

Bord na gCon 2018 Annual Report

Bord na gCon Annual Report 2018

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WELCOME

De réir théarmaí Ailt 19(2) de Achtanna Tionscail na gCon, 1958 agus 1993, cuireann Bord na gCon a Thuarascáil um Chuntais don Bhliain dar Críoch 31 Mí na Nollag, 2018, faoi bhráid An Roinn Talmhaíochta, Bia agus Mara.

In accordance with section 19(2) of the Greyhound Industry Acts 1958 to 2019, Bord na gCon presents its Annual Report and Financial Statements for the year ended 31 December 2018, to the Minister for Agriculture, Food and the Marine.

MISSION STATEMENT

To deliver a commercial, well-regulated Greyhound Racing and Breeding Industry whilst enabling the delivery of a customer centred, highly exciting and value led entertainment experience.



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CHAIRMAN'S REPORT

It gives me great pleasure to write this Foreword to the annual report of Bord na gCon (BNG) for the year 2018, my first year as Chairman.

I wish to acknowledge the assistance provided to me by the other members of the Board, the Chief Executive and members of the Executive.

On behalf of the Board, I wish to thank the retiring Chairman Phil Meaney and board member Riona Heffernan for their service.

2018 was a year of steady progress for the greyhound industry in Ireland. Turnover from racing related activities increased to €23.7 million from a figure of €22.7 million in 2017. Over half a million people attended greyhound racing meetings in 2018. Prize money increased from €8 million to €9 million.

The Board engaged the valuation and advisory services of Colliers International to obtain the current market value of the land and buildings as part of its proposals to rationalise its subsidiary company structure. On foot of the valuation the board conducted a review for impairment for 2018 as required under our accounting policies.

This review resulted an impairment loss booking being required in respect of the land and property at Tralee, Waterford, Limerick, Clonmel and Galway greyhound stadia as the carrying value of the assets in the accounts were greater than their market value. The impairment loss on land and buildings amounted to €20,615,401 and is offset by the release of capital grants on the impaired assets of €19,019,684, resulting in a net loss of €1,595,717. The impairment review in respect of Shelbourne and Cork stadia did not result in an impairment loss as their market value of €18m and €3.4m respectively is greater than their carrying value. The booking of this gain is not permitted under our accounting policy set out in Note 1.4 to the Financial Statements.

The Board appreciates the support of Minister Michael Creed, Junior Minister Andrew Doyle and the Government, as evidenced by the contribution of €16 million from the Horse and Greyhound Fund. The contribution increased to €16.8 million in 2019 and the additional funds are assigned to a further increase in prize money budget and the strategic objectives of Bord na gCon.

The Greyhound Industry Act was signed by the President on 28th May 2019. This significant updating and enhancement of the legislation governing the greyhound industry will provide a strong legislative framework for regulation of our industry going forward.

The greyhound industry will continue to face challenges in the year ahead. The uncertainty caused by Brexit is a major concern. There is constant traffic of greyhounds between Ireland and England where 85% of racing greyhounds are Irish. We are in constant contact with the Department of Agriculture, Food and the Marine and we are grateful for their continued guidance.

2019 has been a mixed year to date from a business perspective. The first half of the year was positive from a commercial outlook but indications for the latter part of the year are of a very difficult trading environment.

The Board remains committed to the protection of the integrity of our Industry and to promoting the welfare of greyhounds and all necessary resources will be committed to these ends.


It will be a matter for all stakeholders to unite in the continued promotion of greyhound racing to encourage and increase attendance and greyhound ownership.

We look forward with confidence to the year ahead.

Frank Nyhan

Chairman

Date:



30/8/19

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CHIEF EXECUTIVE'S REPORT

2018, while showing positive growth, was a mixed year for the greyhound industry and the overall financial performance of Bord na gCon. A range of severe weather events including 'the Beast from the East', Storm Emma and a lengthy heatwave impacted on the greyhound industry similar to other industries engaged in sporting and leisure activities. The severe weather events required a response from Bord na gCon in terms of management of the race schedule resulting in the deferral and cancellation of a number of race meetings. Notwithstanding these difficulties I am pleased that the attendance figures for 2018 for Bord na gCon stadia showed an improvement on 2017.

