

Horse Racing Ireland Annual Report 2015

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MISSION STATEMENT

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

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

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

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

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

CEO, BOARD MEMBERS & COMMITTEES OF HORSE RACING IRELAND

HORSE RACING IRELAND BOARD

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

Horse Racing Ireland Annual Report 2015

APPOINTMENTS & REMUNERATION COMMITTEE

Joe Keeling *Chairperson*
Meta Osborne
Con Haugh

AUDIT COMMITTEE

Con Haugh *Chairperson*
Bernard Caldwell
Francis Hyland
Sasha Kerins
Nick Wachman

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
David Robinson
Bernard Caldwell
Joe Keeling

FINANCE COMMITTEE

Joe Keeling *Chairperson*
Meta Osborne
Eimear Mulhern
William Flood
John Moloney
Brian Kavanagh

FOAL LEVY COMMITTEE

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

FIXTURES COMMITTEE

William Flood *Chairperson*
James Gough
John Moloney
Meta Osborne
Michael Halford

HRI RACECOURSES BOARD

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

ITM COMMITTEE

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

LEOPARDSTOWN COMMITTEE

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

MEDIA RIGHTS COMMITTEE

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

NAVAN COMMITTEE

William Flood *Chairperson*
Noel Cloake
Deirdre McFerran
Jimmy Owens
Ger Lyons
Eddie O'Leary

PROGRAMMES COMMITTEE

William Flood *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
Dairine Walsh
Antoin Murphy
Michael Moloney

HRI NOMINATIONS / APPOINTMENTS

Dundalk *Cork*
Philip Furlong John Murphy
Ciaran Kennelly
Joe Collins

Irish Equine Centre *Punchestown*
Suzanne Eade Sandy Persse
John Malone Dick O'Sullivan
Meta Osborne Nyall Speirs
Ronan Murphy Jason Morris

RACE
Bernard Caldwell
Margaret Davin
Carol Nolan

CHAIRMAN'S REPORT

I am pleased to present the 2015 Annual Report for Horse Racing Ireland. The Irish racing and breeding industry continues to be a high-value contributor to the Irish economy, one which generates strong foreign direct investment, competing with, and beating, some of the biggest players internationally.

We have seen a continuation of some very positive trends in 2015 although some of the core areas of concern persist year-on-year. Bloodstock sales and exports continue to thrive while the number of horses-in-training and racehorse ownership have yet to show signs of recovery. Increasing the number of horses-in-training has been one of my top priorities as chairman as it is essential to maintain the competitiveness of Irish racing and generate increased employment in this vital rural industry.

We have kept our commitment to increasing prize-money and reducing the cost of racehorse ownership. Ownership recruitment and retention will be given additional attention and resources in coming years because a diverse ownership base is the foundation on which everything else is built. Increased race values, together with further reductions in administrative charges, are designed to encourage new owners into the sport and support the investment of existing owners. We also need to improve facilities for owners at racecourses.

Bloodstock export sales rose to €268 million in what was a remarkable year for the Irish bloodstock industry. This shows the growing appeal of Irish thoroughbreds based on their racing successes at home and overseas. This, in turn, is based on having a first-class racing infrastructure across all 26 Irish racecourses.

The Government's commitment to increase funding through the Horse and Greyhound Fund demonstrates confidence in this industry and its ability to deliver a return on investment for the country. Thankfully, the new betting legislation now includes offshore betting tax which creates a level playing field with the operators currently paying tax. In addition, now that betting exchanges are within the tax net for the first time, the overall tax yield will increase significantly over time. Greater stability in funding allows us to plan ahead and the results will be far-reaching, especially with regard to the facilities at our flagship racecourses, which will become worthy of the high calibre of racing which they host.

Early in 2015, the Board of HRI agreed the establishment of a Racecourse Capital Development Fund of over €100 million to cover works to be undertaken between 2015 and 2019. All racecourses are eligible to apply for 40% grants under this new scheme, which will include major redevelopments at the Curragh and Leopardstown and also at many other many racecourses around the country. Punchestown has a plan for a development valued at over €6 million. Listowel, Fairyhouse, Naas, Sligo and Cork have also launched significant upgrades under the scheme.

Minister Simon Coveney launched the re-development project for the new Curragh Racecourse which will be one of the most important ventures in the modern history of Irish racing. The Curragh will be benchmarked against the best racecourses in Europe and it will be central to the revitalisation of Flat racing in Ireland. Leopardstown also unveiled its plans for a €12 million re-development which will bring the total investment into the venue to over €20 million over a five-year period.

Horse Racing Ireland Annual Report 2015

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

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

Joe Keeling
Chairman

CHIEF EXECUTIVE'S REPORT

The Irish bloodstock industry was again the star performer in 2015, which highlights how much in demand Irish horses are all over the world. Tote Ireland experienced a fifth consecutive year of growth and racecourse attendances were almost on a par with 2014, despite the extreme weather conditions in the latter part of the year. European Breeders Fund (EBF) sponsorship grew by 7.8% and commercial sponsorship continued its recovery, growing by 7.9%.

This background of growth and consolidation has not yet been reflected in the areas of horses-in-training, ownership and race entries. We will continue to invest in increased prize-money and reduced ownership costs in order to address this. On a more positive note, entries and runners in Irish Flat racing have improved year-on-year.

Key 2015 figures included:

- Bloodstock Sales up 3.5% from €147.4m to €152.5m
- Export Sales up 16.7% from €229.4m to €267.7m
- Horses in Training down 4.6% from 8,613 to 8,214
- Flat Runners up 2.7% from 11,259 to 11,560
- National Hunt Runners down 4.5% from 16,217 to 15,488
- Number of Owners down 2.6% from 3,706 to 3,609
- Total Tote Betting up 28.7% from €61.6m to €79.3m
- On-Course Bookmakers down 1.4% from €70.3m to €69m

The Horse Racing Ireland Racecourse Capital Development Programme continues to be rolled out across the 26 racecourses, with many projects underway which will allow us to provide top-class facilities for all users.

In our budget for 2016, prize-money was increased to €57.8 million, up by over €3 million and minimum race values raised from €8,000 to €9,000. We also introduced increased percentages of prize-money for placed horses and payments out to six places in races worth €40,000 or more and to five places in all other races. It must be remembered however, that the investment in prizemoney by Horse Racing Ireland is only a fraction of the spend by racehorse owners in the purchase and training of these horses. Throughout 2016, HRI administrative charges will fall by circa €250,000 equating to 8% overall, the third consecutive annual reduction in costs for owners and trainers following previous annual cuts of 10% and 17.5%.

Funding for the Irish Equine Centre has been increased by €355,000 to just under €2 million and over €1 million has been allocated for industry development, education and training which is an area of great importance and will be central to the development of the industry in the years ahead.

Yet again, Irish-bred and trained horses were to the fore on the world stage in 2015. The Cheltenham Festival was a great success with Irish trainers responsible for 13 winners. Willie Mullins set a new record with eight winners over the four days bringing his total number of winners at the Festival to 41. There were six Irish-trained winners at the Aintree Festival and Irish trainers kept all 12 Grade 1 races at Punchestown at home. On the Flat, Aidan O'Brien captured a record-equalling seventh Newmarket 2,000 Guineas victory with Gleneagles and

Horse Racing Ireland Annual Report 2015

won the Investec Oaks with Qualify, while David Wachman tasted English Classic success when Legatissimo won the 1,000 Guineas. Eight Irish-trained winners at Royal Ascot matched the best-ever tally achieved on four previous occasions. Eight of the 12 Group 1 races run in Ireland were won by Irish-trained horses including three of the five domestic Classics.

