,211	1,090
Other debtors	391	451
	21,043	23,804
 <b>21. Cash at bank</b>		
	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Horse Racing Ireland	33,375	33,267
HRI Racecourses	2,720	3,025
Tote Ireland	3,697	2,967
Irish Thoroughbred Marketing	607	549
	40,399	39,808
 <b>Horse Racing Ireland</b>	 33,375	 33,267

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>22. Creditors: Amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Accruals	5,780	4,046
Bank / Other loans (Note 24)	3,000	3,000
Trade creditors	1,704	1,795
Balances due to racing clients	25,735	23,538
Deferred income	1,385	2,483
Other creditors	4,075	3,302
Taxation creditors	348	463
	42,027	38,627
<b>Horse Racing Ireland</b>		
Accruals	3,381	1,612
Amounts owed to subsidiary undertakings	3,477	1,272
Bank / Other loans (Note 24)	3,000	3,000
Trade creditors	503	591
Balances due to racing clients	25,735	23,538
Deferred income	-	915
Other creditors	3,461	2,675
Taxation creditors	60	131
	39,617	33,734

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

Other creditors includes balances amounting to €2.752m at 31 December 2016 (2015: €2.136m) deducted from Trainers' prizemoney accounts in respect of a Stable Employees Pension Plan. The monies are held by HRI pending the establishment of a defined contribution pension scheme. Revenue approval for this scheme was granted in May 2017.

<i>Taxation creditors is split as follows:</i>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
PAYE	18	18
PRSI	19	20
VAT	172	302
Other taxes	139	123
	348	463
<b>Horse Racing Ireland</b>		
VAT	32	90
Other taxes	28	41
	60	131

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>23. Creditors: Amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Bank / Other loans (Note 24)	6,000	9,000
Deferred income	27	30
	<u>6,027</u>	<u>9,030</u>
<b>Horse Racing Ireland</b>		
Bank / Other loans (Note 24)	6,000	9,000
Deferred income	-	-
	<u>6,000</u>	<u>9,000</u>
<b>24. Bank / Other loans</b>		
	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Repayable within 1 year	3,000	3,000
Repayable within 2 to 5 years	6,000	9,000
Repayable after 5 years	-	-
	<u>9,000</u>	<u>12,000</u>
<b>Horse Racing Ireland</b>		
Repayable within 1 year	3,000	3,000
Repayable within 2 to 5 years	6,000	9,000
Repayable after 5 years	-	-
	<u>9,000</u>	<u>12,000</u>

Horse Racing Ireland's Group loan is repayable in instalments over the next 3 years. The loan is subject to a variable interest rate based on Euribor. The weighted average interest rate during the financial year was 0.350% (2015: 0.374%). The loan is unsecured.

Following receipt of approval from the Minister for Finance in December 2015, HRI entered into a €25m loan facility in August 2016 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. No amounts were drawn under this facility in 2016, however the undrawn amounts are subjected to a commitment fee of 0.6125% (€0.060m). Drawings may be made under the facility up to 2020 and the loan amount then outstanding will be repayable over the subsequent 7 years.



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>25. Provision for liabilities</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Deferred taxation</b>		
At 1 January	1,851	1,034
Charge to Statement of Income and Expenditure	(526)	817
At 31 December	<u>1,325</u>	<u>1,851</u>
<b>Components of deferred taxation</b>		
Valuation of investment properties	1,149	1,724
Accelerated capital allowances	176	160
Tax losses available	-	(33)
	<u>1,325</u>	<u>1,851</u>

**26. 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</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)	10,990	13,008	10,990	13,008
Unlisted investments (Note 17)	12,490	4,995	12,490	4,995
Loans to racecourses (Note 17)	1,304	2,558	1,304	2,558
Loans to associate undertakings (Note 17)	942	-	942	-
<i>Measured at cost less impairment</i>				
Loans to racecourse (Note 17)	-	2,500	-	2,500
Investment in associate (Note 17)	2,500	-	-	-
Investment in racecourse (Note 17)	1	1	1	1
<i>Measured using the equity method</i>				
Investment in associate (Note 17)	-	-	2,212	-
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (Note 20)	21,043	23,804	8,197	9,282
Cash at bank and in hand (Note 34)	23,375	25,767	30,399	32,308
Short term fixed deposits (Note 34)	10,000	7,500	10,000	7,500
	<u>82,645</u>	<u>80,133</u>	<u>76,535</u>	<u>72,152</u>
<b>Financial liabilities</b>				
<i>Measured at amortised cost</i>				
Bank loans (Note 24)	9,000	12,000	9,000	12,000
<i>Measured at undiscounted amount payable</i>				
Trade and other payables (Note 22)	36,617	30,734	39,027	35,627
	<u>45,617</u>	<u>42,734</u>	<u>48,027</u>	<u>47,627</u>