The final closure of the sale of Harold's Cross Greyhound Stadium in May 2018 enabled the BNG to deal with long term debt issues and to set aside €6 million from the surplus proceeds to invest back into the industry through a range of programmes and initiatives to further sustain this sector.

The Board launched its Strategic Plan 2018-2022 on 12th March 2018 and this presents the road map for the industry for the years ahead. A focused approach has been taken to implementation of the actions set out under the Strategic Plan and a number of initiatives were progressed during 2018 including an upgrade to the Racing Management System, extension of CCTV facilities at all tracks, improvements in racing infrastructure including the hare system and so on. These much needed improvements are critical to the ongoing activity of greyhound racing.

Much work was also done during 2018 in revisions to the grading system and a number of consultation processes were held to engage with greyhound owners, breeders and trainers. The National Greyhound Consultative Forum proved a very useful forum to directly engage with representatives of all sections of the industry and to tease out and debate proposals for change emanating from the Strategic Plan.

On the track we have been privileged to enjoy a feast of high quality Classics this year including the Boylesport Irish Greyhound Derby, the pinnacle of our sport. There was greater interest from smaller owners in the Derby due to an increased and restructured prize fund emphasising our commitment to all within the industry. Spectators have also enjoyed the Con & Annie Kirby Memorial Stake (Limerick), the Dublin Coach Juvenile Derby (Shelbourne Park), the Barking Buzz app Irish St Leger (Limerick) and the Irish Independent Laurels (Curraheen Park) to name but a few.

A key focus of activity in 2018 was the strengthening of our sales and promotion function with the appointment of dedicated Business Development Executives to a number of our greyhound stadia. These Business Development Executives are tasked with improving the reach of Bord na gCon in terms of sales and promotion activity. The promotion of the greyhound racing industry beyond these shores has also seen an expansion of the TV/media rights agreement with SIS for live racing. The agreement now encompasses nine live greyhound race meetings including two early morning race meetings at Kilkenny and Waterford. The extension of this agreement has also aided improvement in returns from the on-line and mobile betting markets.

On the welfare area I must commend the excellent work that is being done in this area by a range of groups throughout the country. The launch of 'Our People Their Stories' was a fitting way to demonstrate to the public the passion and care of those involved in greyhound racing. The Irish Retired Greyhound Trust (IRGT) set up by Bord na gCon continues to make tremendous progress on the rehoming of greyhounds after their racing life. For the first time, the amount of greyhounds rehomed with the assistance of the IRGT passed the 1,000 mark in 2018.

The Board faced a number of significant legal challenges by way of judicial review applications to the High Court during the year. A number of judgements were issued in 2018 and all were issued in favour of Bord na gCon. This is a very positive development in terms of the underpinning of the regulatory and integrity frameworks governing the industry.

While 2018 has again proved to be a challenging year for a variety of issues it nevertheless represented very significant progress for the Irish greyhound industry. There are many challenges to be met in 2019 including an adverse commercial environment, Brexit, the enactment of the Greyhound Industry Act and the continued focus on welfare as a central pillar in our industry.

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I wish to acknowledge the contribution of all within the greyhound industry during 2018 and particularly the Board and staff of Bord na gCon in continuing to demonstrate passion for greyhound racing and the willingness to adapt and change in light of the needs of the industry. I look forward to continuing to working with all in further developing the greyhound industry into the future.



Gerard Dollard

Chief Executive Officer

Date: 30/8/19

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BORD na gCON BOARD & EXECUTIVE BIOGRAPHIES



Frank Nyhan, Chairman

Frank Nyhan joined the Board in December 2015. Frank qualified as a Solicitor in 1978 and is the principal in the firm of Frank Nyhan & Associates Solicitors based in Mallow, Co Cork. State Solicitor for Cork City since 2013, he is a fellow of the Chartered Institute of Arbitrators and a CEDR Accredited Mediator.



Pat Creed, Board Member

Pat Creed joined the Board in December 2015. Pat recently retired as Managing Director of Bank of Ireland Finance. He has 32 years of banking experience at Bank of Ireland in various Senior Management roles. Pat was educated at Mitchelstown CBS and Trinity College Dublin qualifying with an MSc in Business.