Longines Irish Champions Weekend continues to make its mark on the international racing calendar and has truly become the first leg of the European Triple Crown series. The International Classifications for 2015 once again showed the growing importance of this flagship weekend when it comes to deciding the champion racehorses not just in Europe, but the world, producing no fewer than six European Champions of which two were World Champions.

Behind the figures in this Annual Report, there is an Irish racing and breeding industry which contributes over €1 billion annually to the economy and is recognised as one of the best in the world. The international standing of Irish racing and breeding is built on the achievements of the extraordinarily talented people we have and I wish them all continued success for 2016.

Brian Kavanagh
Chief Executive

FINANCE REVIEW

The financial statements of the Horse Racing Ireland Group continue to show satisfactory results for the year ended 31st December 2015.

The Group Income and Expenditure Account showed a surplus of €11.5m for the year.

2015 saw the achievement of an increase of €18.3m in Tote Turnover. Racecourse income increased by €1.1m in 2015. Winnings paid on bets increased by €17.8m and there was an increase in operating costs of €0.948m. Other Income has increased by €13.8m to €88.5m.

During 2015, Horse Racing Ireland contributed an additional €4.5m to prizemoney, bringing the contribution to €35.8m in 2015 from €31.4m in 2014.

GROUP INCOME AND EXPENDITURE ACCOUNT

Turnover for the year increased by 28%, or €19.4m to €89.2m compared to €69.8m in the previous year. The turnover increase is primarily due to an increase of 32% or €18.3m in Tote Ireland turnover. Income from bookmakers showed a slight increase of €0.01m to €1.66m in 2015. Racecourse income increased during the year by 9.8% or €1.1m from €11.087m in 2014 to €12.173m in 2015.

Winnings paid on bets increased in 2015 by 35% or €17.8m to €68.6m.

Operating costs increased by 5% or €0.948m to €18.2m.

The number of fixtures staged in 2015 was 351 versus 347 in 2014. The total number of races run was 2,522 in 2015 compared to 2,489 in 2014, up 1.3%.

Complete statistics for Irish racing are available in the Horse Racing Ireland Fact Book 2015 and on the website www.goracing.ie.

OTHER INCOME

During 2015, other income increased to €88.5m which was an increase of 18.5% or €13.8m from the 2014 figure of €74.6m. The allocation from the Horse and Greyhound Racing Fund showed an increase of 25% or €11m from the previous year. The total allocation to horse racing in 2015 was €54.4m. Foal Levy contributions showed an increase of 20% or €0.3m to €1.8m in 2015. Media income of €5.8m showed an increase year on year of 3% or €0.166m. Registrations income decreased by 14% or €0.4m from €3m in 2014 to €2.6m in 2015 reflecting cost reductions. Industry contributions to Irish Thoroughbred Marketing slightly increased in 2015 by 14% to €0.446m and interest income reduced by €0.388m to €0.480m in 2015.

PRIZEMONEY

The total prizemoney pool of €54.4m showed an increase of €5m from the previous year's total of €49.4m with additional fixtures scheduled and increases in base values across a range of races. The contribution from owners was up €0.151m from €12.156m in 2014 to €12.307m in 2015. The contribution from sponsors increased also to €6.2m from €5.9m, while Horse Racing Ireland's contribution increased by 14% or €4.5m to €35.8m in 2015.

POINT TO POINTS

Within the overall prizemoney pool, Point to Point prizemoney in 2015 totalled €0.914m, an increase of 11%. There were 105 Point to Point fixtures in 2015 (107 in 2014). The total number of races in 2015 decreased by 40 races to 649 (689 in 2014).

Payments made in respect of Point to Point Integrity costs increased to €0.547m in 2015 from €0.458m in 2014.

EXPENDITURE

During 2015, Group expenditure excluding prizemoney, increased to €25.8m which was an increase of 12% or €2.7m from the 2014 figure of €23m.

Capital development fund grant expenditure in 2015 increased to €0.654m in 2015.

Integrity and Racecourse Services costs totalled €96m in 2015 with integrity services increasing by €0.510m or 8.5% in the year. Racecourse services costs showed an increase of 5% or €0.142m over 2014. This increase is mainly due to the additional fixtures in 2015.

Grants / Fees paid to industry bodies increased by 14% in 2015 to a figure of €2.3m primarily due to an additional training grant to RACE and increased funding for the Irish Equine Centre. Distributions under the Foal Levy Scheme in 2015 increased by 6% to €1.3m. The primary third party beneficiaries of the Foal Levy funds in 2015 were the Irish Equine Centre, in receipt of €0.815m and Irish Thoroughbred Breeders' Association, in receipt of €0.400m. Irish Thoroughbred Marketing Limited was also a beneficiary and received €0.400m.

Horse Racing Ireland administration costs increased from €5.275m in 2014 to €5.855m in 2015.

Irish Thoroughbred Marketing expenditure increased from €1.8m to €2m in 2015 and general marketing and promotional costs increased by 11% to €1.8m in 2015.

GROUP CASH FLOW

In 2015, Group cash inflows from operating activities amounted to €13.1m. The net cash flows from investing activities totalled €4.9m, giving total cash inflow of €8.2m.

During the year, Group payments to acquire tangible fixed assets totalled €7.1m.

Loans paid to racecourses and industry bodies amounted to €2.640m. During the year the Group purchased listed investments of €13m and sold listed investments of €17m.

Horse Racing Ireland Group repaid bank loans of €32m in 2015, resulting in an overall increase in cash of €4.9m in 2015.

**AUDITED GROUP
FINANCIAL STATEMENTS**

HORSE RACING IRELAND

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**HORSE RACING IRELAND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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HORSE RACING IRELAND
MEMBERS AND OTHER INFORMATION

Members	Mr. Joe Keeling (Chairperson)	
	Ms. Meta Osborne (Vice Chairperson)	
	Mr. Neville O'Byrne (Vice Chairperson)	(Retired 18 December 2015)
	Mr. Bernard Caldwell	
	Mr. Noel Cloake	
	Mr. William Flood	
	Mr. Michael Hickey	(Retired 26 May 2016)
	Mr. Francis Hyland	
	Mr. Noel Meade	(Retired 26 May 2016)
	Mr. John Moloney	
	Mr. Jim Nicholson	
	Ms. Mary O'Connor	(Retired 18 December 2015)
	Ms. Eimear Mulhern	
	Mr. James Gough	(Appointed 4 March 2015)
Mr. Michael Halford	(Appointed 26 May 2016)	
Mr. John Powell	(Appointed 26 May 2016)	

Secretary Mr. Raymond Horan

Registered Office Ballymany
The Curragh
Co. Kildare

Auditors Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Solicitors William Fry,
2 Grand Canal Square
Dublin 2

Kilroys Solicitors
69 Lower Lesson Street
Dublin 2

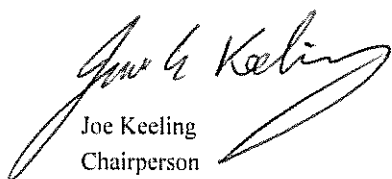
Bankers Bank of Ireland
Allied Irish Banks p.l.c.
KBC Bank Ireland p.l.c.
Permanent tsb Group Holdings p.l.c.

HORSE RACING IRELAND
STATEMENT OF MEMBERS' RESPONSIBILITIES

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

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

The members of Horse Racing Ireland are responsible for keeping 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
Vice Chairperson

12th September 2016
Date



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Horse Racing Ireland

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2015 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 2015 and of its income and expenditure for 2015; 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
22 September 2016

STATEMENT OF INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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

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

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

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

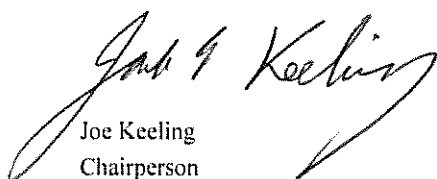
The System of Internal Financial Control is built on a framework of:

- Regular financial information.
- Administrative procedures including segregation of duties and responsibilities and a system of delegation and accountability.
- A comprehensive budgeting system with the detailed review process by Executives and signed off by the Board.
- Regular reviews by the Board of financial reports and key performance activity with performance measured against budgets.
- Clearly defined capital investment control procedures.
- Compliance with purchasing policies and procedures.

