

Horse Racing Ireland

Annual Report

2022



HORSE RACING IRELAND
RÁSAÍOCHT CAPALL ÉIREANN



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Our Mission

“TO DEVELOP AND PROMOTE IRELAND’S HORSE RACING AND BREEDING INDUSTRIES, TO ADMINISTER AND GOVERN THE SPORT OF HORSE RACING IN IRELAND, TO CULTIVATE AND PROMOTE THE HIGHEST STANDARDS OF INTEGRITY AND WELFARE”.

In identifying our 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 race going public.

The continuity of funding necessary to develop strategies to achieve our mission is the key element of the HRI Strategic Plan 2024 - 2028.

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



OUR VALUES

We are guided by a clear vision and mission, whilst always ensuring that we adhere to the six core values on which our organisation is based.



PRIDE & PASSION

Passion underpins everything we do at the heart of the racing and breeding industry. We are proud to be world leaders in our industry.



RESPECT

We respect each other along with the history, legacy and tradition of our industry, its community, horse population and people. We embrace our responsibilities and seek to deliver for all our stakeholders.



INTEGRITY

We are committed to honesty and integrity, creating a transparent environment where we listen and value each other. The welfare of our people and animals is always at the forefront of our minds.



EMPOWERMENT

We invest in our people to empower them to set the highest standard. We promote teamwork and diversity. Our people matter and are the key to our success. We are committed to creating an environment based on trust and open communication.



EXCELLENCE

Our goal is for Irish racing and breeding to excel, to set the standard and to be the best in the world. Our people will be recognised for their expertise, knowledge and can-do approach.



AMBITION

We want to increase the popularity of our sport, while growing and building a sustainable, progressive organisation. We encourage innovation and challenges to the status quo so that we work smarter for each other and our industry.

Social & Economic Impact of Irish Thoroughbred Breeding & Racing

1.2m
Racecourse
attendees
in 2022





Total direct and stimulated expenditure – 2022

€2.46bn

(2016: €1.84bn)

↑
34%

Direct and stimulated expenditure of Core Breeding and Racing industry – 2022

€1.22bn

(2016: €914m)

↑
33%



Secondary expenditure – 2022

€1.24bn



20%

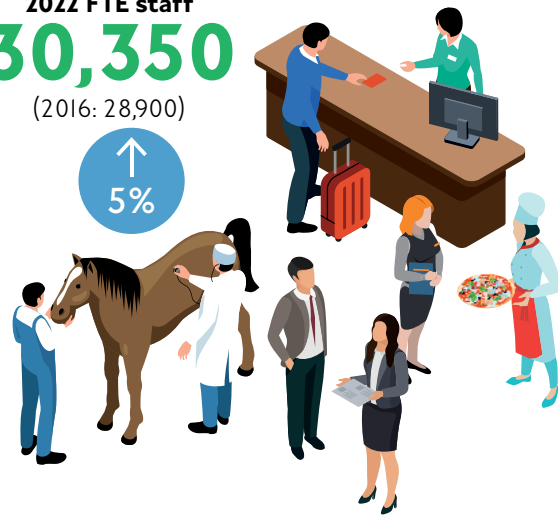
of the horses included in the World's Best Racehorse Ranking (for three-year-olds and upwards) in 2022 were Irish-bred.

2022 FTE staff

30,350

(2016: 28,900)

↑
5%



Breeding industry gross expenditure

€819m

€538m public sales

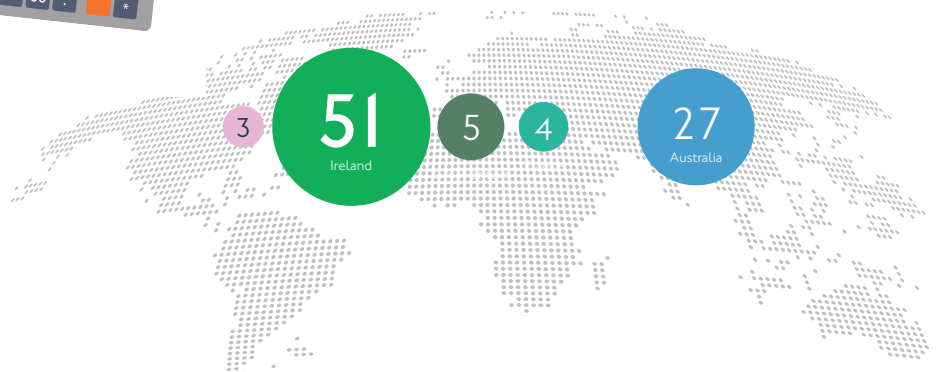
€120m private sales

€141m nomination fees

€20m boarding fees



Thoroughbreds to 10,000 of population for selected territories



Board Members and Committees of Horse Racing Ireland

Horse Racing Ireland Board

Nicholas Hartery	Chairperson
Caroline Corballis	Representative of the Racing Regulatory Body
Daragh Fitzpatrick	Chair, HRI Betting Committee
Ger Flynn	Stable staff nominee, HRI Industry Services Committee
Christy Grassick	Representative of racehorse breeders
Elizabeth Headon	Ministerial nominee
Laurence McFerran	Representative of the Racing Regulatory Body
Robert Nixon	Representative of the horse racing industry in Northern Ireland
Carol Nolan	Chair, HRI Industry Services Committee
Peter Nolan	Ministerial nominee
Joseph O'Brien	Representative of racehorse trainers
Conor O'Neill	Representative of authorised racecourses
Caren Walsh	Representative of racehorse owners

Committees Membership as at 18.12.2023

APPOINTMENTS & REMUNERATION COMMITTEE

Nicholas Hartery (*Chairperson*)
Con Haugh
Carol Nolan
Caren Walsh

FIXTURES COMMITTEE

Laurence McFerran (*Chairperson*)
Christy Grassick
Joseph O'Brien
Conor O'Neill
Caren Walsh

BOOKMAKERS COMMITTEE

Pat Brennan (*Chairperson*)
Frank Lannon
Claire Rudd

FAIRYHOUSE COMMITTEE

Pat Byrne (*Chairperson*)
Billy Bourke
Dara Mullen
Stephen O'Connor
Mary Wallace
Nina Walsh

BETTING COMMITTEE

Daragh Fitzpatrick (*Chairperson*)
Sharon Byrne
Ross Kierans
James Ryan

FOAL LEVY COMMITTEE

Jim Beecher (*Chairperson*)
Roger Casey
Richard Kennedy
John McEnery
David O'Callaghan
John Osborne

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AUDIT & RISK COMMITTEE

Victor Clarke (Chairperson)
Linda Harney
Laurence McFerran
Robert Nixon
Carol Nolan
Patricia O'Connor

RACEGOERS CONSULTATIVE FORUM

Paul Dermody (Chairperson)
Teresa Farrell
Nessa Devereux
Kara Gabbett
Tom Galway
Eugene Kelly
Mark McGrath
Steven McGuinness

ITM COMMITTEE

Dermot Cantillon (Chairperson)
Damien Burns
Joey Cullen
Victor Connolly
Tamsó Doyle
Suzanne Eade
Jane Mangan
Jim McCartan
Eamon Moloney
Eimear Mulhern
David O'Loughlin
John Osborne
Richard Pugh
Frances Smullen

LEOPARDSTOWN COMMITTEE

Jim Mulqueen (Chairperson)
Tommy Breen
Paul Dermody
Suzanne Eade
Niamh Egan
Sarah Judge
John Kennedy
Una Manning
Eimear Mulhern
Patrick Mullins
Paddy Prendergast

MEDIA RIGHTS COMMITTEE

Conor O'Neill (Chairperson)
Caroline Corballis
Nicholas Hartery
Michael Moloney
Robert Nixon

NAVAN COMMITTEE

Jimmy Owens (Chairperson)
Theresa Allen
William Flood
Eimear Hannon
Matt O'Connor
Pat Shiels

PROGRAMMES COMMITTEE

Laurence McFerran (Chairperson)
Christy Grassick
Joseph O'Brien
Conor O'Neill
Caren Walsh

TIPPERARY COMMITTEE

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

INDUSTRY SERVICES COMMITTEE

Carol Nolan (Chairperson)
Andrew Coonan
Ger Flynn
John Lane
Jennifer Walsh

HRI NOMINATIONS / APPOINTMENTS as at 18.12.2023

DUNDALK

Roger Casey
Joe Collins
John Osborne

CURRAGH RACECOURSE LIMITED

Paul Dermody
Suzanne Eade
John Moloney

CORK

John Murphy

IRISH EQUINE CENTRE

Roger Casey
John Malone
John Osborne
Sharon O'Regan

JOCKEYS ACCIDENT FUND CLG

Claire Rudd

PUNCHESTOWN

Jason Morris
Dick O'Sullivan
Sandy Persse
NyalL Speirs

THOROUGHBRED COUNTRY CLG

Aileen Goatley

RACE

Michelle Lawlor
John Murphy



Chairman's Report

The Board of Horse Racing Ireland and its executive team are pleased to present the 2022 Annual Report. In the following report, we summarise our financial performance, compliance with the code of governance of state bodies as well as providing additional information as required from our key stakeholders.

The 12 months covered in these pages were also the subject of key research by Deloitte, leading advisors to the sports business market. Acting on behalf of Horse Racing Ireland, Deloitte produced a report, released in May 2023, which showed how Ireland's thoroughbred horse racing and breeding industry has enjoyed sustained growth across multiple key economic and social measures. The Board consider this independent research an essential measurement of the industry's performance, providing reassurance to key stakeholders in relation to return on exchequer investment.

In 2022, the sector, including breeding, training, racing, and ancillary activities, was worth €2.46bn to the Irish economy in direct and stimulated expenditure, up 34% from 2016. There has always been a special motivation to improve on the numbers employed across the industry and this latest report also demonstrates how Irish racing and breeding supports a total of 30,350 jobs, an increase of 1,450 in just six years.

I have always been confident that the industry would continue to prosper and deliver a significant return to the rural economy in the face of a number of challenges, namely Brexit, the Covid-19 pandemic and the on-going cost of living crisis.

Ireland continues to enjoy leadership status among the major racing nations. There is a long-established confidence in Irish bloodstock, a fact borne out in 2022 when a record figure of €215.4m for bloodstock sales at public auctions was realised, with the value of Irish-foaled exported horses sold through auction almost reaching €300m. Irish-foaled horses sold through public auction were exported to 34 countries in 2022.

By working with the teams in HRI and Irish Thoroughbred Marketing, the Board will strive to ensure that these international markets, with a specific focus on the United States, deliver significant growth in the years ahead. Through its natural advantages, dedicated and skilled workforce, Ireland remains a significant opportunity for overseas investors.

2022 was the first full year since 2019 that was not affected by the Covid pandemic and it was telling that the majority of our key statistics showed significant gains when set against the last comparable pre-pandemic year of 2019.

I would like to acknowledge the dedication and commitment of the HRI Board, its committees, HRI staff and supporting bodies for all their efforts in 2022 which has resulted in continued growth for the industry. It is also important to recognise the continued support from the Minister of Agriculture, Food and the Marine as the Horse and Greyhound Racing Fund remains a key stimulus for the health of the Irish breeding and racing industry.

Nicky Hartery

Chairman, Horse Racing Ireland



Chief Executive's Report

It was a welcome return to a normalised year for the Irish racing and breeding industry in 2022 post two years navigating its way through the Covid pandemic challenges. When we set last year's industry statistics against pre-pandemic equivalent results from 2019, we can see there were sizeable gains. Many areas including ownership, horses-in-training, Tote betting and bloodstock sales, are well ahead of 2019.

The importance of the industry cannot be understated as the research conducted by Deloitte highlighted that in 2022 €2.46bn of total annual expenditure supporting over 30,300 direct and indirect jobs has been generated primarily in rural areas. A key part of this expenditure comes from foreign direct investment of €550m. Horse Racing Ireland with the support of all its key stakeholders will continue to focus on ensuring that the environment remains an attractive opportunity for the retention of existing and future investment.

Horse Racing Ireland continued to focus on equine and human welfare, integrity and sustainability vital to the long-term success and reputation of the industry. The financial statements will highlight the increased investments into a number of these areas including the implementation of CCTV at 25 racecourses, the stable yard expansion scheme and a new scheme for upgrades to industry facilities and track works. These upgrades continued in 2023 and participants in the industry will see significant improvements to several areas with a focus on those relating to safety and welfare.

Domestic and foreign owners remain key to the vitality of both the racing and breeding industry. Compared to 2019 the total number of owners is up 17.1% to 4,757. Increasing participation is a key strategic priority for Horse Racing Ireland and the growth in the number of syndicates up 24.2% on 2019 is very pleasing as it signals the ever-present popularity of the sport. Almost seven out of every 10 runners in Ireland won prize money in 2022 which is an important measure as we acknowledge the incredible loyalty and patience of our owners displayed during Covid.