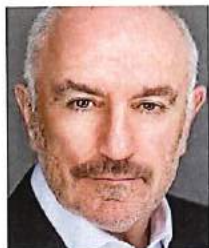


Dr Colm Gaynor, Board Member

Colm Gaynor joined the Board in August 2014. Colm is a Veterinarian and a Barrister-at-law. He has over 30 years of experience in the areas of policy development and official controls relating to animal health, welfare and food safety. He has served as Chief Veterinary Officer for Ireland and Director in the European Commission. He is currently Adjunct Professor at University College Dublin, Chair of the Minister for Agriculture's Scientific Advisory Committee on Animal Health and Welfare, and Chair of the Irish National Committee for the Protection of Animals used for Scientific Purposes.

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BORD na gCON BOARD & EXECUTIVE BIOGRAPHIES continued



Gary Brown, Board Member

Gary joined the Board in March 2019. Gary is Executive Director and shareholder of JWT Folk one of Irelands largest advertising and communications companies. He is the former chairman and founder of Target Mc Connells advertising agency. He is the only recipient of a Life Time Achievement Award from the Irish Direct Marketing Association. He has spent over 35 years in the Marketing industry and is an accomplished international speaker and writer on Marketing and Advertising

He is a former board member of Bord Bia and a former Chairman and player of Shelbourne Football Club.



Wayne McCarthy, Board Member

Wayne joined the Board in March 2019. Wayne is a fully qualified professional banker with over 20 years' experience across a number of senior positions in the banking sector. He has been Involved in the greyhound industry all his life and was a director of Dublin Greyhound & Sports Association Ltd. (Harold's Cross) and a Chairman of the Advisory Council at Shelbourne Park Greyhound Stadium. He has a keen interest in the GAA having previously represented his native county, Dublin, in football.



Aileen Lennon, Board Member

Aileen Lennon joined the board in May 2019. She is a financial accountant with Clogrennane Lime Ltd, a CRH group company, since 2008. She has been involved in the greyhound industry for many years and has an in depth understanding of the sector. Aileen was previously a director at Kilkenny Greyhound Stadium.

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BORD na gCON BOARD & EXECUTIVE BIOGRAPHIES continued



Gerard Dollard, CEO

Gerard was appointed to the position of Chief Executive Officer with Bord na gCon in September 2017. Prior to this Gerard had an extensive career in Limerick and Clare Local Authorities having held positions as Finance Officer and Director of Services with responsibility for Economic Development, Planning, Tourism, Environmental and Fire Services. He also held the position of Deputy Chief Executive with Clare County Council prior to joining the Board. As Project leader of the Cliffs of Moher Visitor Experience Project, Gerard had responsibility for delivery of the €31.5 million development and the putting in place of a commercial model for the second most visited tourist location in Ireland. Gerard holds a professional accountancy qualification and an MBA from the University of Limerick.



Michael Murnane, CFO

Michael joined the Board in February 2012. His role in Bord na gCon is to provide an objective voice on financial performance, whilst overseeing commercial performance across the group and managing the organisational relationship on compliance and audit with external stakeholders. He is also responsible for all group legal financial and taxation affairs and contributes to organisational strategy.



Joe Lewins, Director of Tote and IT

Joe joined Bord na gCon in November 2013. Joe has overall responsibility for strategic and operational management of the Board's totepools betting business. The role involves delivering process and systems solutions creating efficiencies and increasing exposure to all stakeholders. He is also responsible for utilising and realising the potential for technology to transform the business.



Philip Peake, Head of Events & Hospitality Services

Philip joined Bord na gCon in 2008. Philip's primary focus is the delivery of Food and Beverage services to the stadia network. This encompasses overall operational and financial performance including the implementation of marketing and sales strategies to drive stadium attendances. He also leads up the Human Resource function for the organisation and drives change management initiatives on an organisational basis.



Hilary Forde, Director of Racing Governance & Compliance

Hilary joined Bord na gCon in May 2014. Her role is to ensure that the current regulatory and compliance system is effectively observed by all stakeholders in the Irish greyhound industry. She is also responsible for the development and implementation of a world class regulatory code to ensure the highest integrity of greyhound racing in Ireland.



Denis Healy, Veterinary Director.

Denis joined Bord na gCon in September 2017. Denis's role in the BNG is to promote policies and a culture that ensures high welfare standards. He is also responsible for development of policies in relation to anti-doping and medication control and in particular to ensure that BNG's National Greyhound Testing Laboratory methods of analyses continue to meet current international best practices.