Horse Racing Ireland has an outsourced Internal Audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies and which reports directly to the Audit Committee and in turn to the Board of Horse Racing Ireland. The Internal Audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit Committee on behalf of the Board. In 2015, four Audit Committee meetings were held and nine separate reports presented.

For 2015, the head of Internal Audit provided the Board through the Audit Committee with a report on the Internal Audit activity for the year. This report includes the Head of Internal Audit's opinion on the Horse Racing Ireland system of Internal Financial Control.

I confirm that in respect of the year to 31 December 2015 the Board conducted a review of the effectiveness of the system of Internal Financial Control.


Joe Keeling
Chairperson

12th September 2016
Date

**GROUP STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		2015	2014
Turnover	Notes	€'000	€'000
Tote Ireland turnover		75,335	57,022
Betting income		1,661	1,651
Racecourse income	7	12,173	11,087
Total turnover		89,169	69,760
Winnings paid on bets	4	(68,564)	(50,745)
Operating costs	4	(18,229)	(17,281)
Direct costs		(86,793)	(68,026)
Income from Racing		2,376	1,734
Other income			
Allocation from the Horse and Greyhound Racing Fund	5	54,400	43,376
Prizemoney contributions from Owners and Sponsors	9	18,514	18,058
Foal Levy	6	1,794	1,501
Media income		5,820	5,654
Registrations income		2,581	2,998
Industry services income		527	573
Other income	8	3,889	1,229
Industry contributions to Irish Thoroughbred Marketing		446	391
Interest income	15	480	868
Net income		90,827	76,382
Expenditure			
Contributions to prizemoney	9	35,845	31,372
Prizemoney contributions from Owners and Sponsors	9	18,514	18,058
Owners and Trainers Schemes		313	-
Integrity and racecourse services	10	9,566	8,914
Racecourse schemes	12	1,206	1,214
Capital development fund grants	12	654	(59)
Capital development fund interest and expenses		136	162
Grants / Fees to industry bodies	11	2,298	2,008
Foal Levy distribution	6	1,284	1,207
Other expenditure		609	870
Horse Racing Ireland administration costs	15	5,855	5,275
Irish Thoroughbred Marketing expenditure		2,009	1,792
General marketing and promotions		1,832	1,646
		80,121	72,459
Other finance expense		(301)	(387)
Exceptional items	13	2,054	(1,174)
Taxation	14	(1,006)	(279)
Surplus	15	11,453	2,083

**GROUP STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

	2015 €'000	2014 €'000
Surplus for the financial year	11,453	2,083
<i>Surplus attributable to:</i>		
Horse Racing Ireland Group	11,449	2,080
Non-controlling interest	4	3
	<u>11,453</u>	<u>2,083</u>

The result on ordinary activities arises solely from continuing activities.

Notes 1 to 41 form part of these financial statements.


Joe Keeling
Chairperson


Meta Osborne
Vice Chairperson

12th September 2016
Date

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 €'000	2014 €'000
Surplus for the financial year		11,453	2,083
Actuarial gain/(loss) recognised in the pension scheme	29	2,224	(3,581)
Total comprehensive income for the financial year		13,677	(1,498)
 <i>Total comprehensive income attributable to:</i>			
Horse Racing Ireland Group		13,673	(1,501)
Non-controlling interest		4	3
		13,677	(1,498)

Notes 1 to 41 form part of these financial statements.

**GROUP STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	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 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
<i>Prior financial year</i>						
At 1 January 2014	(12,421)	62,039	17,183	6,875	8,400	82,076
Retained surplus	-	2,083	-	-	-	2,083
Non-controlling interest	-	(3)	-	-	-	(3)
Actuarial loss	(3,581)	-	-	-	-	(3,581)
At 31 December 2014	(16,002)	64,119	17,183	6,875	8,400	80,575

	Total Establishment and Other Reserves €'000	Non- controlling Interest €'000	Total Equity €'000
<i>Current financial year</i>			
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
<i>Prior financial year</i>			
At 1 January 2014	82,076	(5)	82,071
Retained surplus	2,083	-	2,083
Non-controlling interest	(3)	3	-
Actuarial loss	(3,581)	-	(3,581)
At 31 December 2014	80,575	(2)	80,573

**HORSE RACING IRELAND STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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>	€'000	€'000	€'000	€'000	€'000	€'000
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
<i>Prior financial year</i>	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2014	(12,421)	27,596	9,592	6,875	8,400	40,042
Retained surplus	-	4,068	-	-	-	4,068
Actuarial loss	(3,581)	-	-	-	-	(3,581)
At 31 December 2014	(16,002)	31,664	9,592	6,875	8,400	40,529

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 €'000	2014 €'000
Fixed assets			
Tangible assets	16	72,581	68,166
Financial assets	17	23,062	24,970
Investment properties	18	12,990	9,700
Negative goodwill	19	(3,029)	(3,378)
		105,604	99,458
Current assets			
Debtors	20	9,282	7,407
Cash at bank	21	39,808	34,885
		49,090	42,292
Creditors: Amounts falling due within one year	22	38,627	33,899
Net current assets		10,463	8,393
Total assets less current liabilities		116,067	107,851
Creditors: Amounts falling due after one year	23	9,030	12,133
Provision for liabilities	25	1,851	1,034
Pension liability	29	10,936	14,111
Net assets		94,250	80,573
Capital and reserves			
Establishment reserve	27	17,183	17,183
Revenue reserves	28	54,555	48,117
Non-distributable reserves	28	6,875	6,875
Capital reserves	28	15,635	8,400
Capital and reserves attributable to Group		94,248	80,575
Non-controlling interest	30	2	(2)
Total capital and reserves		94,250	80,573

Notes 1 to 41 form part of these financial statements.



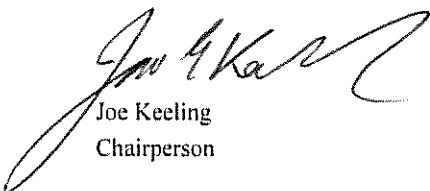
 Joe Keeling Meta Osborne
 Chairperson Vice Chairperson

12th September 2016
Date

HORSE RACING IRELAND
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 €'000	2014 €'000
Fixed assets			
Tangible assets	16	18,981	18,152
Financial assets	17	23,113	25,021
Investment properties	18	4,200	3,250
		46,294	46,423
Current assets			
Debtors	20	23,804	21,653
Cash at bank	21	33,267	27,842
		57,071	49,495
Creditors: Amounts falling due within one year	22	33,734	29,278
Net current assets		23,337	20,217
Total assets less current liabilities		69,631	66,640
Creditors: Amounts falling due after one year	23	9,000	12,000
Pension liability	29	10,936	14,111
Net assets		49,695	40,529
Capital and reserves			
Establishment reserve	27	9,592	9,592
Revenue reserves	28	17,593	15,662
Non-distributable reserves	28	6,875	6,875
Capital reserves	28	15,635	8,400
Total capital and reserves		49,695	40,529

Notes 1 to 41 form part of these financial statements.