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**26. 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Fair value (losses) / gains</b>				
On financial assets (including listed investments) measured at fair value through profit or loss	(17)	2,148	(17)	2,148
<b>Impairment reversals / (losses)</b>				
On financial assets measured at amortised cost	2	(2)	2	(2)
<b>Interest income and interest expense calculated using effective interest rate method</b>				
Interest income on financial assets measured at amortised cost	(26)	107	(26)	107

**27. 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.

**28. Reserves**

Retained surplus include all cumulative gains and losses recognised in the Statement of Income and Expenditure. Revenue reserves at 31 December 2016 include €16.528m being the pension reserve cumulative amount charged through the Statement of Comprehensive Income (2015: €13.778m). Capital reserves represent surpluses set aside to fund future capital development. This reserve will be released to revenue reserves on completion of such developments. Non-distributable reserves represent reserves which are non-distributable.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**29. 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 2016 amounted to 150 (2015: 153). 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 out to 2023 was agreed and subsequently approved by the Pensions Authority. Under the terms of the agreed Funding Proposal, the DB Scheme ceased to accrue retirement benefits with effect from 1 April 2013, and future retirement 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 period to 2023.

- c) Total employer contributions in the DB Scheme made for the financial period ended 31 December 2016 were €1,376,000. Future expected employer contributions in the DB Scheme are €1,411,000 for the financial year ended 31 December 2017.
- d) A comprehensive actuarial valuation was completed as at 31 March 2016 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 Turf Club and the Curragh Racecourse are excluded in calculating the net pension liability disclosed underneath.

The principal financial assumptions for the DB Scheme used to calculate the retirement liabilities under FRS 102 as at 31 December 2016 were as follows:

<b>Valuation method</b>	<b>Projected unit credit 2016</b>	<b>Projected unit credit 2015</b>
Discount rate	1.75% p.a.	2.30% p.a.
Future pensionable salary increases	n/a	n/a
Future pension increases	2.50% p.a. / 1.00% p.a.	2.50% p.a. / 1.00% p.a.
Future inflation	1.50% p.a.	1.40% p.a.
Statutory revaluation	1.50% p.a.	1.35% p.a.

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>29. Pension commitments (continued)</b>		<b>2016 Year</b>	<b>2015 Year</b>
Mortality pre-retirement	Male	62% of PNML00	62% of PNML00
	Female	70% of PNFL00	70% of PNFL00
Mortality post-retirement	Male	58% of ILT15	58% of ILT15
	Female	62% of ILT15	62% of ILT15

The mortality basis explicitly allows for improvements in life expectancy over time so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The life expectancy for members attaining age 65 in 2016 and 2036 is detailed below:

*Life expectancy at 65:*

Current pensioners (currently aged 65) - male	21.1 years	20.9 years
Current pensioners (currently aged 65) - female	23.6 years	23.5 years
Future pensioners (currently aged 45) - male	23.6 years	23.5 years
Future pensioners (currently aged 45) - female	25.7 years	25.6 years

The asset distribution of the DB Scheme was as follows:

<b>Class</b>	<b>Asset Distribution as percentage of total DB Scheme assets 31/12/2016</b>	<b>Asset Distribution as percentage of total DB Scheme assets 31/12/2015</b>
Equities	46%	49%
Property	5%	4%
Fixed Interest	35%	35%
Absolute Return Funds	14%	11%
Cash	0%	1%
Total	100%	100%

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

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 2017 is 1.75%.

<b>Analysis of the amount charged to HRI administration costs before amounts deducted for Curragh / Others are as follows:</b>	<b>2016 €'000</b>	<b>2015 €'000</b>
Current service cost	-	-
Past service cost	-	65
	-	65

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**29. Pension commitments (continued)**

<b>Analysis of the amounts charged to other finance expense</b>	<b>2016</b>	<b>2015</b>
<b>before amounts deducted for Curragh / Others are as follows:</b>	<b>€'000</b>	<b>€'000</b>
Interest income on DB Scheme assets	941	858
Interest on DB Scheme liabilities	(1,210)	(1,194)
	(269)	(336)

<b>Analysis of the amount charged to exceptional items</b>	<b>2016</b>	<b>2015</b>
<b>before amounts deducted for Curragh / Others are as follows:</b>	<b>€'000</b>	<b>€'000</b>
Curtailment loss	-	-

During 2013 it was agreed that future accrual of retirement benefits would cease in the DB Scheme with effect from 31 March 2013. The accrued retirement benefits for active members, calculated at 1 April 2013, will be indexed each year up to retirement by means of Statutory Revaluation (as set out in governing pensions legislation), and the Actuary has advised that 1.50% 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>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Present value of wholly or partly funded DB Scheme liabilities	(57,975)	(53,318)
Fair value of DB Scheme assets	43,440	40,919
Total Deficit in DB Scheme at end of the financial year	(14,535)	(12,399)
Curragh Racecourse / Others deficit included in total deficit for the financial year	(1,788)	(1,463)
Net HRI liability recognised in the Statement of Financial Position	(12,747)	(10,936)