Reported attendances rallied strongly in the second half of 2022 with a total crowd figure of 1.248m. Whilst it was a 5.1% decrease versus 2019, we were pleased that nine out of 10 people who went racing pre pandemic were already back in attendance. Driving attendances and engagement with our sport is central to Horse Racing Ireland's objectives.

There was a strong increase in the overall figure for bloodstock sales at public auction which came in at €215.4m an increase 30.3% on 2019 and is 17.8% ahead 2021. Irish-foaled horses were sold to 34 countries while the overall value of those horses sold through auction was €293.2m.

Finally Irish trained horses continued to perform exceptionally in 2022 and our owners, breeders, trainers and jockeys enjoyed significant international success. On the Jumps side there were 18 Irish trained winners at Cheltenham festival and in Aintree Irish trained horses were first three home in the Grand National. On the Flat, Irish trained horses were among the Classic winners in Ireland and Britain and there was success at Group 1 level in France and America along with notable victories at top level at Royal Ascot and the Breeders' Cup.

Suzanne Eade

Chief Executive, Horse Racing Ireland





Finance Review

GROUP INCOME AND EXPENDITURE ACCOUNT

The financial statements of the Horse Racing Ireland Group show a deficit for the year ended 31st December 2022 of €5.7m compared to a surplus of €6.0m in 2021.

This movement is due to a number of factors including the impact of Covid-19 on the 2021 results and the re-opening in 2022. Income in 2022 increased by €2.8m despite a reduction in the Horse & Greyhound Racing Fund of €6.4m. This is mainly due to the removal of Covid-19 restrictions and the return of sponsorship.

However, despite the increase in income, expenditure (net of exceptional items) increased by €14.7m. This included increased expenditure on prize money of €5.6m, CCTV and increased integrity costs of €2.5m, the resumption of pitch fees & levies €0.7m, capital grants to racecourses of €2.5m, increased administration costs €0.8m and movement of the fair value of investments of €2.4m.

GROUP INCOME

Total turnover for the year increased by 35%, or €23.9m to €92.5m compared to €68.6m in 2021, the largest element of which related to Tote betting income.

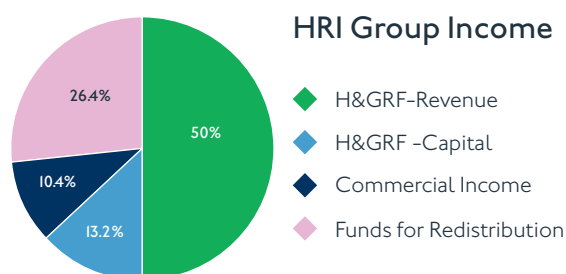
Tote Ireland turnover has increased from €55.1m to €68.3m resulting in an increase of €13.2m. This reflects the return of patrons to racetracks post the lifting of Covid restrictions. Off Course betting via high street and international B2B networks similarly returned to pre-Covid levels in 2022. The winnings paid by Tote Ireland have increased by €1.09m which is reflective of increased participation into Irish Pools.

Betting related fee income increased by €1.1m, driven by attendances returning to track in 2022.

Racecourse income has increased by €9.6m with a corresponding increase in operating costs of €9.2m which reflects a return to more normalised race day activity levels post Covid-19.

The number of fixtures staged in Ireland in 2022 was 388 compared to 394 in 2021. The total number of races run was 2,877 compared to 3,021 in 2021. 2022 saw the lifting of the Covid-19 restrictions and the return of in person attendees at race meetings. This is the key driver of the variances for income from racing. The first six months of the 2021 fixture list saw a readjustment to the racing calendar with increased activity to accommodate point-to-pointers on the racecourse, fixtures that reflected in that year's total entries, eliminations, runners, and the numbers of horses-in-training.

Complete statistics for Irish racing are available in the Horse Racing Ireland Factbook 2022 and on www.hri.ie



*H&GRF - Horse & Greyhound Racing Fund

OTHER INCOME

Total Other Income was €109.8m which remained broadly in line with 2021 figure of €109.2m.

The total allocation to horse racing from the Horse and Greyhound Racing Fund was €70.4m in 2022, a reduction of €6.4m from the 2021 grant which included Covid support funding.

Prize money contributions from owners and sponsors increased by €6.2m. This is due to the resumption of racing and increased sponsorship aligned with the lifting of Covid-19 restrictions.

Media income increased by €0.9m as racing returned to normal post Covid. In 2021 there was a period when Betting Shops were closed which had an impact on income earned.



GROUP EXPENDITURE

Group expenditure increased by €15.7m from the 2021 figure of €99.6m.

Industry services expenditure came to €92.2m which is an increase of €7.4m in the year. The primary driver for the increase in this area is fixture related with total prize money increasing by €5.6m. Prize money and Grants for the Point-to-Point sector increased by €0.7m in 2022 which was mostly driven by the impact of Covid 19 restrictions in H1 2021.

The total prize money pool of €68.3m showed an increase of €5.6m from the previous year's total of €62.6m (see pages 18 to 21 with respect to prize money expenditure). Within the overall prize money pool, Point-to-Point prize money in 2022 totalled €1.5m.

In addition to fixtures related expenditure, Industry Services costs supports areas of development such as Industry Education, Ownership promotion, Grants to Industry Bodies and Welfare activity.

Total distributions paid under the Foal Levy Scheme in 2022 were €2.2m. The primary beneficiaries of the Foal Levy funds in 2022 were the Irish Equine Centre, in receipt of €0.9m, Irish Thoroughbred Marketing Limited in receipt of €0.6m and the Irish Thoroughbred Breeders' Association, in receipt of €0.5m.

Industry capital development expenditure came to €5.1m which is an increase of €4.1m on the prior year. This expenditure includes capital development schemes for racecourses and integrity capital spend.

HRI has a capital development scheme for racecourses which provides up to a maximum of 40% funding of capital expenditure approved under the scheme. In 2022, capital development fund grants totalled €2.7m which includes €1.5m under a Stable Yard Expansion Scheme which 11 racecourses subscribed to and €1.2m Industry Facilities and Track Works Scheme which two racecourses subscribed to.

HRI provides funding to the Irish Horseracing Regulatory Board to meet the cost of providing on-course integrity services. Integrity and the associated Racecourse Services costs amounted to €16.7m in 2022 with integrity services increasing by €2.8m due mainly to the CCTV Capital Project. The total grant paid to the IHRB was €12.7m in 2022. Additionally, HRI directly funds Racecourse Service costs which includes the mobile camera and broadcast unit, starting stalls & photo finish. Racecourse services costs amounted to €4.1m in 2022.

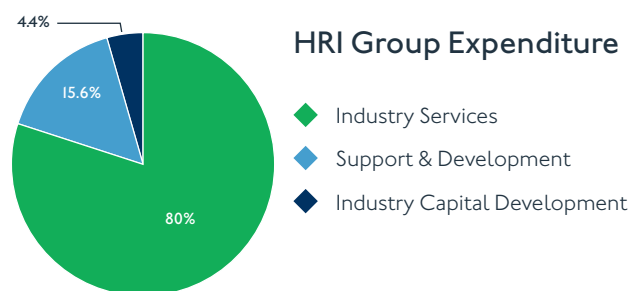
Support and Development came to €18m which is an increase of €4.2m in 2022. This expenditure includes administration costs, ITM expenditure, general marketing and promotions and fair value movements on listed investments and investment properties.

The largest increase in support and development expenditure was namely an unrealised loss of €2.5m attributable to the fair value movement on listed investments. There was also an unrealised loss on the fair value movement of investment properties of €0.4m.

Horse Racing Ireland's administration costs (including the administration of racing and depreciation) increased from €8.8m to €9.6m in 2022. Inflationary increases were experienced across many areas including energy, payroll and IT costs.

ITM expenditure increased from €2.0m to €2.3m as the team returned to a full schedule of travel and promotion activity with enhanced initiatives and supports offered in 2022.

General marketing and promotions increased from €2.9m to €3.4m to support activity in a post Covid environment and the return to a full open door racing schedule.



GROUP CASH FLOW

In 2022, Group cash inflows from operating activities amounted to €10.0m. The net cash inflows from investing activities totalled €9.9m.

During the year, Group payments to acquire tangible fixed assets totalled €2.8m.

The Group purchased listed investments of €10.4m and sold listed investments of €8.0m. There were no unlisted investments held at year end.

Bank loans of €4.3m were repaid in 2022 with remaining bank loans payable of €16m at year end.

As at 31 December 2022, HRI Group held €58.5m in cash and bond investments of which €46m relate to balances due to racing clients, €5.2m in restricted use funds and €7.3m in cash reserves, of which €1.3m relates to HRI and €6m to subsidiaries.

PRIZE MONEY

WHY IS PRIZE MONEY IMPORTANT?

Prize money is an invaluable stimulus to owners and breeders which helps create vital revenues for local economies throughout the island of Ireland, leading to consistent foreign direct investment and providing a platform for sporting and industry success on a world stage. In simple terms a competitive prize money environment attracts owners from around Ireland and internationally, which in turn creates demand for horses in training and significant rural employment.

Ireland has a large number of foreign based owners who see Irish racing as the home for their investment in bloodstock. This is because of our strong structures and high quality, competitive race programme, the skills of our trainers, jockeys, stable staff and equine support services, and critically Government backed prize money levels - this is vital as racing and breeding operate in an international environment in which many other major racing nations are well funded and compete with Ireland for agile global investment.

A properly funded racing programme, underpinned by strong prize money levels, creates the platform for breeders to race their progeny which, if successful, enhances the demand and value of their stock. This in turn allows breeders to recoup their significant expenditure through the sales rings and re-invest within the industry. In 2022, turnover at Irish sales was €215m, while Irish breeders achieved €538m in sales worldwide. In effect, the prize money offered for Irish racing acts as a trade stimulus for Irish-based breeders and the wider bloodstock market, producing a further significant financial contribution for our valuable rural industry.

Government's unwavering support has helped Horse Racing Ireland to build the Irish racing and breeding industry into a recognised world leader from both a sporting and business perspective. This is reflected in the 2022 research undertaken by Deloitte which demonstrated that for every €1 of Government funding allocated to the sector in 2022, the industry contributed €35 to the Irish economy in core and secondary expenditure, a very significant multiplier effect.

The stimulus provided by the prize money element of annual funding from Government is critical to the overall economic impact that the industry produces and that consistent level of return on investment for Government. More information on the Social and Economic Impact of Irish Breeding and Racing is available on our website – hri.ie/press-office/publications/.

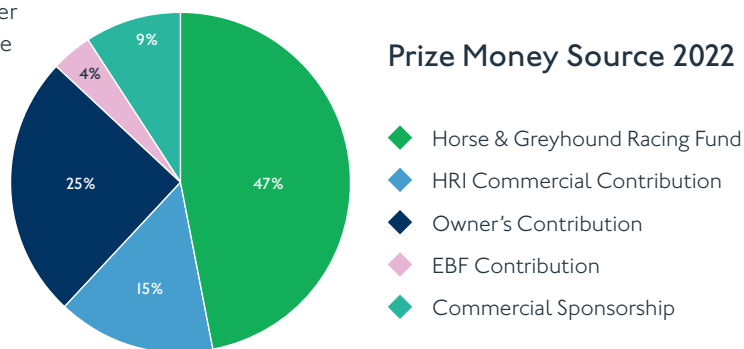
HOW WAS PRIZE MONEY FUNDED IN 2022?

Excluding the Covid impacted years of 2020 and 2021, total prize money had been on an upward trajectory every year since 2011, reaching a record level of €67m in 2022. HRI committed €41m towards prize money in 2022, with €32m funded by the Horse and Greyhound Racing Fund and €9m from revenue generated through HRI's commercial income and other sources.

Owners, via entry fees, represent the second biggest source of prize money contributions at €17m (representing 25% of the total) in 2022. This remains the highest percentage contribution by owners in any major racing territory, and further demonstrates the importance of owner investment to the sport.

During Covid-19 commercial prize money contributions (i.e. sponsorship) reduced to €2m in 2020 and 2021 (from historical levels of €6m), as businesses reduced spending during this uncertain period when racecourse attendance was often prohibited. Commercial prize money contributions returned to pre-pandemic levels in 2022, with sponsors being represented by the industry sectors such as bookmakers/ betting exchanges, the media and stud farms.

Other notable prize money sources include the Irish European Breeding Fund (€2.6m) and contributions from Northern Ireland's devolved government for races at Down Royal and Downpatrick (€0.4m). The following chart graphically illustrates how prize money was funded in 2022 for reference.