 Joe Keeling
 Chairperson


 Meta Osborne
 Vice Chairperson

12th September 2016
 Date

GROUP STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	2015 €'000	2014 €'000
Net cash inflows from operating activities	33	13,059	6,948
Cash flows from investing activities			
Receipts from sale of tangible fixed assets		14	36
Payments to acquire tangible fixed assets		(7,131)	(1,734)
Payments to acquire investment properties		(16)	(1,368)
Receipts from financial asset loans		359	349
Loans to racecourses and industry bodies		(2,640)	(834)
Sale/ (Purchase) of unlisted investments		(9)	(4,986)
Sale/ (Purchase) of listed investments		4,058	(10,955)
Interest received		480	868
Net cash flows from investing activities		(4,885)	(18,624)
Cash flows from financing activities			
Loans in the period		-	3,501
Bank loan repayment		(3,201)	-
Interest paid		(50)	(85)
Net cash flows from financing activities		(3,251)	3,416
Net increase / (decrease) in cash and cash equivalents		4,923	(8,260)
Cash and cash equivalents at beginning of financial year	34	34,885	43,145
Cash and cash equivalents at end of financial year	34	39,808	34,885

Notes 1 to 41 form part of these financial statements.

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. Accounting Policies

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

General Information and Basis of Accounting

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

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 Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. These are the Group's first set of financial statements prepared in accordance with FRS 102.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current financial year. For more information see note 40.

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 taken advantage of the disclosure exemptions available to them in respect of the Company financial statements. 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.

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.

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.

Foal Levy Income

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

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. Accounting Policies (continued)

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.

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

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 2015

I. 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 2015

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 2015

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 2015

I. Accounting Policies (continued)

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 prepared 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.

Useful lives of tangible fixed assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The members regularly review these useful lives and change them 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 net book value of tangible fixed assets subject to depreciation was €52.878m (2014: €48.497m).

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 Limited are ongoing with The Leopardstown Club Limited awaiting an appeal hearing in the Supreme Court. The potential financial effect of this appeal cannot be reasonably ascertained at this time.

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. Accounting Policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Valuation of investment property

Investment properties were valued at €12.990m at 31 December 2015 and included an increase in value of €3.274m during 2015. Significant assumptions were applied in the valuation of investment properties. These assumptions applied to tenure, letting, town planning, and the condition and repair of buildings and sights including ground and groundwater contamination.

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. This is a prior year area of judgement.

2. Employee numbers

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

	2015	2014
	Number	Number
HRI - Full time staff	89	80
HRI - Raceday casual staff (Full time equivalents)	6	6
	<hr/> 95	<hr/> 86
HRI Subsidiaries - Full time staff	91	89
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	44	51
	<hr/> 135	<hr/> 140
	<hr/> 230	<hr/> 226

The average number of individual casual employees that worked in 2015 was 258 (2014: 320).

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Employee remuneration

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

	2015	2014
	€'000	€'000
Wages and salaries	10,412	9,970
Employer's social welfare costs	1,040	982
	11,452	10,952
<i>Analysed as follows:</i>		
Capitalised into assets	302	208
Expensed in financial year	11,150	10,744
	11,452	10,952

Included in the above figure is an amount in respect of payments paid in 2015 under a restructuring, redundancy and other programs of €79,824 (2014: €128,678).

	2015	2014
	€'000	€'000
<i>Remuneration and benefits paid to key management was as follows:</i>		
Remuneration and other benefits	942	891

Employee benefits breakdown:

Range of total employee benefits	Number of Employees	
From	2015	2014
To		
€60,000 - €69,999	19	16
€70,000 - €79,999	3	2
€80,000 - €89,999	2	3
€90,000 - €99,999	3	4
€100,000 - €109,999	2	2
€110,000 - €119,999	1	1
€120,000 - €129,999	2	1
€130,000 - €139,999	2	1
€140,000 - €149,999	1	1
€150,000 - €159,999	1	1
€160,000 - €169,999	-	1
€170,000 - €179,999	-	-
€180,000 - €189,999	-	-
€190,000 - €199,999	1	1

4. Direct costs

	Winnings paid on bets		Operating costs		Total	Total
	2015	2014	2015	2014	2015	2014
	€'000	€'000	€'000	€'000	€'000	€'000
Betting collection costs	-	-	331	380	331	380
Tote Ireland	68,564	50,745	5,983	5,912	74,547	56,657
HRI Racecourses Group	-	-	11,915	10,989	11,915	10,989
	68,564	50,745	18,229	17,281	86,793	68,026

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 and 2015. 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 2015, €54.4m was allocated to Horse Racing Ireland (2014: €43.4m).

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.

	2015 €'000	2014 €'000
Balance on hand at 1 January	306	377
Collected during the financial year	1,794	1,501
<u>Expenditure in the year:</u>		
Irish Equine Centre	815	790
Irish Thoroughbred Breeders' Association	400	365
Irish Thoroughbred Marketing	400	365
Others	69	52
	1,684	1,572
Balance on hand at 31 December (included in revenue reserves)	416	306

Irish Thoroughbred Marketing expenditure of €400,000 (2014: €365,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing expenditure in the Group Statement of Income and Expenditure account.

7. Racecourse income

Racecourse income excludes the fair value movement of investment properties owned by a subsidiary of €2.340m (2014: €0.200m) which were valued at the financial year end by CBRE. See Note 18 for more information. This is included in other income.

	2015 €'000	2014 €'000
Negative goodwill amortisation (Note 19)	349	349
HRI lease income	266	121
Fair value movements of investment properties (Note 18)	3,274	759
	3,889	1,229

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. Contributions to prizemoney	2015	2014
	€'000	€'000
From Sponsors	6,207	5,902
From Owners	12,307	12,156
	18,514	18,058
From Horse Racing Ireland	35,845	31,372
	54,359	49,430

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.

	2015	2014
	€'000	€'000
Grant to Turf Club in relation to Racing Integrity Services	5,945	5,524
Grant to Turf Club in relation to Point to Point Integrity Services	547	458
Total Grant paid to the Turf Club	6,492	5,982
Racecourse services funded by Horse Racing Ireland	3,074	2,932
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	9,566	8,914

In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the Turf Club in respect of licence renewals, appeal costs, commissions on stable bonus, sampling fees and certain charitable funds. The amounts deducted and paid over are not reflected in Horse Racing Ireland's Statement of Income and Expenditure and amounted to €0.272m in 2015, (€0.494m in 2014).

11. Grants / Fees to industry bodies

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

	2015	2014
	€'000	€'000
Irish Equine Centre	815	695
Racing Academy and Centre of Education	710	575
Order of Malta	408	396
Blue Cross	190	178
Other Industry Bodies	175	164
	2,298	2,008

In 2015, HRI also advanced loans totalling €0.140m to the Irish Equine Centre. As at 31 December 2015, total loans outstanding the Irish Equine Centre amounted to €0.950m. 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 2015

12. Racecourse schemes and capital grants

<i>Racecourse schemes</i>	2015	2014
	€'000	€'000
Levy, pitch fee and other payments to racecourses	1,109	1,108
Tote percentage betting payments	97	106
	<u>1,206</u>	<u>1,214</u>

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

<i>Capital grants</i>	2015	2014
	€'000	€'000
Capital development fund grants	654	(59)

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.