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FINANCIAL REVIEW

Financial statements for Bord na gCon year ended 31 December 2018 are reporting an operating surplus¹ of €1.86 million for the year (2017 - €1.67 million). Results achieved were hindered by prolonged period of weather interruptions that resulted in abandoning of race meetings.

RACING ACTIVITY & PRIZE MONEY

1,586 race meetings was held during 2018 (2017 - 1,578) accommodating 15,860 individual races (2017 - 15,610). 93,412 greyhounds were entered into these races.

506,142 patrons attended greyhound racing events in 2018 as compared to 514,546 for the year to 31 December 2017.

Total prize money for the year was €9.1 million; Bord na gCon contributed 82.2% of this total (2017 - 77.5% of total prize money was contributed by the Board) the remainder of prize money arose from race entry fees and sponsorship contributions. The contribution by the Board to prize money in 2018, €7.6 million, represented an increase of 21% on contributions made to prize money in 2017. Prize money contributions account for 47.3% of the total allocation to the Board from the Horse and Greyhound Racing Fund.

GROUP INCOME AND EXPENDITURE ACCOUNT

Tote turnover at €16.7 million includes income generated from the sale of media rights to SIS from six Board tracks and sales of the tote product to international co-mingling customers. Winnings of €12.4 million were paid on amounts wagered through Bord na gCon's Tote operations.

Tote sales including international co-mingling customers amounted to €3.1 million which represented an increase of €0.4 million over income generated in 2017 (€2.7 million).

Sale of media rights from Tralee, Youghal, Mullingar, Cork and Limerick generated fees of €1.1m in 2018. Broadcasting of greyhound racing extended to Limerick and Cork from August 2018 with a second meeting broadcast from Youghal. The service has been further extended since January 2019 to include morning meetings from Waterford and Kilkenny.

Total food and beverage sales, from stadia operated by Events and Hospitality Services, was €5.8 million generating a gross profit of €3.9 million.

The allocation from the Horse and Greyhound Racing remained at €16 million.

During 2018, group expenditure excluding prize money was €6.9 million which represents a saving of 9.5% on 2017.

The deficit for the defined benefit scheme stood at €2.45 million on 31 December 2018, which represents a total reduction of €1.1 million in this liability during the year.

GROUP CASH FLOW

In 2018, the Bord na gCon repaid a total of €19.6 million of bank debt and overdraft facilities. During the year, payments to acquire tangible fixed assets totalled €0.6 million.

¹ Operating surplus is defined as profits before interest, taxation, depreciation, amortisation and defined benefit pension costs

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TOTE REVIEW

On track tote turnover reached €12.5 million, this growth was impacted by weather conditions and cancellation of race meetings. Support to race meetings was further exacerbated by the soccer World Cup.

The downward trend in on course betting has continued and the Bord na gCon will be engaging with the on-course bookmakers and examining additional markets and third party partnerships to increase pool liquidity.

Tote betting platforms for online, Mobil and our international betting partners showed good solid growth 16.6% ahead of 2017 despite the difficulties experienced at Drumbo Park one of our comingling partners.

The international business showed very good growth and the Bord na gCon go into 2019 confident that this is a part of our business which will go from strength to strength.

The Mobil app Barking Buzz is continually being developed and achieved increased traffic of 29% to the Bord na gCon website growing revenues by 26% and transactions by 25%. Bord na gCon remain confident to maintain growth in 2019 through a strategic marketing approach supported by third-party marketing partner.

Sale of media rights to Sports Information Service Limited (SIS) was expanded from four race meeting broadcast during 2017 from Tralee, Youghal, Mullingar to nine race meetings which now includes Cork, Limerick, a second meeting from Youghal plus morning meetings from Waterford and Kilkenny in 2019.

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REGULATION REVIEW

The Regulation Department recognises the importance of ensuring the highest integrity standards across every area of the sport and this goal was strengthened in 2018 by the various actions as outlined below. The approach undertaken in recent years has been informed on foot of the Morris and Indecon Reports.