The total prize money pool of €68.3m showed an increase of €5.6m from the previous year's total of €62.6m. The contributions from sponsors increased by €4.0m and owners by €2.2m while Horse Racing Ireland's contribution decreased by €0.5m. The total prize money pool relates to contributions to prize money under the Rules of Racing and Points-to-Points.

HOW WAS PRIZE MONEY DISTRIBUTED IN 2022?

The below table illustrates how the prize money fund was distributed to owners and trainers in 2022.

Total Prizefund in Year	2022 (€'000)				2021 (€'000)			
	Gross		Net		Gross		Net	
	€'000	% of Total Prizefund	€'000	% of Total Prizefund	€'000	% of Total Prizefund	€'000	% of Total Prizefund
Total Prizefund in Year	66,723		66,723		61,817		61,817	
Prizemoney - Owners								
Top 5	7,406	11.1%	5,326	8.0%	7,768	12.6%	5,587	9.0%
Top 10	11,494	17.2%	8,266	12.4%	12,000	19.4%	8,630	14.0%
Top 20	16,702	25.0%	12,012	18.0%	16,189	26.2%	11,643	18.8%
Top 21-100	15,416	23.1%	11,087	16.6%	12,602	20.4%	9,063	14.7%
101+	34,605	51.9%	24,887	37.3%	33,026	53.4%	23,752	38.4%
Total Prizefund distributed	66,723	100.0%	47,986	71.9%	61,817	100.0%	44,458	71.9%
Prizemoney - Trainers								
Top 5	22,211	33.3%	1,517	2.3%	19,136	33.3%	1,307	2.1%
Top 10	30,269	45.4%	2,067	3.1%	27,627	45.4%	1,887	3.1%
Top 20	37,960	56.9%	2,593	3.9%	35,039	56.9%	2,393	3.9%
Top 21-100	18,518	27.8%	1,265	1.9%	16,802	27.7%	1,148	1.9%
101+	10,245	15.4%	701	1.0%	9,976	15.4%	681	1.1%
Total Prizefund distributed	66,723	100.0%	4,559	6.8%	61,817	100.0%	4,222	6.8%

The above table reflects how prize money was distributed across the ranges of owners and trainers as detailed. Gross prize money is the gross amount of prize money available and won by a participant and is used for tracking the leading owner, and trainer championships. Net prize money is the actual amount of prize money received by an owner or trainer after all relevant deductions have been processed.



HOW WAS PRIZE MONEY DISTRIBUTED IN 2022? (continued)

In overall terms:

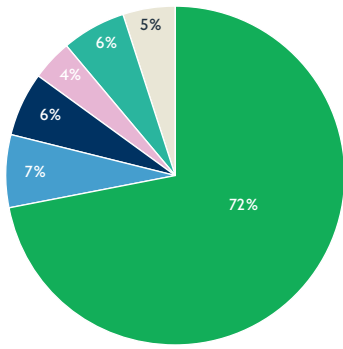
- ◆ 65% (3,238) of all owners were in receipt of prize money in 2022 at an average receipt of €19,400 per owner (gross) and €14,800 per owner (net) after deductions.
- ◆ 77% (550) of all trainers won prize money in 2022 at an average receipt of €10,900 per trainer (gross) and €8,300 per trainer (net) after deductions.
- ◆ 70% or seven out of every 10 individual runners (5,686 out of 8,144) won prize money in Ireland in 2022 which is the highest number and percentage we have ever reported in this category.

The average prize money won per winning horse was €11,700 in 2022. Progressive steps have been taken to ensure as widespread a distribution of prize money as possible with payments down to the 6th place finisher now being available in all Irish races.

The annual HRI Factbook provides detailed information on where prize money is distributed annually. The most recent Factbook is available on the publications page on our website - <https://www.hri.ie/press-office/publications/> and the prize money totals by leading owners, trainers and jockeys are detailed on pages 44-49. It should be noted that the figures shown are gross figures for each win or place and as noted earlier, the average net gain after all deductions is: Owner 71.92%, Trainer 6.83%, Rider 5.96%.



The below charts illustrate how prize money was distributed across all participants in 2022:



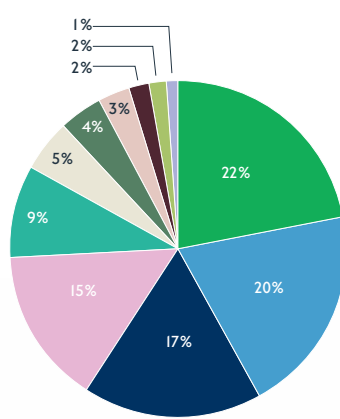
- ◆ Owners*
- ◆ Trainers
- ◆ Jockeys
- ◆ Stable Staff*
- ◆ Cost to Run*
- ◆ Other (See below)

	€'000
Owners*	47,986
Trainers	4,559
Jockey	3,979
Stable Staff*	2,848
Cost to Run*	4,003
Other	3,348
Total	66,723

* Owner's value and Cost to Run are in accordance with HRI directive 7. Owner's gain is calculated as the Gross Prize Money less the Cost to Run. Cost to Run includes Entry, Forfeit, and Declaration fees (excluding Bookage).

* This figures consists of the Stable Employees Bonus Scheme and the stable staff pension contributions.

Distributions included in 'Other' above (%):



- ◆ Irish Jockeys Pension Trust
- ◆ Jockeys Emergency Fund
- ◆ Agent
- ◆ Irish Jockeys Trust
- ◆ Racing Academy of Education (RACE)
- ◆ Irish Racehorse Trainers Association (I.R.T.A.)
- ◆ Irish Jockeys Association
- ◆ I.R.T.A. Benevolent Fund
- ◆ Valet
- ◆ I.R.T.A. Marketing Fund
- ◆ Other (Blue Cross and Irish Horse Welfare Trust)



SUSTAINABILITY

Embracing Ireland's Climate Action Plan, HRI has established a robust and ambitious approach to sustainability, and launched its Sustainability Strategy 'Racing towards a better world' in December 2023 (see www.hri.ie/corporate/sustainability/our-commitment).

Our vision is to drive and support the Irish Thoroughbred Breeding and Racing Industry to become a recognised leader in sustainability and the strategy identifies the role HRI will play in delivering sustainability change across the organisation, while also providing guidance and support to the wider industry.

We intend to lead by example as an advocate and champion of sustainability in the public sector along with helping the breeding and racing industry to increase its understanding of sustainability priorities through practical measures and financial supports where possible.

To achieve this, we need to ensure that significant sustainable development funding is made available nationally and at EU level, and HRI continues to work with our key Government stakeholder, the Department of Agriculture, Food and the Marine (DAFM), in this regard.

The Programme for Government is fully committed to the future of horse racing, recognising the contribution made by the sector socially and economically to both urban and rural Ireland. This commitment extends to working with HRI in developing the industry over the coming years and encouraging the implementation of climate and biodiversity-friendly strategies across the sector. HRI will also develop and update as required a detailed 'Gap to Target' exercise to identify and schedule the investment required to meet our sustainability objectives.

As a Commercial Semi-State Body, HRI and its four subsidiary racecourses, Fairyhouse, Leopardstown, Navan and Tipperary, currently focus and report on our energy efficiency and CO2 footprint annually, as we collectively work towards the mandated 2030 Public Sector targets. Our progress is reported in the SEAI Annual Report on Public Sector Energy Performance.



DIVERSITY & INCLUSION

HRI is committed to a workplace environment that promotes diversity and inclusion, creating an open and inclusive culture where everyone feels valued. We formulate and implement policies and practices that value diversity and provide fair equality of opportunity.

The HRI Board currently has 30.7% female representation, excluding a vacant position, and therefore does not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards. The matter of gender balance is currently being addressed and it is the aim of the Board to meet this 40% target by the end of 2024.

A SUSTAINABLE ORGANISATION



Foster a culture of sustainability throughout our organisation.



DEMONSTRATE ENVIRONMENTAL LEADERSHIP THROUGHOUT OUR OPERATIONS

Protect the land that serves our sport by reducing the environmental impact of our operations.



FOSTER A SAFE, HEALTHY WORKING ENVIRONMENT

Ensure everyone feels safe and valued while promoting the highest standards of wellbeing.



EMPOWER LEADERS AT EVERY LEVEL TO MANAGE AND DELIVER CHANGE

Transform our governance to embed sustainability into organisation's strategy and reporting.

RACING TOWARDS A BETTER WORLD



**PROTECT
OUR PLANET**



**CREATE A SAFE,
INCLUSIVE INDUSTRY**



**ESTABLISH A CULTURE
OF SUSTAINABILITY**

A SUSTAINABLE INDUSTRY

Support the sector in becoming a recognised leader in sustainability.



ACCELERATE ENVIRONMENTAL BEST PRACTICE

Build capacity through guiding resources to help our industry transform how it operates.



FOSTER A CULTURE OF SAFETY FOR ALL WHO PARTICIPATE IN OUR SPORT

Cultivate a culture of zero compromise regarding safety and care standards for our horses and our people.



PREPARE THE INDUSTRY FOR A SUSTAINABLE FUTURE

Support and guide the industry for changes in the future regulatory environment.



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Audited Group Financial Statements

HORSE RACING IRELAND

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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Board Members and Other Information

Board Members

Mr. Nicholas Hartery
(Chairperson)

Mr. Bernard Caldwell (Retired 13 June 2022)

Ms. Caroline Corballis (Appointed 3 March 2023)

Mr. Daragh Fitzpatrick

Mr. Ger Flynn (Appointed 13 June 2022)

Mr. Christy Grassick

Mr. Michael Halford (Retired 18 October 2022)

Ms. Elizabeth Headon

Mr. Harry McCalmont (Retired 12 January 2021)

Mr. Laurence McFerran (Appointed 12 January 2021)

Mr. Robert Nixon

Ms. Carol Nolan

Mr. Peter Nolan

Mr. Joseph O'Brien (Appointed 11 January 2023)

Mr. Conor O'Neill

Ms. Meta Osborne (Retired 3 March 2023)

Mr. John Powell

Ms. Caren Walsh

Secretary

Ms. Claire Rudd (Appointed 31 December 2021)

Mr. Raymond Horan (Retired 31 December 2021)

Registered Office

Ballymany
The Curragh
Co. Kildare

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1

Solicitors

Byrne Wallace
88 Harcourt Street
Dublin 2

William Fry
2 Grand Canal Square
Dublin 2

LK Shields
40 Mount Street Upper
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.
Ulster Bank Ireland DAC

Governance Statement and Board Members' Report

Governance

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

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

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

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

Board Member Responsibilities

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

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

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

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

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

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

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

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

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

The Board considers that the financial statements of Horse Racing Ireland give a true and fair view of the financial performance and the financial position of Horse Racing Ireland at 31 December 2022.

Governance Statement and Board Members' Report (continued)

Board Structure

The Board consists of a Chairperson and thirteen ordinary members, all of whom are appointed by the Minister for Agriculture, Food and the Marine. Members of the Board are generally appointed for a period of four years. In some instances, a second term may be served or the period of appointment may be longer. Members meet between 8 - 10 times per calendar year. The date of appointment of current members has been included at Note 15 to the Financial Statements. The Board conducted an external Board Effectiveness and Evaluation Review in 2020 and a self evaluation review was conducted in 2021 and 2022.

As at 31 December, the Board had four female and nine male members, with one position vacant. This vacancy was filled in January 2023. The Board therefore does not meet the Government target of a minimum of 40% representation of each gender in the membership of State Boards. The Board currently has 29% female representation. All nominating bodies have been reminded of the requirement for gender balance.

Pursuant to section 18 of the Irish Horseracing Industry Act 1994, HRI may establish committees to assist and advise it in relation to the performance of any of its functions. HRI may delegate to a committee any of its functions which, in its opinion, can be better or more conveniently exercised or performed by a committee.

HRI has established five committees and one forum in accordance with the governing legislation. The membership of each committee/forum is defined by reference to the underlying statutory provisions. No committee members receive any fees in relation to these appointments.

Fixtures Committee

The race fixtures committee is tasked with recommending the annual list of race fixtures, other than point-to-point steeplechases, to HRI. This work includes recommending new or additional fixtures in the event of abandonment or cancellation of fixtures, monitoring the programme of race fixtures and proposing policies and strategies which form the basis for determining race fixtures.

Media Rights Committee

The statutory remit of the media rights committee is to negotiate, on behalf of HRI and all authorised racecourses, all contracts or arrangements in relation to the transmission or relaying of any broadcast and the media rights of a race-fixture or part of a race-fixture. The chairman of the media rights committee is a member of HRI representing the interests of authorised racecourses. There is also a representative of the Irish Horseracing Regulatory Board on the Committee.