13. Exceptional items	2015	2014
	€'000	€'000
Impairment of land and buildings	-	(2,529)
Impairment on listed investments (Note 17)	(2)	-
Gain on disposal of listed investments (Note 17)	2,056	1,355
	<u>2,054</u>	<u>(1,174)</u>

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 2015

14. Taxation

(A) Analysis of charge in the financial year

	2015	2014
	€'000	€'000
Current tax:		
Corporation tax	189	188
Deferred tax:		
Origination and reversal of timing differences (Note 25)	817	91
Tax on profit on ordinary activities	1,006	279

(B) Reconciliation between tax expense 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:

	2015	2014
	€'000	€'000
Profit/ (Loss) on ordinary activities before taxation	3,705	(1,327)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in Ireland of 12.5% (2014: 12.5%)	463	(166)
<i>Effect of:</i>		
Non deductible expenses	41	23
Non allowable income	(412)	(124)
Depreciation in excess of capital allowances	157	130
Impairment of Land and Buildings	-	316
Income taxable at higher rate	44	52
Losses utilised on current period basis - Case 1	(104)	(43)
Current tax charge for financial year	189	188

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 €186,000 (2014: €212,000) 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 2015

15. Surplus for the financial year	2015	2014
	€'000	€'000
<i>Surplus for the financial year has been arrived at after charging:</i>		
Depreciation		
Owned tangible fixed assets	2,715	2,692
Leased tangible fixed assets	-	15
Auditors' remuneration: Audit of group financial statements	83	85
Capital development fund interest	50	84
Finance lease / hire purchase interest	-	1
Loss on disposal of assets	1	1
Operating lease rentals	74	76
Impairment of assets	-	2,529
<i>and after crediting:</i>		
Interest receivable on deposits	359	835
Interest receivable on loans	121	33
Negative goodwill amortisation	349	349
Gain on disposal of assets	14	10
Fair value movements of investment properties	3,274	759

Horse Racing Ireland administration costs comprise the following:

	2015	2014
	€'000	€'000
Running costs of departments - pay and non-pay	4,924	4,467
Pension Costs	131	17
Building running costs	800	791
	5,855	5,275

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

	2015	2014
	€'000	€'000
Basic salary	191	191
Pension contributions and other taxable benefits	56	56
	247	247

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. Surplus for the financial year (continued)

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

	2015	2015	2014	2014
	Fees	Mileage	Fees	Mileage
	€'000	€'000	€'000	€'000
Joe Keeling	-	-	-	-
William Flood	13	3	13	2
Francis Hyland	13	1	13	1
Jim Nicholson	13	3	13	5
Mary O'Connor (Retired 18 December 2015)	13	1	13	1
Noel Meade	13	2	13	2
Bernard Caldwell	13	1	13	1
John Power (Resigned 11 December 2014)	-	-	-	3
Noel Cloake	13	1	13	1
Michael Hickey	13	-	13	-
John Moloney	13	4	13	4
Neville O'Byrne (Retired 18 December 2015)	13	1	13	1
Meta Osborne	13	-	13	-
Eimear Mulhern	13	-	13	-
James Gough (Appointed 4 March 2015)	11	1	-	-
	167	18	156	21

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

	2015	2015	2015	2015
	Board	Board	Total number of	Total number of
	Meetings	Meetings	Board & Other	Board & Other
		Attended	Committee	Committee
			Meetings	Meetings
				Attended
Joe Keeling	9	9	18	18
William Flood	9	9	30	30
Francis Hyland	9	9	13	13
Jim Nicholson	9	8	15	13
Mary O'Connor (Retired 18 December 2015)	9	7	18	14
Noel Meade	9	9	31	21
Bernard Caldwell	9	8	23	18
Noel Cloake	9	9	28	27
Michael Hickey	9	7	13	9
John Moloney	9	9	22	20
Neville O'Byrne (Retired 18 December 2015)	9	9	12	10
Meta Osborne	9	8	26	22
Eimear Mulhern	9	9	24	18
James Gough (Appointed 4 March 2015)	7	7	13	13

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

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Tangible assets Group	Plant, Equipment, Land & IT Development		Total
	Buildings	& Vehicles	
<i>Cost and valuation</i>	€'000	€'000	€'000
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 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:		2015	2014
<i>Plant, Equipment, IT Development and Vehicles</i>		€'000	€'000
Net book value		-	-
Depreciation charge		-	15
Group - in respect of prior financial year			
	Plant, Equipment, Land & IT Development		Total
	Buildings	& Vehicles	
<i>Cost and valuation</i>	€'000	€'000	€'000
At 1 January 2014	89,027	33,496	122,523
Additions	586	1,148	1,734
Impairment (Exceptional item - note 13)	(188)	-	(188)
Reclassification	(2,033)	(82)	(2,115)
Disposals	(75)	(5,535)	(5,610)
At 31 December 2014	87,317	29,027	116,344
<i>Accumulated Depreciation</i>			
At 1 January 2014	26,370	23,136	49,506
Charge for the year	1,429	1,278	2,707
Impairment (Exceptional item - note 13)	2,340	-	2,340
Reclassification	(769)	(23)	(792)
Disposals	(75)	(5,508)	(5,583)
At 31 December 2014	29,295	18,883	48,178
<i>Net book value</i>			
At 31 December 2014	58,022	10,144	68,166
At 31 December 2013	62,657	10,360	73,017
Included above are assets held under finance leases / hire purchase agreements as follows:		2014	2013
<i>Plant, Equipment, IT Development and Vehicles</i>		€'000	€'000
Net book value		-	8
Depreciation charge		15	30

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Tangible assets (continued)	Plant, Equipment,		
Horse Racing Ireland	Land &	IT Development	
	Buildings	& Vehicles	Total
	€'000	€'000	€'000
<i>Cost and valuation</i>			
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 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 hire purchase agreements as follows:		2015	2014
<i>Plant, Equipment, IT Development and Vehicles</i>		€'000	€'000
Net book value		-	-
Depreciation charge		-	8
Horse Racing Ireland - in respect of prior financial year	Plant, Equipment,		
	Land &	IT Development	
	Buildings	& Vehicles	Total
	€'000	€'000	€'000
<i>Cost and valuation</i>			
At 1 January 2014	24,947	4,353	29,300
Additions	-	551	551
Reclassification to investment property	(1,972)	(143)	(2,115)
Disposals	-	(218)	(218)
At 31 December 2014	22,975	4,543	27,518
<i>Accumulated Depreciation</i>			
At 1 January 2014	6,721	3,229	9,950
Charge for the year	115	311	426
Reclassification to investment property	(769)	(23)	(792)
Disposals	-	(218)	(218)
At 31 December 2014	6,067	3,299	9,366
<i>Net book value</i>			
At 31 December 2014	16,908	1,244	18,152
At 31 December 2013	18,226	1,124	19,350
Included above are assets held under finance leases / hire purchase agreements as follows:		2014	2013
<i>Plant, Equipment, IT Development and Vehicles</i>		€'000	€'000
Net book value		-	8
Depreciation charge		8	23

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. Financial assets		2015	2014
	Note	€'000	€'000
Group			
Loans to racecourses	(A)	5,058	2,917
Investment in racecourse	(B)	1	1
Unlisted investments	(B)	4,995	4,986
Listed investments	(B)	13,008	17,066
		<u>23,062</u>	<u>24,970</u>
Horse Racing Ireland			
Loans to racecourses	(A)	5,058	2,917
Investment in racecourse	(B)	1	1
Unlisted investments	(B)	4,995	4,986
Listed investments	(B)	13,008	17,066
Investment in subsidiary undertakings	(C)	51	51
		<u>23,113</u>	<u>25,021</u>

(A) Loans to racecourses - Group

	Fair value through profit or loss €'000	Cost less Impairment €'000	Total €'000
Current financial year			
At 1 January 2015	2,917	-	2,917
Issuance	-	2,500	2,500
Repayments	(451)	-	(451)
Gain / (Loss) on fair value movement	92	-	92
At 31 December 2015	<u>2,558</u>	<u>2,500</u>	<u>5,058</u>
Prior financial year			
At 1 January 2014	3,266	-	3,266
Issuance	-	-	-
Repayments	(451)	-	(451)
Gain / (Loss) on fair value movement	102	-	102
At 31 December 2014	<u>2,917</u>	<u>-</u>	<u>2,917</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. Financial assets (continued)