<b>Changes in the present value of DB Scheme liabilities are as follows:</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Opening present value of DB Scheme liabilities	(53,318)	(55,010)
Current service cost	-	-
Interest cost	(1,210)	(1,194)
Contributions by DB Scheme participants	-	-
Actuarial (loss) / gain	(5,072)	1,115
Past service cost gain	-	65
Benefits paid	1,625	1,706
Curtailment loss	-	-
Closing present value of DB Scheme liabilities	(57,975)	(53,318)

<b>Changes in the fair value of DB Scheme assets are as follows:</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Opening fair value of DB Scheme assets	40,919	39,066
Interest income	941	858
Actuarial gain	1,829	1,368
Contributions by employer	1,376	1,333
Contributions by DB Scheme participants	-	-
Benefits paid	(1,625)	(1,706)
Closing fair value of DB Scheme assets	43,440	40,919

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**29. Pension commitments (continued)**

<b>Analysis of the amount which is recognised in the Statement of Comprehensive Income is as follows:</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Curragh / Others actuarial (loss) / gain for the financial year	(493)	259
HRI actuarial (loss) / gain for the financial year	(2,750)	2,224

The actual return on DB Scheme assets in 2016 was a gain of €2.770m (2015: gain of €2.226m). The total gains and losses recognised in the Statement of Comprehensive Income at 31 December 2016 for the period is a loss of €3.243m (2015: total gain of €2.483m).

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

<b>Year ended 31 December</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Present value of DB Scheme liabilities	(57,975)	(53,318)
Fair value of DB Scheme assets	43,440	40,919
Deficit in the scheme	(14,535)	(12,399)

<b>Year ended 31 December</b>	<b>2016</b>	<b>2015</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	(12,747)	(10,936)
Experience adjustment arising on		
- the DB Scheme liabilities	288	486
- the DB Scheme assets	1,829	1,368

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

- a) Horse Racing Ireland operates a defined contribution plan, the Horse Racing Ireland & Racing Regulatory Body & Associated Companies Defined Contribution Employee Benefits Plan ("the DC Scheme") which is a trust based defined contribution pension plan for new employees joining after 1 January 1999. In addition, the DB Scheme ceased accruing benefits with effect from 31 March 2013 and all active members of the DB Scheme became active members in the DC Scheme with effect from 1 April 2013.
- b) At 31 December 2016, there were 183 active participants. Horse Racing Ireland also offers a PRSA to employees who are not eligible to join the DC Scheme.
- c) The pension contributions for the DC Scheme for the year ended 31 December 2016 were €681,000 (2015: €623,000).

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>30. Non-controlling interest</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of financial year	2	(2)
Movement in the financial year	3	4
At end of financial year	5	2

The balance of non-controlling interest relates to the percentage of shareholdings which are not owned by the Group, as outlined in note 39.

**31. 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>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Authorised, but not contracted for	6,931	5,594
Contracted	605	935
Total	7,536	6,529

**Horse Racing Ireland**

Authorised, but not contracted for	6,931	5,594
Authorised, but not contracted for, to subsidiary undertakings	3,170	5,321
Contracted	454	186
Total	10,555	11,101

**32. Lease commitments**

*Operating Leases - Lessee*

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	93	63
Between one and five years	159	62
After five years	-	-
	252	125
<b>Horse Racing Ireland</b>		
Within one year	29	10
Between one and five years	63	-
After five years	-	-
	92	10

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**32. Lease commitments (continued)**

*Operating Leases - Lessor*

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

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Within one year	913	909
Between one and five years	4,072	3,630
After five years	10,015	11,366
	<u>15,000</u>	<u>15,905</u>
<b>Horse Racing Ireland</b>		
Within one year	275	275
Between one and five years	1,373	1,373
After five years	4,667	4,941
	<u>6,315</u>	<u>6,589</u>

*Significant leasing arrangements - Lessor*

The office building has a 25 year lease expiring in 2039. The next rent review is due in July 2019.

The health and fitness club has a 35 year lease expiring in 2033. The next rent review is due in January 2018.

There are two retail unit operating leases detailed as follows:

The first retail unit has a 20 year lease expiring in January 2018.

The second retail unit has a 16 year lease expiring in February 2032.