Betting Committee

The statutory function of the betting committee is to identify and improve the requirements of the betting sector generally. Members of the betting committee represent the interests of licensed on-course betting officers, off-course betting operators, and betting intermediaries. The committee determines and recommends strategies and policies for HRI in relation to the betting sector.

Industry Services Committee

The industry services committee is responsible for identifying and improving the requirements of those employed in the industry. The committee represents the interests of such workers including jockeys and qualified riders, persons employed in the horseracing industry and stable staff. The committee is tasked with determining and recommending initiatives and proposals, that could be implemented and/or supported by HRI in order to strengthen the skills, learning and development of those employed in the industry.

Racegoers Consultative Forum

The racegoers consultative forum was established pursuant to section 9 of the Horse and Greyhound Racing Act 2001. Its function is to establish consultations relating to the operations of HRI in the context of developments or desired developments in the horseracing industry generally as they affect the racegoer or service or facility user. Its members include representatives of horse racegoers clubs, racecourse supporters clubs and other organisations operating in the interests of racegoers or other interest groups affected by the decisions of HRI or who use the various facilities and services provided by HRI.

Membership of statutory committees and forum at 31 December 2022 are set out below:

Fixtures Committee (3 meetings)

Meta Osborne (Chairperson)	Board member	Appointed February 2021
Christy Grassick	Board member	Appointed February 2021
Michael Halford	Board member	Retired October 2022
Harry McCalmont	Board member	Retired January 2021
Conor O'Neill	Board member	
Caren Walsh	Board member	

Governance Statement and Board Members' Report (continued)

Media Rights Committee (7 meetings)

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

Betting Committee (3 meetings)

Daragh Fitzpatrick (Chairperson)	Board member	
Allan Byrne	External member	Retired January 2022
Sharon Byrne	External member	
Paddy Desmond	External member	Retired October 2022
Elizabeth Headon	Board member	
Ross Kierans	HRI Employee	
James Ryan	External member	Appointed December 2022

Industry Services Committee (4 meetings)

Carol Nolan (Chairperson)	Board member	
Bernard Caldwell	Board member	Retired March 2022
Andrew Coonan	External member	
John Flannery	External member	Retired March 2022
Ger Flynn	Board member	Appointed March 2022
John Lane	HRI Employee	Appointed March 2022
Michael O'Donoghue	External member	Retired March 2022
Jennifer Walsh	External member	Appointed March 2022

Racegoers Consultative Forum (No meetings)

Paul Dermody (Chairperson)	HRI Employee	
Heather Downey	HRI Employee	Retired January 2022
Kara Gabbett	External member	
Tom Galway	External member	
Eugene Kelly	External member	
Mark McGrath	External member	
Steven McGuinness	External member	

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

Code of Practice for the Governance of State Bodies Committees

Audit & Risk Committee

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

Audit & Risk Committee (5 meetings)

Victor Clarke (Chairperson)*	External member	Appointed May 2022
Sasha Kerins**	External member	Retired February 2022
Robert Nixon	Board member	
Peter Nolan	Board member	
Patricia O'Connor	External member	
Meta Osborne	Board member	
Nick Wachman	External member	Retired February 2021

* Victor Clarke was appointed February 2021 to the committee and appointed Chairperson May 2022.

** Sasha Kerins retired as Chairperson February 2022.

Governance Statement and Board Members' Report (continued)

Schedule of Attendance, Fees and Expenses

A schedule of attendance of Board members at the Board and Committee meetings for 2022 is set out in Note 15 to the financial statements. This includes the fees and expenses received by each member.

Key Personnel Changes

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

Code of Practice for the Governance of State Bodies

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

Events since the financial year end

There have been no significant events affecting Horse Racing Ireland since the financial year end.

Statement of Compliance

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

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

Nicholas Hartery
Chairperson

Peter Nolan
Board Member

Date
18/12/2023

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Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Horse Racing Ireland

Opinion on the financial statements

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2022 as required under the provisions of section 28 of the Irish Horseracing Industry Act 1994. The financial statements comprise

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

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the group and of Horse Racing Ireland at 31 December 2022 and of the group's income and expenditure for 2022 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

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

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

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

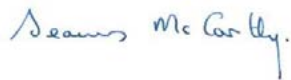
Horse Racing Ireland has presented certain other information together with the financial statements. This comprises the annual report, the governance statement and Board members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain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

Report of the C&AG (continued)

Loss related to associate

The group statement of income and expenditure indicates that the group incurred a loss of €1.4 million in 2022 related to Horse Racing Ireland's investment in an associate company, Curragh Racecourse Limited. The group's cumulative loss to end 2022 arising from the investment was €9 million, representing 39% of the amount of €23 million invested by Horse Racing Ireland in the associate company.

As explained in note 38 to the financial statements, Horse Racing Ireland entered into an agreement to provide a convertible loan of up to €9 million to Curragh Racecourse Limited. By 31 December 2022, €8.2 million of the loan facility amount had been transferred to the company. Under the terms of the loan agreement, any outstanding liability to Horse Racing Ireland at the loan maturity date (31 January 2024) will convert to shares in the associate company. The company informed Horse Racing Ireland in September 2023 that the loan conversion will proceed in January 2024.



Seamus McCarthy
Comptroller and Auditor General

21 December 2023

Appendix to the report

Responsibilities of Board members

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

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

Responsibilities of the Comptroller and Auditor General

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

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

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

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

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

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

I report by exception if, in my opinion,

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

Information other than the financial statements

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

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

Reporting on other matters

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

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

Statement on Internal Control for Horse Racing Ireland for the Financial Year Ended 31 December 2022

Scope of Responsibility

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

Purpose of the System of Internal Control

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

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

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Horse Racing Ireland for the year ended 31 December 2022 and up to the date of approval of the financial statements.

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

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

Capacity to Handle Risk

Horse Racing Ireland's Audit and Risk Committee comprise of at least five members, with financial and audit expertise, one of whom is the Chair. The Audit and Risk Committee met five times in 2022.

Horse Racing Ireland has an outsourced internal audit function which is adequately resourced and conducts a programme of work agreed with the Audit & Risk Committee. The internal audit function reports directly to the Audit and Risk Committee which in turn reports to the Board of Horse Racing Ireland. The internal audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit and Risk Committee on behalf of the Board. In 2022, eight separate internal audit reports were presented to the Audit and Risk Committee.

The Audit and Risk Committee has overseen the refinement of a risk management policy which sets out the organisation's risk appetite, the risk management processes and details the roles and responsibilities of staff in relation to risk management. This policy was approved by the Board in December 2021 and was reviewed in January 2023. The policy has been issued to all relevant personnel who are required to implement Horse Racing Ireland's risk management policy, to alert management on emerging risks and control weaknesses and assume responsibility for risks and reporting on risks and controls within their own area of work. A formal process to identify and evaluate organisation business risks is in place. An executive risk management committee meets regularly during the year and submits their reports to the Audit and Risk Committee.

Risk and Control Framework

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

Statement on Internal Control for Horse Racing Ireland (continued) for the Financial Year Ended 31 December 2022

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

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

Throughout 2022 Horse Racing Ireland have engaged extensively with the Department of Agriculture, Food and the Marine and other key stakeholders in relation to the risks to the Industry as a result of Covid-19. Horse Racing Ireland have reviewed a number of scenarios and financial forecasts and have taken appropriate measures which seek to mitigate the financial impact to the organisation and the wider industry.

Ongoing Monitoring & Review

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

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

Public Spending Code

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

Horse Racing Ireland has procedures in place to ensure compliance with current procurement rules and guidelines and during 2022 Horse Racing Ireland complied with those procedures.

Annual Review of Effectiveness

Horse Racing Ireland has procedures to monitor the effectiveness of its risk management and control procedures. The Board commenced an annual review of the effectiveness of internal controls in January 2023 and concluded this review in March 2023. The review was co-ordinated by the Audit and Risk Committee and included a review by the Board of:

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

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

Nicholas Hartery
Chairperson

Date
18/12/2023

Group Statement of Income and Expenditure for the Financial Year Ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Turnover			
Tote Ireland turnover		68,304	55,123
Betting related fees		1,276	174
Racecourse income	7	22,873	13,292
Total turnover		92,453	68,589
Winnings paid by Tote Ireland	4	(64,763)	(53,883)
Operating costs	4	(26,137)	(15,362)
Direct costs		(90,900)	(69,245)
Income from Racing		1,553	(656)
Other income			
Allocation from the Horse and Greyhound Racing Fund	5	70,400	76,800
Prize money contributions from Owners and Sponsors	9	25,637	19,464
Foal Levy	6	2,290	2,261
Media income		7,016	6,097
Registrations income		2,553	2,549
Industry services income		416	424
Other income	8	519	519
Industry contributions to Irish Thoroughbred Marketing		548	531
Fair value movements of investment properties	18	-	180
Interest income	15	437	400
Net income		111,369	108,569
Expenditure			
Contributions to prize money	9	42,617	43,166
Prize money contributions from Owners and Sponsors	9	25,637	19,464
Industry support schemes		2,789	2,960
Integrity and racecourse services	10	16,746	14,216
Racecourse schemes	12	846	122
Capital development fund grants	12	2,658	206
Capital development fund interest and expenses		612	627
Grants / Fees to industry bodies	11	3,107	3,118
Foal levy distribution	6	1,659	1,415
Other income / expenditure		3,009	602
Horse Racing Ireland administration costs	15	9,584	8,778
Irish Thoroughbred Marketing expenditure		2,284	2,016
General marketing and promotions		3,391	2,938
Fair value movements of investment properties	18	380	-
		115,319	99,628
Share of operating loss of associate	17	(1,403)	(1,390)
Other finance expense		3	(52)
Exceptional items	14	(113)	(1,105)
Taxation	13	(258)	(394)
(Deficit) / Surplus		(5,721)	6,000

Group Statement of Income and Expenditure (continued) for the Financial Year Ended 31 December 2022

Notes	2022 €'000	2021 €'000
(Deficit) / Surplus for the financial year	(5,721)	6,000
(Deficit) / Surplus attributable to:		
Horse Racing Ireland Group	(5,723)	5,994
Non-controlling interest	2	6
	(5,721)	6,000

The result on ordinary activities arises solely from continuing activities.
Notes 1 to 41 form part of these financial statements.

Nicholas Hartery
Chairperson

Peter Nolan
Board Member

Date
18/12/2023

Group Statement of Comprehensive Income for the Financial Year Ended 31 December 2022

	Notes	2022 €'000	2021 €'000
(Deficit) / Surplus for the financial year		(5,721)	6,000
Actuarial gain recognised in the pension scheme	29	3,317	5,263
Share of comprehensive profit of associate	17	5	120
Total comprehensive (expenditure) / income for the financial year		(2,399)	11,383
<i>Total comprehensive (expenditure) / income attributable to:</i>			
Horse Racing Ireland Group		(2,401)	11,377
Non-controlling interest		2	6
		(2,399)	11,383

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 2022

Group Revenue Reserves

	Other Comprehensive Income €'000	I & E Reserves €'000	Establishment Reserve €'000	Non Distributable Reserves €'000	Capital and Restricted Reserves €'000	Total Establishment and Other Reserves €'000
Current financial year						
At 1 January 2022	(10,004)	95,772	17,183	6,875	3,730	113,556
Retained deficit	-	(5,721)	-	-	-	(5,721)
Transfer (from) / to reserves	-	(1,666)	-	-	1,666	-
Non-controlling interest	-	(2)	-	-	-	(2)
Other comprehensive profit	5	-	-	-	-	5
Actuarial gain	3,317	-	-	-	-	3,317
At 31 December 2022	(6,682)	88,383	17,183	6,875	5,396	111,155
Prior financial year						
At 1 January 2021	(15,387)	89,558	17,183	6,875	3,950	102,179
Retained surplus	-	6,000	-	-	-	6,000
Transfer to / (from) reserves	-	220	-	-	(220)	-
Non-controlling interest	-	(6)	-	-	-	(6)
Other comprehensive profit	120	-	-	-	-	120
Actuarial gain	5,263	-	-	-	-	5,263
At 31 December 2021	(10,004)	95,772	17,183	6,875	3,730	113,556

At 31 December 2022, €1.666m was transferred to Capital reserves being an increase in funds committed for future capital development projects (2021: €0.201m transferred from Capital reserves) and Nil was transferred from Restricted reserves (2021: €0.019m transferred from Restricted reserves).