(A) Loans to racecourses - Horse Racing Ireland	Fair value through profit or loss €'000	Cost less Impairment €'000	Total €'000
Current financial year			
At 1 January 2015	2,917	-	2,917
Issuance	-	2,500	2,500
Repayments	(451)	-	(451)
Gain / (Loss) on fair value movement	92	-	92
At 31 December 2015	2,558	2,500	5,058
Prior financial year			
At 1 January 2014	3,266	-	3,266
Issuance	-	-	-
Repayments	(451)	-	(451)
Gain / (Loss) on fair value movement	102	-	102
At 31 December 2014	2,917	-	2,917

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 Curragh Racecourse Hospitality Limited, a subsidiary of The Turf Club, measured to €1.027m (2014: €1.086m) in respect of an element of a previous redevelopment of the Curragh racecourse. The maturity date of the loan is 31st March 2020 and interest is charged at a rate of 3 month Euribor plus 0.5%. The loan is measured at amortised cost.
- a loan to Blackhall Racing Company, Punchestown Development Company Limited and Punchestown Enterprises Company Limited measured to €1.389m (2014: €1.644m). The maturity date of the loan is 30th November 2020 and interest is charged at a rate of 3 month Euribor plus 0.5%. The loan is measured at amortised cost.
- a loan to Gowran Park Race Company Limited measured to €0.142m (2014: €0.187m). The maturity date of the loan is 31st March 2018 and interest is charged at a rate of ECB plus 0.5%. The loan is measured at amortised cost.
- HRI is a participant in Curragh Racecourse Limited (a joint venture between HRI, the Turf Club and other investors) to fund the redevelopment of the Curragh Racecourse. In 2015, HRI advanced €2.5m in anticipation of grant and investment funding which is subject to evaluation.

(B) Investments - Group	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
Current financial year				
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)
Gain / (Loss) on fair value movement	-	-	(2)	(2)
At 31 December 2015	1	4,995	13,008	18,004
Prior financial year				
At 1 January 2014	1	-	6,111	6,112
Additions	-	4,986	17,066	22,052
Disposals	-	-	(6,111)	(6,111)
Gain / (Loss) on fair value movement	-	-	-	-
At 31 December 2014	1	4,986	17,066	22,053

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. Financial assets (continued)

(B) Investments - Horse Racing Ireland

	Investment in Racecourse	Unlisted Investments	Listed Investments	Total
	€'000	€'000	€'000	€'000
Current financial year				
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)
Gain / (Loss) on fair value movement	-	-	(2)	(2)
At 31 December 2015	1	4,995	13,008	18,004
Prior financial year				
At 1 January 2014	1	-	6,111	6,112
Additions	-	4,986	17,066	22,052
Disposals	-	-	(6,111)	(6,111)
Gain / (Loss) on fair value movement	-	-	-	-
At 31 December 2014	1	4,986	17,066	22,053

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). The carrying value of listed investments so presented was €13.008m (2014: €17.066m). Fair value was determined with reference to the quoted market prices at the reporting date. 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.

(C) Investments in subsidiary undertakings - Horse Racing Ireland

	2015	2014
	€'000	€'000
At 1 January	51	51
Additions	-	-
Disposals	-	-
Gain / (Loss) on fair value movement	-	-
At 31 December	51	51

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 39.

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. Investment Properties

	2015	2014
	€'000	€'000
Group		
Fair value at 1 January	9,700	6,250
Additions	16	1,368
Reclassification of Tangible Assets	-	1,323
Gain / (Loss) on fair value movement	3,274	759
Fair value at 31 December	12,990	9,700
	2015	2014
	€'000	€'000
Horse Racing Ireland		
Fair value at 1 January	3,250	-
Additions	16	1,368
Reclassification of Tangible Assets	-	1,323
Gain / (Loss) on fair value movement	934	559
Fair value at 31 December	4,200	3,250

Investment properties, which are a health and fitness club, a retail unit and an office building, were valued to fair value by CBRE, an independent valuer with recent experience in the location and class of investment property being valued. The method to determine fair value was the investment method and significant assumptions were applied to tenure, letting, town planning, and the condition and repair of buildings and sights including ground and groundwater contamination. There are no restrictions on the realisability of investment property.

19. Negative goodwill

	2015	2014
	€'000	€'000
Cost		
At 1 January	7,135	7,135
Impairment	-	-
At 31 December	7,135	7,135
Accumulated Amortisation		
At 1 January	3,757	3,408
Amortised in the financial year	349	349
At 31 December	4,106	3,757
Net book value		
At 31 December	3,029	3,378
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 2015

20. Debtors: Amounts falling due within one year	2015	2014
	€'000	€'000
Group		
Trade debtors	4,974	2,871
Prepayments and accrued income	1,964	2,538
Amounts due from industry bodies	1,090	950
Other debtors	1,217	888
Taxation recoverable	37	160
	<u>9,282</u>	<u>7,407</u>
Horse Racing Ireland		
Trade debtors	2,158	1,678
Prepayments and accrued income	804	735
Amounts due from subsidiary undertakings	19,226	17,802
Amounts due from industry bodies	1,090	950
Other debtors	526	488
	<u>23,804</u>	<u>21,653</u>
21. Cash at bank	2015	2014
	€'000	€'000
Group		
Horse Racing Ireland	33,267	27,842
HRI Racecourses	3,025	3,604
Tote Ireland	2,967	2,955
Irish Thoroughbred Marketing	549	484
	<u>39,808</u>	<u>34,885</u>
Horse Racing Ireland	<u>33,267</u>	<u>27,842</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. Creditors: Amounts falling due within one year	2015	2014
	€'000	€'000
Group		
Accruals	4,046	3,406
Bank / Other loans (Note 24)	3,000	3,101
Trade creditors	1,795	1,793
Stakes due to racing clients	23,538	20,585
Deferred income	2,483	1,298
Other creditors	3,302	3,467
Taxation creditors	463	249
	38,627	33,899
Horse Racing Ireland		
Accruals	1,612	993
Amounts owed to subsidiary undertakings	1,272	232
Bank / Other loans (Note 24)	3,000	3,000
Trade creditors	591	624
Stakes due to racing clients	23,538	20,585
Deferred income	915	862
Other creditors	2,675	2,868
Taxation creditors	131	114
	33,734	29,278

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

Other creditors includes balances amounting to €2.136m at 31 December 2015 (2014: €1.560m) deducted from Trainers' prizemoney accounts in respect of a Stable Employees Pension Plan. Discussions are ongoing between key stakeholders on the establishment of a new plan. The monies are held by HRI pending finalisation.

<i>Taxation creditors is split as follows:</i>	2015	2014
	€'000	€'000
Group		
PAYE	18	22
PRSI	20	14
VAT	302	108
Other taxes	123	105
	463	249
Horse Racing Ireland		
VAT	90	101
Other taxes	41	13
	131	114

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. Creditors: Amounts falling due after more than one year	2015	2014
	€'000	€'000
Group		
Bank / Other loans (Note 24)	9,000	12,100
Deferred income	30	33
	<u>9,030</u>	<u>12,133</u>
Horse Racing Ireland		
Bank / Other loans (Note 24)	9,000	12,000
Deferred income	-	-
	<u>9,000</u>	<u>12,000</u>
24. Bank / Other loans	2015	2014
	€'000	€'000
Group		
Repayable within 1 year	3,000	3,101
Repayable within 2 to 5 years	9,000	12,100
Repayable after 5 years	-	-
	<u>12,000</u>	<u>15,201</u>
Horse Racing Ireland		
Repayable within 1 year	3,000	3,000
Repayable within 2 to 5 years	9,000	12,000
Repayable after 5 years	-	-
	<u>12,000</u>	<u>15,000</u>

Horse Racing Ireland's Group loans comprised a bank loan in the form of a revolving credit facility until 2014 when it was converted into a term loan. The loan is repayable in installments over the next 4 years. The loan is subject to a variable interest rate based on Euribor. The weighted average interest rate during the financial year was 0.374% (2014: 0.591%). The loan is unsecured. In December 2015, the Minister for Finance granted consent to Horse Racing Ireland to enter into a €25m loan facility for the purposes of capital development. This loan will be in the form of a revolving credit facility until 2020 when it will then be converted into a 7 year term facility. The loan is subject to a variable interest rate based on Euribor. The loan will be unsecured.