**33. Reconciliation of Surplus for the financial year to net cash inflows**

**from operating activities:**

	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
Surplus for the financial year before tax, other finance expenses & associate undertakings	4,978	12,760
Interest receivable	(324)	(480)
Interest payable	222	50
Depreciation	3,002	2,715
Non cash exceptional items	-	-
Fair value movement of investment properties	1,690	(3,274)
Gain on disposal of assets	(18)	(14)
Loss on disposal of assets	-	1
Negative goodwill amortisation	(349)	(349)
Tax paid	(191)	(141)
Decrease / (Increase) in operating debtors	1,206	(1,735)
Increase in operating creditors	3,344	4,778
Difference between pension charge and contribution	(1,167)	(1,252)
<b>Net cash inflows from operating activities</b>	<u>12,393</u>	<u>13,059</u>



**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>34. Components of cash and cash equivalents</b>	<b>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
<b>Group</b>		
Cash at bank and in hand	30,399	32,308
Short term fixed deposits	10,000	7,500
	40,399	39,808
<b>Horse Racing Ireland</b>		
Cash at bank and in hand	23,375	25,767
Short term fixed deposits	10,000	7,500
	33,375	33,267

**35. 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 Finance 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 Finance guidelines covering situations of personal interest. In cases of potential conflict of interest, Board members did not participate in or attend any Board discussion relating to the matter. In 2015, an interest bearing loan from a related party, and others, was repaid by The Tipperary Race Company Plc.

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 €3.393m (2015: €3.388m), bookmaker's fees of €0.382m (2015: €0.360m), sponsorship collected of €0.919m (2015: €0.839m), grants payable of €2.329m (2015: €2.169m) and interest income of €0.060m (2015: €0.065m).

During the financial year, Horse Racing Ireland received repayments on financial assets of €0.650m (2015: €0.675m) and issued new financial assets of nil (2015: €2.038m).

***Associate undertakings***

Transactions in the financial period between Horse Racing Ireland and its associate undertakings included payroll and cost recharges of €0.216m (2015: €0.317m), bookmakers fees of €0.100m (2015: nil), sponsorship collected of €0.892m (2015: nil), grants payable €0.050m (2015: nil), schools and gallops recharges of €0.147m (2015: nil) and training ground recharges of €0.679m (2015: nil). In 2015, HRI advanced €2.5m in anticipation of investment funding which was subject to capital appraisal which was completed in 2016. This advance was initially recognised as a loan and carried at amortised cost. This loan was converted to 33% shareholding in Curragh Racecourse Limited during the financial year 2016. This equity holding has been reflected as an investment in associate in the HRI Parent and HRI Group financial statements.

***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>2016</b>	<b>2015</b>
	<b>€'000</b>	<b>€'000</b>
The Tipperary Race Company Plc	81	164
The Leopardstown Club Limited	(123)	1,998
Navan Races Limited	6,580	6,796
Fairyhouse Club Limited	3,722	4,141
Curragh Racecourse Limited	63	197

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**36. Contingent liability**

Court proceedings between Leopardstown Club Limited and Templeville Developments were initially concluded by way of a High Court judgment in favour of The Leopardstown Club Limited and award of amounts due from Templeville Developments Limited. The latter appealed this ruling to the Court of Appeal. The Court ruled in favour of Templeville Developments Limited in 2015.

Leopardstown Club Limited appealed this decision to the Supreme Court, which ruled in its favour in July 2017. The court also awarded costs to Leopardstown Club Limited together with the costs of proceedings in the High Court and the Court of Appeal.

**37. Property**

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

**38. Investment in Associate**

HRI, the Turf Club and private investors established an associate company, Curragh Racecourse Limited (CRL) to facilitate the redevelopment of the Curragh Racecourse. This company is incorporated in the Republic of Ireland. In 2015, HRI advanced €2.5m in anticipation of investment funding which was subject to capital appraisal. This appraisal was completed in 2016. In 2015 the €2.5m advance was recognised as a loan and carried at amortised cost in the consolidated accounts of HRI. In 2016, this loan was converted into a 33% shareholding in CRL. This equity holding has been reflected as an investment in associate in the Horse Racing Ireland Parent and Group financial statements.

As at 31 December 2016, there was two classes of shares held by Horse Racing Ireland in CRL. HRI held 100,000 B1 (2015: nil) Ordinary Shares and 92,500 B2 (2015: nil) Ordinary Shares with a nominal value of €0.001 each. The B1 shares are fully paid up as at 31 December 2016 and represent voting rights in CRL. The B2 shares are economic shares with no voting rights.

At 31 December 2016 the Group and company had interests in the following associates:

	<b>% Held</b>	<b>Principal Activities</b>
Curragh Racecourse Limited	33%	The provision of racecourse and racehorse training facilities and the facilitation of the redevelopment of the Curragh Racecourse

**HORSE RACING IRELAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

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**39. 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
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.

**40. Approval of financial statements**

The Board of Horse Racing Ireland approved these financial statements for issue on 12th October 2017.



## HORSE RACING IRELAND

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