	Total Establishment and Other Reserves €'000	Non-controlling Interest €'000	Total Equity €'000
Current financial year			
At 1 January 2022	113,556	23	113,579
Retained deficit	(5,721)	-	(5,721)
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(2)	2	-
Other comprehensive profit	5	-	5
Actuarial gain	3,317	-	3,317
At 31 December 2022	111,155	25	111,180
Prior financial year			
At 1 January 2021	102,179	17	102,196
Retained surplus	6,000	-	6,000
Transfer to/(from) reserves	-	-	-
Non-controlling interest	(6)	6	-
Other comprehensive profit	120	-	120
Actuarial gain	5,263	-	5,263
At 31 December 2021	113,556	23	113,579

Notes 1 to 41 form part of these financial statements.

Horse Racing Ireland Statement of Changes in Reserves and Capital Account for the Financial Year Ended 31 December 2022

Horse Racing Ireland Revenue Reserves

	Other Comprehensive Income €'000	I & E Reserves €'000	Establishment Reserve €'000	Non Distributable Reserves €'000	Capital and Restricted Reserves €'000	Total Establishment and Other Reserves €'000
Current financial year						
At 1 January 2022	(10,050)	58,022	9,592	6,875	3,730	68,169
Retained deficit	-	(3,981)	-	-	-	(3,981)
Transfer (from) / to reserves	-	(1,666)	-	-	1,666	-
Actuarial gain	3,317	-	-	-	-	3,317
At 31 December 2022	(6,733)	52,375	9,592	6,875	5,396	67,505
Prior financial year						
At 1 January 2021	(15,313)	48,960	9,592	6,875	3,950	54,064
Retained surplus	-	8,842	-	-	-	8,842
Transfer to / (from) reserves	-	220	-	-	(220)	-
Actuarial gain	5,263	-	-	-	-	5,263
At 31 December 2021	(10,050)	58,022	9,592	6,875	3,730	68,169

At 31 December 2022, €1.666m was transferred to Capital reserves being an increase in funds committed for future capital development projects (2021: €0.201m transferred from Capital reserves) and Nil was transferred from Restricted reserves (2021: €0.019m transferred from Restricted reserves).

Notes 1 to 41 form part of these financial statements.

Group Statement of Financial Position as at 31 December 2022

	Notes	2022 €'000	2021 €'000
Fixed assets			
Tangible assets	16	83,172	85,830
Financial assets	17	44,730	60,770
Investment properties	18	12,285	12,665
Negative goodwill	19	(2,078)	(2,078)
		138,109	157,187
Current assets			
Debtors	20	11,989	12,182
Cash at bank	21	37,854	22,551
		49,843	34,733
Creditors: Amounts falling due within one year	22	(63,315)	(55,678)
Net current liabilities		(13,472)	(20,945)
Total assets less current liabilities		124,637	136,242
Creditors: Amounts falling due after one year	23	(16,625)	(21,097)
Provision for liabilities	25	(1,116)	(1,075)
Pension asset / (liability)	29	4,284	(491)
Net assets		111,180	113,579
Capital and reserves			
Establishment reserve	27	17,183	17,183
Revenue reserves	28	81,701	85,768
Non-distributable reserves	28	6,875	6,875
Capital and restricted reserves	28	5,396	3,730
Capital and reserves attributable to Group		111,155	113,556
Non-controlling interest	30	25	23
Total capital and reserves		111,180	113,579

Notes 1 to 41 form part of these financial statements.

Nicholas Hartery
Chairperson

Peter Nolan
Board Member

Date
18/12/2023

Horse Racing Ireland Statement of Financial Position as at 31 December 2022

	Notes	2022 €'000	2021 €'000
Fixed assets			
Tangible assets	16	20,649	20,862
Financial assets	17	48,949	63,591
Investment properties	18	6,360	6,815
		75,958	91,268
Current assets			
Debtors	20	28,794	32,337
Cash at bank	21	31,899	15,258
		60,693	47,595
Creditors: Amounts falling due within one year	22	(56,818)	(49,122)
Net current assets / (liabilities)		3,875	(1,527)
Total assets less current liabilities		79,833	89,741
Creditors: Amounts falling due after one year	23	(16,612)	(21,081)
Pension asset / (liability)	29	4,284	(491)
Net assets		67,505	68,169
Capital and reserves			
Establishment reserve	27	9,592	9,592
Revenue reserves	28	45,642	47,972
Non-distributable reserves	28	6,875	6,875
Capital and restricted reserves	28	5,396	3,730
Total capital and reserves		67,505	68,169

Notes 1 to 41 form part of these financial statements.

Nicholas Hartery
Chairperson

Peter Nolan
Board Member

Date
18/12/2023

Group Statement of Cash Flows for the Financial year Ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Net cash inflow from operating activities	33	10,034	14,595
Cash flows from investing activities			
Receipts from sale of tangible fixed assets		3	20
Payments to acquire tangible fixed assets		(2,776)	(4,162)
Receipts from financial asset loans		265	265
Receipts to / from racecourses and industry bodies		173	119
Loan to associate undertakings		(650)	(703)
Sales / (Purchase) of unlisted investments - net		15,000	(15,000)
(Purchase) of listed investments - net		(2,437)	(2,491)
Interest received		360	297
Net cash flows from investing activities		9,938	(21,655)
Cash flows from financing activities			
Bank loan repayment		(4,250)	(4,500)
Interest paid		(419)	(433)
Net cash flows from financing activities		(4,669)	(4,933)
Net increase / (decrease) in cash and cash equivalents		15,303	(11,993)
Cash and cash equivalents at beginning of financial year	34	22,551	34,544
Cash and cash equivalents at end of financial year	34	37,854	22,551

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 2022

I. Accounting Policies

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

General Information and Basis of Accounting

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

Statement of Compliance

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

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

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

Basis of consolidation

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

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

Turnover

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

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

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

Foal levy income

Foal levy income is recognised on a cash receipts basis.

Contribution to prize money

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

Contributions to prize money 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 prize money 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.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

Grants and racecourse incentive schemes

Grants paid

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

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

Grants received

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

Operating leases

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

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

Operating lease incentives

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

Finance leases / hire purchase agreements

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

Exceptional items

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

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.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

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

All capitalised software is recognised as a fixed asset.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the Statement of Income and Expenditure. Rental income arising on investment property is accounted for on a straight-line basis over the lease term of the ongoing leases.

Reserves

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

Financial instruments

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

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

Cash and cash equivalents

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

Financial assets and liabilities

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

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

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

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.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

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

Investments

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

Fair value measurement

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

Investments in subsidiaries and racecourses

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

Acquisitions

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

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

Investment in associate

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

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

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

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

Negative Goodwill

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

Pensions

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

Defined contribution schemes

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

Defined benefit schemes

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

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

Client Funds

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

Judgements and key sources of estimation uncertainty

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

Going concern

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

Useful lives of tangible fixed assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset. The useful lives are reviewed by management on a regular basis and changed, if necessary, to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The depreciation policy reported in these financial statements is approved by the Members and is reviewed annually, in conjunction with the approval of the Financial Statements. The net book value of tangible fixed assets subject to depreciation was €65.024m (2021: €67.926m).

Retirement benefit obligations

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

Valuation of investment property

Investment properties were valued at €12.285m at 31 December 2022. During the year, works to the properties amounted to Nil and there was a decrease in value of €0.380m during 2022. Significant assumptions were applied in the valuation of investment properties. These assumptions applied to size, location, terms, covenant and other material factors.

Financial instruments

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

Impairment of tangible assets

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

Impairment of investment in associate - Curragh Racecourse Ltd

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

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

The Board of HRI believe the investment's carrying value in the Group Statement of Financial Position is not impaired as the recoverable amount exceeds the carrying value. In relation to the HRI Statement of Financial Position, the directors believe that no impairment is required as set out in note 17 (B).

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

2. Employee Numbers

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

	2022 Number	2021 Number
HRI - Full time staff	122	102
HRI - Raceday casual staff (Full time equivalents)	8	7
	130	109
HRI Subsidiaries - Full time staff	75	81
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	47	22
	122	103
	252	212

The average number of individual casual employees that worked in 2022 was 240 (2021: 78).

3. Employee Remuneration

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

	2022 €'000	2021 €'000
Wages and salaries	14,105	14,320
Covid subsidy received (EWSS)	(205)	(1,081)
Employer's social welfare costs	1,432	1,319
	15,332	14,558
Analysed as follows:		
Capitalised into assets	651	590
Expensed in financial year	14,681	13,968
	15,332	14,558

Included in the above figure is an amount in respect of payments paid and accrued in 2022 under a restructuring, redundancy and other programs of €0.113m (2021: €0.970m). Also included within the figure for wages & salaries are amounts relating to overtime €0.159m (2021: €0.110m) and allowances €0.086m (2021: €0.092m).

Remuneration and benefits paid to key management was as follows:

	2022 €'000	2021 €'000
Remuneration and other benefits	1,441	1,638

The above figure includes remuneration of €1.230m (2021: €1.378m) and benefits of €0.211m (2021: €0.260m) paid and accrued in 2022. Key management includes the Chief Executive Officer, Board members and senior management.

Employee benefits breakdown

Total employee benefits in excess of €50,000 are categorised into the following bands:

Salary band	2022 Number	2021 Number
€50,000 - €74,999	64	59
€75,000 - €99,999	20	15
€100,000 - €124,999	3	2
€125,000 - €149,999	3	8
€150,000 - €174,999	5	3
€175,000 - €199,999	2	1
	97	88

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

4. Direct Costs

	Winnings Paid on Bets 2022 €'000	Winnings Paid on Bets 2021 €'000	Operating Costs 2022 €'000	Operating Costs 2021 €'000	Total 2022 €'000	Total 2021 €'000
Betting collection costs	-	-	123	92	123	92
Tote Ireland	64,763	53,883	3,657	2,107	68,420	55,990
HRI Racecourses Group	-	-	22,357	13,163	22,357	13,163
	64,763	53,883	26,137	15,362	90,900	69,245

5. Allocation from the Horse and Greyhound Racing Fund

Horse Racing Ireland with a registered office at Ballymany, The Curragh, Co. Kildare was established on 18 December 2001, under the Horse and Greyhound Racing Act 2001. A fund was established for the purpose of giving support to the horse and greyhound racing industries under Section 12 of this Act. This has subsequently been extended under the Horse and Greyhound Fund Regulations, most recently in 2022. The general functions of Horse Racing Ireland are set out in the Irish Horseracing Industry Act 1994, the Horse and Greyhound Act 2001 and the Horse Racing Ireland Act 2016.

In 2022, €70.4m was allocated to Horse Racing Ireland (2021: €76.8m). Horse Racing Ireland operated within the funding parameters as defined by the Department of Agriculture, Food and the Marine.

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.

	2022 €'000	2021 €'000
Balance on hand at 1 January	1,497	1,126
Collected during the financial year	2,290	2,261
Expenditure in the year:		
Irish Equine Centre	(900)	(900)
Irish Thoroughbred Breeders' Association	(450)	(425)
Irish Thoroughbred Marketing Limited	(550)	(475)
Others	(309)	(90)
	(2,209)	(1,890)
Balance on hand at 31 December (included in revenue reserves)	1,578	1,497

Irish Thoroughbred Marketing Limited expenditure of €550,000 (2021: €475,000) is eliminated on consolidation and shown under Irish Thoroughbred Marketing Limited expenditure in the Group Statement of Income and Expenditure Account.

7. Racecourse Income

Racecourse income excludes the fair value movement of investment properties showing an increase of €0.075m (2021: increase of €0.005m) which were valued at the financial year end by Savills. See Note 18 for more information.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

8. Other Income

	2022 €'000	2021 €'000
HRI lease income	519	519

9. Contributions to Prize money

	2022 €'000	2021 €'000
From Sponsors	8,773	4,793
From Owners	16,864	14,671
	25,637	19,464
From Horse Racing Ireland	42,617	43,166
	68,254	62,630

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

10. Integrity and Racecourse Services

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

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

	2022 €'000	2021 €'000
Grant to IHRB in relation to Racing Integrity Services	11,846	9,398
Grant to IHRB in relation to Point to Point Integrity Services	818	508
Total Grant paid to the IHRB	12,664	9,906
Racecourse services funded by Horse Racing Ireland	4,082	4,310
Total cost of Integrity and Racecourse services funded by Horse Racing Ireland	16,746	14,216

In addition to the above, Horse Racing Ireland makes deductions from client accounts for amounts due to the IHRB in respect of license renewals, appeal costs, commissions on stable bonus, sampling fees and certain charitable funds. The amounts deducted and paid over are not reflected in Horse Racing Ireland's Statement of Income and Expenditure and amounted to €1.592m in 2022 (€1.437m in 2021).