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. Provision for liabilities	2015	2014
	€'000	€'000
Deferred taxation		
At 1 January	1,034	943
Charge to Statement of Income and Expenditure	817	91
At 31 December	<u>1,851</u>	<u>1,034</u>
Components of deferred taxation		
Valuation of investment properties	1,724	951
Accelerated capital allowances	160	185
Tax losses available	(33)	(102)
	<u>1,851</u>	<u>1,034</u>

26. Financial instruments

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

	Horse Racing Ireland		Group	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Financial assets				
<i>Measured at fair value through profit or loss</i>				
Listed investments (see note 17)	13,008	17,066	13,008	17,066
Unlisted investments (see note 17)	4,995	4,986	4,995	4,986
Loans to racecourses (see note 17)	2,558	2,917	2,558	2,917
<i>Measured at cost less impairment</i>				
Loans to racecourse (see note 17)	2,500	-	2,500	-
Investment in racecourse (see note 17)	1	1	1	1
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (see note 20)	23,804	21,653	9,282	7,407
Cash at bank and in hand (see note 34)	25,767	12,142	32,308	19,185
Short term fixed deposits (see note 34)	7,500	15,700	7,500	15,700
	<u>80,133</u>	<u>74,465</u>	<u>72,152</u>	<u>67,262</u>
Financial liabilities				
<i>Measured at amortised cost</i>				
Bank Loans (see note 24)	12,000	15,000	12,000	15,201
<i>Measured at undiscounted amount payable</i>				
Trade and other payables (see note 22)	30,734	26,278	35,627	30,798
	<u>42,734</u>	<u>41,278</u>	<u>47,627</u>	<u>45,999</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. Financial instruments (continued)

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

	Horse Racing Ireland		Group	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Fair value gains and losses				
On financial assets (including listed investments) measured at fair value through profit or loss	2,148	1,457	2,148	1,457
Impairment losses				
On financial assets measured at amortised cost	(2)	-	(2)	-
Interest income and interest expense calculated using effective interest rate method				
Interest income on financial assets measured at amortised cost	107	127	107	127

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 profits includes all cumulative gains and losses recognised in the Statement of Income and Expenditure. Revenue reserves at 31 December 2015 include €13.778m being the pension reserve cumulative amount charged through the Statement of Comprehensive Income (2014: €16.002m). 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 2015

29. Pension commitments

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

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

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

The DB Scheme covers the employees involved in Integrity Services who are directly funded by Horse Racing Ireland under Horseracing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2015 amounted to 153 (2014: 156). 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 year ended 31 December 2015 were €1,333,000. Future expected employer contributions in this scheme are €1,370,000 for the financial year ended 31 December 2016.
- d) A comprehensive actuarial valuation was completed at this reporting date in order to determine the defined benefit obligation
- 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 2015 were as follows:

Valuation method	Projected unit credit 2015	Projected unit credit 2014
Discount Rate	2.30% p.a.	2.20% 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	1.40% p.a.	1.25% p.a.
Statutory Revaluation	1.35% p.a.	1.25% p.a.

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. Pension commitments (continued)

		2015 Year	2014 Year
Mortality pre-retirement	Male	62% of PNML00	62% of PNML00
	Female	70% of PNML00	70% of PNML00
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 2015 and 2035 is detailed below:

Life expectancy at 65:

Current pensioners (currently aged 65) - male	20.9 years	20.8 years
Current pensioners (currently aged 65) - female	23.5 years	23.4 years
Future pensioners (currently aged 45) - male	23.5 years	23.3 years
Future pensioners (currently aged 45) - female	25.6 years	25.5 years

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

Class	Rate of expected return at 31/12/2015	Asset Distribution as percentage of total DB Scheme assets	Rate of expected return at 31/12/2014	Asset Distribution as percentage of total DB Scheme assets
		31/12/2015		31/12/2014
Equities	6.25%	49%	6.50%	51%
Property	5.25%	4%	5.50%	3%
Fixed Interest	1.75%	35%	2.00%	36%
Absolute Return Funds	4.75%	11%	5.00%	9%
Cash	0.75%	1%	1.00%	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 2016 is 2.3%.

Analysis of the amount charged to HRI Administration costs before amounts deducted for Curragh / Others are as follows:	2015 €'000	2014 €'000
Current service cost	-	-
Past service cost	65	264
	65	264

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. Pension commitments (continued)

Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:	2015	2014
	€'000	€'000
Interest income on DB Scheme assets	858	1,262
Interest on DB Scheme liabilities	(1,194)	(1,718)
	<u>(336)</u>	<u>(456)</u>

Analysis of the amount charged to exceptional items before amounts deducted for Curragh / Others are as follows:	2015	2014
	€'000	€'000
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 1.35% per annum is the appropriate assumption as at this reporting date in this regard.

The amounts recognised in the Statement of Financial Position are as follows:	2015	2014
	€'000	€'000
Present value of wholly or partly funded DB Scheme liabilities	(53,318)	(55,010)
Fair value of DB Scheme assets	40,919	39,066
Total Deficit in DB Scheme at end of the financial year	<u>(12,399)</u>	<u>(15,944)</u>
Curragh Racecourse / Others deficit included in total deficit for the financial year	(1,463)	(1,833)
Net HRI liability recognised in the Statement of Financial Position	<u>(10,936)</u>	<u>(14,111)</u>

Changes in the present value of DB Scheme liabilities are as follows:	2015	2014
	€'000	€'000
Opening present value of DB Scheme liabilities	(55,010)	(46,636)
Current service cost	-	-
Interest cost	(1,194)	(1,718)
Contributions by DB Scheme participants	-	-
Actuarial gain / (loss)	1,115	(8,476)
Past service cost gain	65	264
Benefits paid	1,706	1,556
Curtailment loss	-	-
Closing present value of DB Scheme liabilities	<u>(53,318)</u>	<u>(55,010)</u>

Changes in the fair value of DB Scheme assets are as follows:	2015	2014
	€'000	€'000
Opening fair value of DB Scheme assets	39,066	33,817
Interest income	858	1,262
Actuarial gain	1,368	4,253
Contributions by employer	1,333	1,290
Contributions by DB Scheme participants	-	-
Benefits paid	(1,706)	(1,556)
Closing fair value of DB Scheme assets	<u>40,919</u>	<u>39,066</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. Pension commitments (continued)

Analysis of the amount which is recognised in the Statement of Comprehensive Income is as follows:	2015	2014
	€'000	€'000
Curragh / Others actuarial gain / (loss) for the financial year	259	(643)
HRI actuarial gain / (loss) for the financial year	2,224	(3,581)

The actual return on DB Scheme assets in 2015 was a gain of €2.226m (2014: gain of €5.515m). The total gains and losses recognised in the Statement of Comprehensive Income at 31 December 2015 for the period is a gain of €2.483m (2014: total loss of €4.591m)

Amounts for the current and previous period are as follows:

Year ended 31 December	2015	2014
	€'000	€'000
Present value of DB Scheme liabilities	(53,318)	(55,010)
Fair value of DB Scheme assets	40,919	39,066
Deficit in the scheme	(12,399)	(15,944)
Year ended 31 December	2015	2014
	€'000	€'000
Net deficit in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	(10,936)	(14,111)
Experience adjustment arising on		
- the DB Scheme liabilities	486	904
- the DB Scheme assets	1,368	4,253

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 2015, there were 148 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 2015 were €623,000 (2014: €610,000).