11. Grants/Fees to Industry Bodies

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

	2022 €'000	2021 €'000
Irish Equine Centre	1,320	1,320
Racing Academy and Centre of Education	740	740
Order of Malta	545	554
Blue Cross	292	306
Other Industry Bodies	210	198
	3,107	3,118

As at 31 December 2022, total loans outstanding from the Irish Equine Centre amounted to €0.990m (2021: €0.990m). This loan is included in Note 20 Debtors: Amounts falling due within one year.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

12. Racecourse Schemes and Capital Grants

	2022 €'000	2021 €'000
Racecourse schemes		
Levy, pitch fee and other payments to racecourses	774	112
Tote percentage betting payments	72	10
	846	122

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

Capital grants

Capital development fund grants	2,658	206
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The Board of Horse Racing Ireland established a capital development scheme for racecourses which provides up to a maximum of 40% funding of capital expenditure approved under the scheme. A Stable Yard Expansion scheme closed in 2022 while a new scheme for upgrades to Industry Facilities and Track Works was established in 2022 to cover years 2022 and 2023.

13. Taxation

a. Analysis of charge in the financial year

	2022 €'000	2021 €'000
Current tax:		
Corporation tax	217	398
Deferred tax:		
Origination and reversal of timing differences (Note 25)	41	(4)
Tax on profit on ordinary activities	258	394

b. Reconciliation between tax charge included in profit and loss and profit on ordinary activities before tax of taxable entities multiplied by the applicable tax rate:

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

	2022 €'000	2021 €'000
Profit on ordinary activities before taxation (HRI owned racecourses)	797	549
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in Ireland of 12.5% (2021: 12.5%)	100	69
Effect of:		
Non deductible expenses	(25)	22
Non allowable income	(115)	(137)
Depreciation in excess of capital allowances	278	340
Income taxable at higher rate	92	104
Losses utilised on current period basis - Case I	(1)	-
Over Provision in respect of prior year	(133)	-
Additional tax liability in respect of prior years	21	-
Current tax charge for financial year	217	398

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.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

14. Exceptional Items

		2022 €'000	2021 €'000
Redundancy and restructuring program	i	113	970
Impairment loss	ii	-	12
Termination payment	iii	-	123
		113	1,105

- i. Costs relating to a redundancy and restructuring program.
- ii. An impairment review was conducted by Tote Ireland Ltd and identified assets which were obsolete.
- iii. A termination payment was made in respect of an early exit date from a technology and logistics contract which was necessary to implement the changes to the Tote Ireland Ltd operating model. Such changes were required as a result of Tote's strategic review of its operations.

15. (Deficit) / Surplus for the Financial Year

		2022 €'000	2021 €'000
(Deficit) / Surplus for the financial year has been arrived at after charging:			
Depreciation			
- Owned tangible fixed assets		5,432	5,134
Auditors' remuneration: Audit of group financial statements		125	119
Capital development fund interest		419	433
Operating lease rentals		78	104
Fair value movements of investment properties		380	-
Consultancy costs	i	1,405	1,140
Legal fees and settlements	ii	-	-
Travel and subsistence	iii	950	578
Hospitality	iv	481	295
and after crediting:			
Interest receivable on deposits		302	253
Effective interest on loans		135	147
Gain on disposal of assets		1	20
Fair value movements of investment properties		-	180
Horse Racing Ireland administration costs comprise the following:			
Running costs of department - pay and non-pay		7,596	6,848
Pension costs		332	318
Building running costs		1,656	1,612
		9,584	8,778

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

Basic salary - former CEO		-	148
Basic salary - current CEO		191	24
Pension contributions and other taxable benefits - former CEO		-	44
Pension contributions and other taxable benefits - current CEO		56	8
		247	224

Brian Kavanagh stepped down as CEO 30 September 2021. Suzanne Eade was appointed CEO, with effect from 16 November 2021.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

	2022 €'000	2021 €'000
i. Consultancy costs *		
Legal advice	147	134
Financial / actuarial advice	104	70
Internal audit	57	90
Capital Development Scheme	-	3
Pension Advice / Consultancy	164	181
Public relations / marketing	312	86
IT Consultancy	199	190
Other	422	386
Total consultancy costs	1,405	1,140
ii. Legal fees and settlements		
Legal fees – legal proceedings	-	-
Conciliation and arbitration payments	-	-
Settlements	-	-
Total legal fees and settlements	-	-
iii. Travel and subsistence		
Domestic – Board and committee members	15	-
Domestic – Employees	709	479
International – Board and committee members	10	3
International – Employees	216	96
Total travel and subsistence	950	578
iv. Hospitality		
Staff hospitality	36	25
Client hospitality (External hospitality provided to clients/third parties) **	445	270
Total hospitality	481	295

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

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

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

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

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

		2022 Fees €'000	2022 Expenses €'000	2021 Fees €'000	2021 Expenses €'000
Nicholas Hartery	Appointed 24 May 2018	22	12	22	-
Bernard Caldwell	Retired 13 June 2022	6	-	13	-
Daragh Fitzpatrick	Appointed 26 January 2018	13	-	13	-
Ger Flynn	Appointed 13 June 2022	7	-	-	-
Christy Grassick	Appointed 26 January 2018	13	-	13	-
Michael Halford	Retired 18 October 2022	10	-	13	-
Elizabeth Headon	Appointed 10 November 2016	13	-	13	-
Harry McCalmont	Retired 12 January 2021	-	-	-	-
Laurence McFerran	Appointed 12 January 2021	13	1	13	-
Robert Nixon	Appointed 31 August 2016	13	3	13	-
Carol Nolan	Appointed 28 March 2018	-	-	-	-
Peter Nolan	Appointed 10 November 2016	13	-	13	-
Conor O'Neill	Appointed 10 December 2018	13	3	13	-
Meta Osborne	Retired 03 March 2023	13	-	13	-
John Powell	Appointed 26 May 2016	13	-	13	-
Caren Walsh	Appointed 10 October 2019	13	-	13	-
		175	19	178	-

Horse Racing Ireland Group Board Members' attendance at meetings during 2022 was as follows:

		Board Meetings	Board Meetings Attended	Total no. of Board & Other Committee Meetings	Total no. of Board & Other Committee Meetings Attended
Nicholas Hartery	Appointed 24 May 2018	8	8	21	18
Bernard Caldwell	Retired 13 June 2022	4	3	7	4
Daragh Fitzpatrick	Appointed 26 January 2018	8	6	11	9
Ger Flynn	Appointed 13 June 2022	4	3	8	6
Christy Grassick	Appointed 26 January 2018	8	7	14	13
Michael Halford	Retired 18 October 2022	7	5	17	12
Elizabeth Headon	Appointed 10 November 2016	8	7	14	13
Laurence McFerran	Appointed 12 January 2021	8	8	8	8
Robert Nixon	Appointed 31 August 2016	8	7	20	19
Carol Nolan	Appointed 28 March 2018	8	6	18	16
Peter Nolan	Appointed 10 November 2016	8	8	13	13
Conor O'Neill	Appointed 10 December 2018	8	6	21	18
Meta Osborne	Retired 03 March 2023	8	6	32	27
John Powell	Appointed 26 May 2016	8	5	8	5
Caren Walsh	Appointed 10 October 2019	8	7	14	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 2022

16. Tangible Assets

Group

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost and valuation			
At 1 January 2022	113,401	42,437	155,838
Additions	1,064	1,712	2,776
Reclassification	(7,833)	7,833	-
Disposals	-	(4)	(4)
At 31 December 2022	106,632	51,978	158,610
Accumulated Depreciation			
At 1 January 2022	39,925	30,083	70,008
Charge for the financial year	1,732	3,700	5,432
Reclassification	818	(818)	-
Disposals	-	(2)	(2)
At 31 December 2022	42,475	32,963	75,438
Net book value			
At 31 December 2022	64,157	19,015	83,172
At 31 December 2021	73,476	12,354	85,830

The reclassification arises as a result of a review of the historical asset classifications including assets under construction.

Included above are assets held under finance leases as follows:

	2022 €'000	2021 €'000
Land & Buildings		
Net book value	438	455
Depreciation charge	17	17

Group - in respect of prior financial year

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost and valuation			
At 1 January 2021	112,588	41,000	153,588
Additions	813	3,349	4,162
Disposals	-	(1,912)	(1,912)
At 31 December 2021	113,401	42,437	155,838
Accumulated Depreciation			
At 1 January 2021	38,170	28,604	66,774
Charge for the financial year	1,755	3,379	5,134
Impairment loss	-	12	12
Disposals	-	(1,912)	(1,912)
At 31 December 2021	39,925	30,083	70,008
Net book value			
At 31 December 2021	73,476	12,354	85,830
At 31 December 2020	74,418	12,396	86,814

Following the changes to the Tote Ireland operating model, an impairment review was conducted and identified assets which were obsolete. The assets are primarily software development costs associated with the account betting platform and devices no longer in use.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

Horse Racing Ireland

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost and valuation			
At 1 January 2022	21,906	13,592	35,498
Additions	22	1,072	1,094
Disposals	-	-	-
At 31 December 2022	21,928	14,664	36,592
Accumulated Depreciation			
At 1 January 2022	7,062	7,574	14,636
Charge for the financial year	152	1,155	1,307
Disposals	-	-	-
At 31 December 2022	7,214	8,729	15,943
Net book value			
At 31 December 2022	14,714	5,935	20,649
At 31 December 2021	14,844	6,018	20,862

Included above are assets held under finance leases as follows:

	2022 €'000	2021 €'000
Land & Buildings		
Net book value	438	455
Depreciation charge	17	17

Horse Racing Ireland - in respect of prior financial year

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost and valuation			
At 1 January 2021	21,889	11,757	33,646
Additions	17	1,877	1,894
Disposals	-	(42)	(42)
At 31 December 2021	21,906	13,592	35,498
Accumulated Depreciation			
At 1 January 2021	6,874	6,525	13,399
Charge for the financial year	188	1,091	1,279
Disposals	-	(42)	(42)
At 31 December 2021	7,062	7,574	14,636
Net book value			
At 31 December 2021	14,844	6,018	20,862
At 31 December 2020	15,015	5,232	20,247

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

17. Financial Assets

	Note	2022 €'000	2021 €'000
Group			
Loans to racecourses	(A)	618	759
Loans to associate undertaking	(D)	9,498	8,895
Investment in racecourse	(B)	1	1
Investment in associate	(B)	13,946	15,344
Unlisted investments	(B)	-	15,000
Listed investments	(B)	20,667	20,771
		<u>44,730</u>	<u>60,770</u>
Horse Racing Ireland			
Loans to racecourses	(A)	618	759
Loans to associate undertaking	(D)	9,498	8,895
Investment in racecourse	(B)	1	1
Investment in associate	(B)	16,614	16,614
Unlisted investments	(B)	-	15,000
Listed investments	(B)	20,667	20,771
Investment in subsidiary undertakings	(C)	1,551	1,551
		<u>48,949</u>	<u>63,591</u>

(A) Loans to racecourses - Group

	Fair value through profit or loss €'000	Total €'000
Current financial year		
At 1 January 2022	759	759
Repayments	(165)	(165)
Gain on fair value movement	24	24
At 31 December 2022	<u>618</u>	<u>618</u>
Prior financial year		
At 1 January 2021	896	896
Repayments	(165)	(165)
Gain on fair value movement	28	28
At 31 December 2021	<u>759</u>	<u>759</u>

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

(A) Loans to racecourses - Horse Racing Ireland

	Fair value through profit or loss €'000	Total €'000
Current financial year		
At 1 January 2022	759	759
Repayments	(165)	(165)
Gain on fair value movement	24	24
At 31 December 2022	618	618
Prior financial year		
At 1 January 2021	896	896
Repayments	(165)	(165)
Gain on fair value movement	28	28
At 31 December 2021	759	759

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

- a loan to Blackhall Racing Company, Punchestown Development Company Limited and Punchestown Enterprises Company Limited measured to €0.562m (2021: €0.691m). The maturity date of the loan is 30 November 2026 and interest is charged at a rate of 3 month Euribor plus 1%.
- a loan to Gowran Park Race Company Limited measured to €0.056m (2021: €0.068m). The maturity date of the loan is 31 March 2026 and interest is charged at a rate of ECB plus 1%.

(B) Investments - Group

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
Current financial year					
At 1 January 2022	15,344	1	15,000	20,771	51,116
Additions	-	-	51,750	10,411	62,161
Share of loss in associate	(1,398)	-	-	-	(1,398)
Disposals	-	-	(66,750)	(7,974)	(74,724)
Loss on fair value movement	-	-	-	(2,541)	(2,541)
At 31 December 2022	13,946	1	-	20,667	34,614
Prior financial year					
At 1 January 2021	16,614	1	-	18,420	35,035
Additions	-	-	15,000	4,980	19,980
Share of loss in associate	(1,270)	-	-	-	(1,270)
Disposals	-	-	-	(2,489)	(2,489)
Loss on fair value movement	-	-	-	(140)	(140)
At 31 December 2021	15,344	1	15,000	20,771	51,116

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

(B) Investments - Horse Racing Ireland

	Investment in Associate €'000	Investment in Racecourse €'000	Unlisted Investments €'000	Listed Investments €'000	Total €'000
Current financial year					
At 1 January 2022	16,614	1	15,000	20,771	52,386
Additions	-	-	51,750	10,411	62,161
Disposals	-	-	(66,750)	(7,974)	(74,724)
Loss on fair value movement	-	-	-	(2,541)	(2,541)
At 31 December 2022	16,614	1	-	20,667	37,282
Prior financial year					
At 1 January 2021	16,614	1	-	18,420	35,035
Additions	-	-	15,000	4,980	19,980
Disposals	-	-	-	(2,489)	(2,489)
Loss on fair value movement	-	-	-	(140)	(140)
At 31 December 2021	16,614	1	15,000	20,771	52,386

The listed investments relate to fixed interest investment bonds (all of which are listed on several European Stock Exchanges). As at 31 December 2022, Horse Racing Ireland held 6 fixed interest bonds with maturity dates in 2024, 2026, 2027, 2028 and 2032. The bonds are listed on the Irish Stock Exchange and have full daily liquidity. The unlisted investments relate to investments in Exchequer notes, sold directly through the NTMA.

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

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

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

- no impairment was required to its Group Investment in Associate in the Group Statement of Financial Position
- no impairment was required to the HRI Investment in Associate in the HRI Statement of Financial Position.

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

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

(C) Investments in subsidiary undertakings - Horse Racing Ireland

	2022 €'000	2021 €'000
At 1 January	1,551	1,551
Additions	-	-
Disposals	-	-
Gain / (Loss) on fair value movement	-	-
At 31 December	1,551	1,551

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

(D) Loans to associate undertaking - Group

	2022 €'000	2021 €'000
Current financial year		
At 1 January	8,895	8,217
Additions	650	703
Repayments	(100)	(100)
Gain on fair value movement	53	75
At 31 December	9,498	8,895

(D) Loans to associate undertaking - Horse Racing Ireland

	2022 €'000	2021 €'000
Current financial year		
At 1 January	8,895	8,217
Additions	650	703
Repayments	(100)	(100)
Gain on fair value movement	53	75
At 31 December	9,498	8,895

Loans to associate undertakings, which is at fair value through profit or loss, constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest. Loans to associate undertaking includes a loan to Curragh Racecourse Limited measured at €0.502m (2021: €0.587m) in respect of an element of a previous development plan of the Curragh Racecourse. The maturity date of the loan is 31 March 2027 and interest is charged at a rate of 3 month Euribor plus 1%. In 2020, HRI entered into a €9.000m convertible loan agreement with Curragh Racecourse Limited. During the year €0.650m was issued. As at December 2022, €8.240m has been transferred to Curragh Racecourse Limited. The maturity date of the loan is 31 January 2024 and interest is charged at 3.25%. Under the terms of the convertible loan agreement the loan shall be repaid in full or converted into shares on 31 January 2024. The fair value of the convertible loan assumes this debt will convert into equity at the final repayment date and HRI will be allotted new shares in respect of any loan amount outstanding. Assuming the loan amount is fully drawn down at 31 January 2024 and upon receipt of the new shares HRI will have 33.33% voting rights and 37.4% economic shares in Curragh Racecourse Limited.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

18. Investment Properties

	2022 €'000	2021 €'000
Group		
Fair value at 1 January	12,665	12,485
Additions	-	-
(Loss) / Gain on fair value movement	(380)	180
Fair value at 31 December	12,285	12,665
Horse Racing Ireland		
Fair value at 1 January	6,815	6,640
Additions	-	-
(Loss) / Gain on fair value movement	(455)	175
Fair value at 31 December	6,360	6,815

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

19. Negative Goodwill

	2022 €'000	2021 €'000
Cost		
At 31 December	7,135	7,135
Accumulated Amortisation		
At 1 January	5,057	5,057
Amortised in the financial year	-	-
At 31 December	5,057	5,057
Net book value		
At 31 December	2,078	2,078
Goodwill attributable to non-monetary depreciable assets	(5,057)	(5,057)

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

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

20. Debtors: Amounts Falling Due Within One Year

	2022 €'000	2021 €'000
Group		
Trade debtors	4,265	4,635
Prepayments and accrued income	4,983	4,579
Amounts due from industry bodies	1,081	1,254
Amounts due from associate undertaking	524	505
Other debtors	1,020	841
Taxation recoverable	116	368
	11,989	12,182
Horse Racing Ireland		
Trade debtors	945	1,736
Prepayments and accrued income	1,727	1,999
Amounts due from subsidiary undertakings	24,219	26,499
Amounts due from associate undertaking	524	505
Amounts due from industry bodies	1,081	1,254
Other debtors	298	344
	28,794	32,337

21. Cash at Bank

	2022 €'000	2021 €'000
Group		
Horse Racing Ireland	31,899	15,258
HRI Racecourses	4,735	5,821
Tote Ireland	943	931
Irish Thoroughbred Marketing	277	541
	37,854	22,551
Horse Racing Ireland	31,899	15,258

HRI's cash balance relates to both client funds and HRI's operating cash.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

22. Creditors: Amounts Falling Due Within One Year

	2022 €'000	2021 €'000
Group		
Accruals	10,366	8,189
Trade creditors	780	1,670
Balances due to racing clients	45,993	41,231
Deferred income	1,526	2,274
Amounts due to associate undertakings	67	83
Other creditors	3,499	1,673
Taxation creditors	1,084	558
	63,315	55,678
Horse Racing Ireland		
Accruals	5,849	4,995
Amounts owed to subsidiary undertakings	437	353
Trade creditors	589	678
Balances due to racing clients	45,993	41,231
Other creditors	3,109	1,586
Amounts due to associate undertakings	67	83
Taxation creditors	774	196
	56,818	49,122

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

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

Other creditors includes balances amounting to €1.418m at 31 December 2022 (2021: €0.699m) deducted from Trainers' prize money accounts in respect of a Stable Employees Pension Plan.

Taxation creditors is split as follows:

	2022 €'000	2021 €'000
Group		
PAYE	470	113
PRSI	257	41
VAT	211	153
Other taxes	146	251
	1,084	558
Horse Racing Ireland		
PAYE	431	89
PRSI	245	23
VAT	41	50
Other taxes	57	34
	774	196

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

23. Creditors: Amounts Falling Due After More Than One Year

	2022 €'000	2021 €'000
Group		
Bank loans (Note 24)	16,000	20,250
Deferred income	13	16
Amounts due to leasee	612	831
	16,625	21,097
Horse Racing Ireland		
Bank loans (Note 24)	16,000	20,250
Amounts due to leasee	612	831
	16,612	21,081

24. Bank Loans

	2022 €'000	2021 €'000
Group		
Repayable within 1 year	-	-
Repayable within 2 to 5 years	16,000	18,250
Repayable after 5 years	-	2,000
	16,000	20,250
Horse Racing Ireland		
Repayable within 1 year	-	-
Repayable within 2 to 5 years	16,000	18,250
Repayable after 5 years	-	2,000
	16,000	20,250

Following receipt of approval from the Minister for Finance in December 2015, HRI entered into a €25m loan facility in 2016 with Ulster Bank to enable the funding of a capital development programme. The loan is unsecured and a variable interest rate, based on Euribor, applies to any drawings. As at 31 December 2022, this has been fully drawn down and repayable over the subsequent five years. The weighted average interest rate during the financial year was 2.064% (2021: 1.75%).

Following the decision by Ulster Bank to cease trading in Ireland, HRI's loan with Ulster Bank was assigned and transferred to Allied Irish Bank on the 18 October 2022 on the same terms and conditions as the original loan agreement with Ulster Bank.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

25. Provision for Liabilities

	2022 €'000	2021 €'000
Deferred taxation		
At 1 January	1,075	1,079
Charged / (Released) to Statement of Income and Expenditure	41	(4)
At 31 December	<u>1,116</u>	<u>1,075</u>
Components of deferred taxation		
Valuation of investment properties	778	753
Accelerated capital allowances	338	322
	<u>1,116</u>	<u>1,075</u>

26. Financial Instruments

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

	Horse Racing Ireland		Group	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Financial assets				
<i>Measured at fair value through profit or loss</i>				
Listed investments (Note 17)	20,667	20,771	20,667	20,771
Unlisted investments (Note 17)	-	15,000	-	15,000
Loans to racecourses (Note 17)	618	759	618	759
Loans to associate undertakings (Note 17)	9,498	8,895	9,498	8,895
<i>Measured at cost less impairment</i>				
Investment in associate (Note 17)	16,614	16,614	-	-
Investment in racecourse (Note 17)	1	1	1	1
<i>Measured using the equity method</i>				
Investment in associate (Note 17)	-	-	13,946	15,344
<i>Measured at undiscounted amount receivable</i>				
Trade and other debtors (Note 20)	28,794	32,337	11,989	12,182
Cash at bank and in hand (Note 34)	31,899	4,554	37,854	11,840
Short term fixed deposits (Note 34)	-	10,704	-	10,711
	<u>108,091</u>	<u>109,635</u>	<u>94,573</u>	<u>95,503</u>
Financial liabilities				
<i>Measured at amortised cost</i>				
Bank loans (Note 24)	16,000	20,250	16,000	20,250
<i>Measured at undiscounted amount payable</i>				
Trade and other payables (Note 22)	56,818	49,122	63,315	55,678
	<u>72,818</u>	<u>69,372</u>	<u>79,315</u>	<u>75,928</u>

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

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

	Horse Racing Ireland		Group	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Fair value (losses) / gains				
On financial assets (including listed investments) measured at fair value through profit or loss	(2,713)	(233)	(2,713)	(233)
Interest income and interest expense calculated using effective interest rate method				
Interest income on financial assets measured at amortised cost	91	111	91	111

27. Establishment Reserve

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

28. Reserves

Retained surplus includes all cumulative gains and losses recognised in the Statement of Income and Expenditure. Revenue reserves at 31 December 2022 include €6.733m being the pension reserve cumulative amount charged through the Statement of Comprehensive Income (2021: €10.050m). Capital and restricted reserves of €5.396m represent capital reserves of €3.219m set aside to fund future capital development and Restricted reserves of €2.177m represent funds set aside for the development of Leopardstown Racecourse. These reserves will be released to revenue reserves on completion of such developments. Non-distributable reserves represent reserves which are non-distributable.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

29. Pension Commitments

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

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

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

The DB Scheme covers the employees involved in Integrity Services who are directly funded by Horse Racing Ireland under Horseracing Authority Act 1994, Section 42 while employed by the Turf Club. Total members at 31 December 2022 amounted to 125 (2021: 137). As the DB Scheme did not satisfy the statutory Funding Standard, governing pensions legislation required that a Funding Proposal to rectify this deficit be agreed and submitted to the Pensions Authority (formerly known as the Pensions Board). Following consultation with relevant stakeholders, a Funding Proposal over the period from 2013 to 2023 was agreed and subsequently approved by the Pensions Authority. Under the terms of the agreed Funding Proposal, the DB Scheme ceased to accrue retirement benefits with effect from 1 April 2013, and future retirement provisions for service after 1 April 2013 is on a defined contribution basis. As a measure to resolve the deficit in the DB Scheme, the employers (Horse Racing Ireland and the Turf Club), have committed, subject to the terms of the Funding Proposal, to make additional contributions over the funding proposal period to 2023.