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30. Non-controlling interest	2015	2014
	€'000	€'000
At beginning of financial year	(2)	(5)
Movement in the financial year	4	3
At end of financial year	<u>2</u>	<u>(2)</u>

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:

	2015	2014
	€'000	€'000
Group		
Authorised, but not contracted for	5,594	-
Authorised, but not contracted for, to subsidiary undertakings	5,321	-
Contracted	935	724
Total	<u>11,850</u>	<u>724</u>

Horse Racing Ireland

Authorised, but not contracted for	5,594	-
Authorised, but not contracted for, to subsidiary undertakings	5,321	-
Contracted	186	600
Total	<u>11,101</u>	<u>600</u>

32. Lease commitments

Operating Leases - Lessee

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

	2015	2014
	€'000	€'000
Group		
Within one year	63	58
Between one and five years	62	51
After five years	-	-
	<u>125</u>	<u>109</u>
Horse Racing Ireland		
Within one year	10	25
Between one and five years	-	9
After five years	-	-
	<u>10</u>	<u>34</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. Lease commitments (continued)

Operating Leases - Lessor

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

	2015	2014
	€'000	€'000
Group		
Within one year	909	874
Between one and five years	3,630	3,726
After five years	11,366	12,179
	<u>15,905</u>	<u>16,779</u>
Horse Racing Ireland		
Within one year	275	275
Between one and five years	1,373	1,373
After five years	4,941	5,216
	<u>6,589</u>	<u>6,864</u>

Significant leasing arrangements

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:

	2015	2014
	€'000	€'000
Surplus for the financial year before tax and other finance expense	12,760	2,749
Interest receivable	(480)	(868)
Interest payable	50	85
Depreciation	2,715	2,707
Non cash exceptional items	-	2,529
Surplus on revaluation	(3,274)	(759)
Gain on disposal of assets	(14)	(10)
Loss on disposal of assets	1	1
Negative goodwill amortisation	(349)	(349)
Tax paid	(141)	(315)
Increase in operating debtors	(1,735)	(377)
(Decrease) / Increase in operating creditors	4,778	2,875
Difference between pension charge and contribution	(1,252)	(1,320)
Net cash inflows from operating activities	<u>13,059</u>	<u>6,948</u>

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. Components of cash and cash equivalents	2015	2014
	€'000	€'000
Cash at bank and in hand	32,308	19,185
Short term fixed deposits	7,500	15,700
	39,808	34,885

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 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 €3.388m (2014: €3.513m), bookmaker's fees of €0.360m (2014: €0.328m), sponsorship collected of €0.839m (2014: €0.797m), grants payable of €2.169m (2014: €0.169m) and interest income of €0.065m (2014: €0.095m).

During the financial year, Horse Racing Ireland received repayments on financial assets of €0.675m (2014: €0.675m) and issued new financial assets of €2.038m.

At financial year end, the amounts due from related parties were as follows:

Related party name	2015	2014
	€'000	€'000
The Tipperary Race Company Plc	164	24
The Leopardstown Club Limited	1,998	3,277
Navan Races Limited	6,796	5,008
Fairyhouse Club Limited	4,141	4,401

36. Contingent liability

The court proceedings between The Leopardstown Club Limited and Templeville Developments Limited were concluded in 2013 by way of a High Court judgment in favour of The Leopardstown Club Limited and award of amounts due from Templeville Developments Limited. Templeville Developments Limited lodged an appeal against the High Court judgment. Initial judgment on this appeal was delivered by the Court of Appeal on 28th July 2015 in favour of Templeville Developments Limited. The Leopardstown Club Limited have now successfully sought an appeal against the Court of Appeal decision. No date has been set for any Supreme Court hearing. The potential financial effect of this appeal cannot be reasonably ascertained at this time.

37. Property

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

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38. Joint Venture

HRI and the Turf Club established a joint venture company, Curragh Racecourse Limited (formerly Alkmaar Limited), to facilitate the redevelopment of the Curragh Racecourse. The joint venture company's transactions for 2015 comprise the drawdown of a loan of €2.5 million from HRI and expenditure of €2.3m mainly relating to legal, design, architect, consultancy and planning related expenditure. Discussions and project appraisals are ongoing with key stakeholders, including the relevant departments, on the proposed development of the racecourse.

39. Principal subsidiaries

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

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

40. Transition to FRS 102

<i>Reconciliation of capital and reserves</i>	Note	Horse Racing Ireland		Group	
		01/01/2014 €'000	31/12/2014 €'000	01/01/2014 €'000	31/12/2014 €'000
Capital and reserves (as previously stated)		40,505	40,921	83,448	81,952
Holiday pay accrual	1	(25)	(56)	(54)	(92)
Deferred taxation on revaluation	2	-	-	(885)	(951)
Financial assets at fair value	3	(438)	(336)	(438)	(336)
Capital and reserves (restated)		40,042	40,529	82,071	80,573

HORSE RACING IRELAND
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

40. Transition to FRS 102 (continued)

Reconciliation of Statement of Income and Expenditure

	Note	Horse Racing	
		Ireland 2014 €'000	Group 2014 €'000
Surplus for the financial year (as previously stated)		4,037	1,975
Holiday pay accrual	1	(31)	(38)
Deferred taxation on revaluation	2	-	(66)
Financial assets at fair value	3	102	102
Fair value movements of investment properties	4	272	422
Retirement benefit obligation	5	(312)	(312)
Surplus for the financial year (restated)		4,068	2,083

Surplus for the financial year 2014

1. Holiday pay accrual

Prior to FRS 102, the Group did not make provision for holiday pay earned but not taken up before the financial year end date. FRS 102 requires this to be provided and consequently the additional holiday pay accrued for the financial year was €38,000.

2. Deferred taxation on revaluation

Prior to FRS 102, deferred tax was not recognised on the revaluation of investment properties. Under FRS 102, deferred tax has been recognised.

3. Financial assets at fair value

Horse Racing Ireland was not previously required to recognise certain financial assets at fair value. Consequently a number of financial assets have been re-measured to fair value in the opening Statement of Financial Position at 1 January 2014. Financial assets of €2.917m have also been re-measured in the Statement of Financial Position as at 31 December 2014. Gains / Losses from changes in the fair value are recognised in the Statement of Income and Expenditure.

4. Investment properties

Prior to FRS102, surpluses and deficits arising on the value of the investment properties were shown as a movement on the investment revaluation reserve. Under FRS 102, surpluses and deficits are recognised in the Statement of Income and Expenditure.

5. Retirement benefit obligation

There is a presentation change under FRS 102 whereby interest on the DB Scheme assets is presented in the Statement of Income and Expenditure using the liability discount rate. Under FRS17, the interest on the DB Scheme assets was calculated using an expected return on assets assumption. This has no impact on reserves on transition but the transition to FRS102 affects the allocation of interest between the Statement of Income and Expenditure and Statement of Comprehensive Income.

6. Loan receivables

Loan receivables from subsidiaries and industry bodies to Horse Racing Ireland which have maturity dates within twelve months from the financial year end have been classified as amounts due within one year. This has no net impact on reserves.

41. Approval of financial statements

The Board of Horse Racing Ireland approved these financial statements for issue on 12th September 2016.