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

- c. Total employer contributions in the DB Scheme made for the financial period ended 31 December 2022 were €1,519,000 (2021: €1,481,000). Future expected employer contributions in the DB Scheme are €1,565,000 for the financial year ended 31 December 2023.
- d. A comprehensive actuarial valuation was completed as at 31 December 2022 in order to determine the defined benefit obligation for the DB Scheme.
- e. The pension cost of the DB Scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected unit credit method. Position relating to employees of the Curragh Racecourse Limited are excluded in calculating the net pension position disclosed underneath.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

The principal financial assumptions for the DB Scheme used to calculate the retirement liabilities under FRS 102 as at 31 December 2022 were as follows:

		Projected unit credit 2022	Projected unit credit 2021
Valuation method			
Discount rate		3.70% p.a.	1.30% p.a.
Future pension increases		1.00% p.a. / 2.50% p.a.	1.00% p.a. / 2.50% p.a.
Future inflation		2.65% p.a.	2.15% p.a.
Statutory revaluation		4.00% p.a.	2.50% p.a.
		2022	2021
Mortality pre-retirement	Male	88% ILT + CSO improvements	88% ILT + CSO improvements
	Female	91% ILT + CSO improvements	91% ILT + CSO improvements
Mortality post-retirement	Male	88% ILT + CSO improvements	88% ILT + CSO improvements
	Female	91% ILT + CSO improvements	91% ILT + CSO improvements

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 2022 and 2042 is detailed below:

Life expectancy at 65:

Current pensioners (currently aged 65) - male	22.0 years	21.9 years
Current pensioners (currently aged 65) - female	24.4 years	24.3 years
Future pensioners (currently aged 45) - male	24.3 years	24.2 years
Future pensioners (currently aged 45) - female	26.4 years	26.3 years

The asset distribution of the DB Scheme was as follows:

Class	Asset Distribution as percentage of total DB Scheme assets 31/12/2022	Asset Distribution as percentage of total DB Scheme assets 31/12/2021
Equities	15%	24%
Property	0%	1%
Fixed Interest	49.5%	47%
Absolute Return Funds	34%	27%
Cash	0.5%	0%
Insurance	1%	1%
Total	100%	100%

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

For accounting periods commencing on or after 1 January 2015, FRS 17 is replaced by FRS 102. FRS 102 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 2022 is 3.70%.

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

	2022 €'000	2021 €'000
Interest income on DB Scheme assets	656	396
Interest on DB Scheme liabilities	(654)	(452)
	2	(56)

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

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 4.00% 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:

	2022 €'000	2021 €'000
Present value of wholly or partly funded DB Scheme liabilities	(35,343)	(51,966)
Fair value of DB Scheme assets	40,133	51,395
Total Surplus / (Deficit) in DB Scheme at end of the financial year	4,790	(571)
Curragh Racecourse Ltd surplus / (deficit) included in total surplus / (deficit) for the financial year not included in the Statement of Financial Position	506	(80)
Net HRI asset / (liability) recognised in the Statement of Financial Position	4,284	(491)

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

	2022 €'000	2021 €'000
Opening present value of DB Scheme liabilities	(51,966)	(58,674)
Current service cost	-	-
Interest cost	(654)	(452)
Contributions by DB Scheme participants	-	-
Actuarial gain / (loss)	675	(49)
Past service cost gain	-	-
Benefits paid	3,410	4,391
Changes in assumptions	13,192	2,818
Closing present value of DB Scheme liabilities	(35,343)	(51,966)

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

	2022 €'000	2021 €'000
Opening fair value of DB Scheme assets	51,395	51,025
Interest income	656	396
Actuarial (loss) / gain	(10,027)	2,884
Contributions by employer	1,519	1,481
Contributions by DB Scheme participants	-	-
Benefits paid	(3,410)	(4,391)
Closing fair value of DB Scheme assets	40,133	51,395

Analysis of the amount which is recognised in the Statement of Comprehensive Income is as follows:

	2022 €'000	2021 €'000
HRI actuarial gain for the financial year	3,317	5,263

The actual return on DB Scheme assets in 2022 was a loss of €9.371m (2021: gain of €3.280m). The total gains and losses recognised in the Statement of Comprehensive Income at 31 December 2022 for the period was a gain of €3.840m (2021: gain of €5.653m). These gains include the share of the returns for Curragh Racecourse Ltd of €0.523m (2021: €0.390m).

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

Amounts for the current and previous period are as follows:

	2022 €'000	2021 €'000
Year ended 31 December		
Present value of DB Scheme liabilities	(35,343)	(51,966)
Fair value of DB Scheme assets	40,133	51,395
Surplus / (Deficit) in the scheme	4,790	(571)
Year ended 31 December		
Net surplus / (deficit) in DB Scheme in relation to HRI and HRI funded Turf Club employees of the DB Scheme	4,284	(491)
Experience adjustment arising on		
- the DB Scheme liabilities	675	(49)
- the DB Scheme assets	(10,027)	2,884
- Changes in assumptions	13,192	2,818

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

- a. Horse Racing Ireland operates a defined contribution plan, the Horse Racing Ireland and Associated Companies Defined Employee Benefits Plan ("the DC Scheme") which is a trust based defined contribution pension plan. In addition, the DB Scheme ceased accruing benefits with effect from 31 March 2013 and all active members of the DB Scheme became active members in the DC Scheme with effect from 1 April 2013.
- b. At 31 December 2022, there were 185 active DC participants. Horse Racing Ireland also offers a PRSA to employees who are not eligible to join the DC Scheme.
- c. The pension contributions for the DC Scheme for the year ended 31 December 2022 were €0.755m (2021: €0.823m).

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

30. Non-controlling Interest

	2022 €'000	2021 €'000
At beginning of financial year	23	17
Movement in the financial year	2	6
At end of financial year	25	23

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:

	2022 €'000	2021 €'000
Group		
Authorised, but not contracted for	3,137	-
Contracted	1,628	3,177
Total	4,765	3,177
Horse Racing Ireland		
Authorised, but not contracted for	2,833	-
Authorised, but not contracted for, to subsidiary undertakings	304	-
Contracted	81	1,552
Total	3,218	1,552

32. Lease Commitments

Operating Leases - Lessee

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

	2022 €'000	2021 €'000
Group		
Within one year	57	86
Between one and five years	44	78
After five years	-	-
	101	164
Horse Racing Ireland		
Within one year	33	55
Between one and five years	12	45
After five years	-	-
	45	100

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

Operating Leases - Lessor

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

	2022 €'000	2021 €'000
Group		
Within one year	1,188	1,188
Between one and five years	4,751	4,753
After five years	8,788	9,974
	14,727	15,915
Horse Racing Ireland		
Within one year	530	530
Between one and five years	2,119	2,119
After five years	6,117	6,647
	8,766	9,296

Significant leasing arrangements - Lessor

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

Significant leasing arrangements - Lessee

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

33. Reconciliation of (Deficit) / Surplus for the Financial Year to Net Cash Inflows / (Outflows) from Operating Activities

	2022 €'000	2021 €'000
(Deficit) / Surplus for the financial year before tax, exceptional item		
other finance expenses & associate undertakings	(3,950)	8,941
Interest receivable	(437)	(400)
Interest payable	419	433
Depreciation	5,432	5,134
Impairment loss	-	12
Exceptional items	(113)	(1,105)
Fair value movement of investment properties	380	(180)
Fair value movement on listed investments	2,541	140
Gain on disposal of assets	(1)	(20)
Tax paid	(455)	(290)
Decrease / (Increase) in operating debtors	110	(5,664)
Increase in operating creditors	7,563	9,013
Difference between pension charge and contribution	(1,455)	(1,419)
Net cash inflow from operating activities	10,034	14,595

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

34. Components of Cash and Cash Equivalents

	2022 €'000	2021 €'000
Group		
Cash at bank and in hand	37,854	11,840
Short term fixed deposits	-	10,711
	37,854	22,551
Horse Racing Ireland		
Cash at bank and in hand	31,899	4,554
Short term fixed deposits	-	10,704
	31,899	15,258

35. Analysis of Changes in Net Funds

	1 Jan 2022	Cash flows	31 Dec 2022
Cash and cash equivalents			
Cash at bank and in hand	11,840	26,014	37,854
Short term fixed deposits	10,711	(10,711)	-
	22,551	15,303	37,854
Borrowings			
Bank loans repayable within 1 year	-	-	-
Bank loans repayable after more than 1 year	(20,250)	4,250	(16,000)
	(20,250)	4,250	(16,000)
Total net funds	2,301	19,553	21,854

36. Related Party Transactions

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

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

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

Subsidiary undertakings

Transactions in the financial year between Horse Racing Ireland and its non-wholly owned subsidiary undertakings included payroll and cost recharges of €4.770m (2021: €3.577m), bookmaker's fees of €0.270m (2021: €0.035m), sponsorship collected of €1.235m (2021: €0.391m), grants payable of €0.003m (2021: €0.149m), interest income of €0.220m (2021: Nil) and interest payable of Nil (2021: €0.015m).

During the financial year, Horse Racing Ireland received repayments on financial assets of €2.425m (2021: €0.875m) and issuance of financial assets of €0.250m (2021: Nil).

Associate undertakings

Transactions in the financial period between Horse Racing Ireland and its associate undertakings included payroll and cost recharges of €0.029m (2021: €0.026m), bookmakers fees of €0.073m (2021: €0.009m), sponsorship collected of €1.358m (2021: €0.043m), grants payable of Nil (2021: Nil), schools and gallops recharges of €0.201m (2021: €0.260m), training ground recharges of €1.184m (2021: €1.262m) and interest income of €0.024m (2021: €0.020m).

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

As set out in Note 38 HRI has an equity investment of €23m at year end (2021: €23m) in CRL. As set out in Note 17 the carrying value of HRI Group's investment is €13.946m after taking account of HRI's share of losses in CRL to date.

In 2020, HRI entered into a €9.000m convertible loan agreement with CRL of which €8.240m has been transferred as at 31 December 2022.

Amounts due (to) / from related parties

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

Related party name	2022 €'000	2021 €'000
The Tipperary Race Company Plc	276	(10)
The Leopardstown Club Limited	7,269	9,274
Navan Races Limited	5,337	5,621
Fairyhouse Club Limited	2,313	2,633
Curragh Racecourse Limited	9,955	9,316

37. Property

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

38. Investment in Associate

HRI, the Turf Club and private investors established a company, Curragh Racecourse Limited (CRL) to facilitate the redevelopment and future operations of the Curragh racecourse. This company is incorporated in the Republic of Ireland. HRI total investment at 31 December 2022 is €23m (2021: €23m).

HRI provided grant funding of €12.5m towards the redevelopment under HRI's Racecourse Capital Development Scheme 2015 - 2019, €0.2m towards track works under HRI's Track Works Scheme 2018 - 2019 and €0.1m towards the installation of wifi at the racecourses under HRI's Wifi Scheme. These schemes were available to all racecourses. HRI also has a historic loan of €1.6m in relation to an earlier development. The remaining balance on this loan of €0.502m is disclosed as a financial asset as at 31 December 2022. The loan yields an interest rate of 1% and is scheduled to be fully repaid in 2027. In 2019, HRI provided CRL with a loan of €0.5m to fund necessary alterations to the parade ring which is disclosed as a short term debtor. The loan yields an interest rate of 3.25% and is to be repaid when sufficient working capital in CRL permits such repayment. Any amounts outstanding as at 31 March 2026 are required to be repaid in 5 equal annual repayments beginning in 2027. See Note 36 for further information on CRL.

In 2020, HRI entered into a €9.000m convertible loan agreement with CRL. As at 31 December 2022, €8.240m has been transferred to CRL. The maturity date on the loan is 31 January 2024 and interest is charged at 3.25%. Under the terms of the agreement if any outstanding amount at final repayment date shall convert into shares. CRL informed HRI in September 2023 that the loan conversion will proceed as planned in January 2024.

As at 31 December 2022, there were two classes of shares held by Horse Racing Ireland in CRL. HRI held 120,000 B1 (2021: 120,000) Ordinary Shares and 136,809 B2 (2021: 136,809) Ordinary Shares with a nominal value of €0.001 each. The B1 shares are fully paid up as at 31 December 2022 and represent 33.33% voting rights in CRL. The B2 shares represent 35.29% economic shares with no voting rights.

At 31 December 2022 the Group and company had interests in the following associates:

	% Held	Principal Activities
Curragh Racecourse Limited	35.29%	The provision of racecourse and racehorse training facilities and the facilitation of the redevelopment of the Curragh Racecourse.

Horse Racing Ireland Notes to the Financial Statements (continued) for the Financial Year Ended 31 December 2022

39. Principal Subsidiaries

	% Held	Principal Activities
Direct Subsidiaries		
Tote Ireland Limited	100%	Operation of a totalisator at race meetings
Irish Thoroughbred Marketing Limited	100%	Promotion of the Irish Thoroughbred Horse
HRI Racecourses Limited	100%	Racecourse holding company, holding shares in indirect subsidiaries listed below
Tote Arena Limited	100%	Non-trading
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
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.

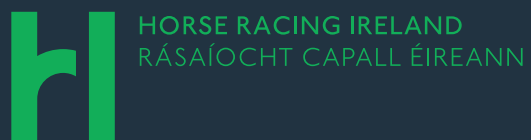
40. Contingent Liabilities

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

41. Approval of Financial Statements

The Board of Horse Racing Ireland approved these financial statements for issue on 18/12/2023.

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