- From 5,288 samples tested in 2018, 0.004% returned adverse analytical findings (22 samples). In compliance with the Greyhound Industry Regulations (2007 - 2017), each adverse finding is published on the Board's website and referred to the Control Committee for adjudication. Every decision of the Control Committee or Control Appeal Committee is published on the Board's website. This level of transparency assists in the confidence that greyhound patrons and the general public place on greyhound racing.
- The testing regime adopted by Bord na gCon includes unannounced and intelligence-led testing in place at race meetings, sales, private kennels and trials.
- Bord na gCon continued their participation in MIDAS (Management of Intelligence and Drugs Action in Sports) which involves inter-agency cooperation and intelligence sharing with the Irish Turf Club, Investigations Division of Department of Agriculture Food and the Marine, Horse Sport Ireland, Irish Coursing Club and the State Laboratory.
- Bord na gCon published research and findings on their website from the Scientific Advisory Committee (national and international experts to advise on latest research, medication controls and prohibited substances). Such findings specifically related to the detection and effect of Meloxicam and Carprofen.
- Bord na gCon successfully defended 3 separate Judicial Review proceedings in the High Court, affirming the Board's commitment in the area of regulatory control.
- Bord na gCon undertook Public Consultations in the regulatory areas of Novice Racing and Seeding.
- Significant changes were made to the National Grading System and how greyhounds are back graded, providing a more readily understood and transparent grading system.
- Bord na gCon has and will continue to publish all available policies on our website as the primary reference for greyhound regulatory information;

Bord na gCon will continue to develop and strengthen the robust regulatory framework to safeguard the successful growth and sustainability of the Greyhound industry. As always the confidence of the public in the integrity of racing is paramount and this requires utmost standards of regulatory, welfare and integrity functions.

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WELFARE REVIEW

Greyhound Welfare

Greyhound welfare continues to be a top priority for Bord na gCon. There is an ongoing proactive approach, backed by increased funding, to ensure that animal welfare standards are consistently high throughout the industry.

All reported incidents of greyhound cruelty and neglect are investigated and where breaches of the Welfare of Greyhounds Act 2011 are identified appropriate action is taken. In 2018, Bord na gCon Welfare Officers carried out 422 kennel inspections and completed 69 full welfare investigations under the Welfare of Greyhounds Act 2011 resulting in the issuing of two Fixed Payment Notices of €250 each relating to Section 10 offences. Two welfare notices were also served by Bord na gCon Welfare Officers following inspections resulting in the reduction of greyhound numbers on one of the premises together with improved kennel standards.

Bord na gCon were also successful in its prosecution against a greyhound owner under the Welfare of Greyhounds Act 2011 at Cashel District Court in January 2018. The greyhound owner was convicted for Section 10 (6) and 20 (5) offences under the Act and also offences under the Welfare of Greyhounds Regulations 2016 and a final ruling on the sanctions to be imposed is awaited.

Following the large number of kennel inspections carried out by Welfare officers it is reassuring to know that the care and management of the vast majority of registered greyhounds maintain the appropriate standard.

There are ongoing unannounced inspections at all greyhound stadia to ensure that track maintenance procedures are to the required standards. Further track inspections are carried out by Control Stewards prior to all race meetings and official trial sessions. Veterinary staff attends all race meetings and sales trials to ensure that the appropriate level of care is provided to greyhounds.

Greyhound Welfare Initiatives

Bord na gCon continues to make financial contributions towards the costs involved in the neutering/spaying of greyhounds prior to their rehoming and in 2018 also provided financial assistance to a number of greyhound rehoming organisations to defray some of the costs associated with the rehoming of retired greyhounds as pets.

Contributions were also made towards improvements to racing surfaces at a number of stadia.

Rehoming of Retired Greyhounds:

In 2018, through its network of Irish and International rehoming agencies, Bord na gCon's registered charity, the Irish Retired Greyhound Trust (IRGT), provided rehoming opportunities for 529 retired greyhounds and through the provision of financial assistance to a number of private rehoming agencies aided the rehoming of a further 492 greyhounds.

Bord na gCon and the IRGT attended a number of Pet Expos throughout the country to promote the suitability of retired greyhounds as pets and to advise potential greyhound adopters of the process involved in rehoming retired greyhounds.

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RACING REVIEW

2018 - TOP 10 IRISH OWNERS <i>Based on total wins</i>		2018 - TOP 10 IRISH PUBLIC TRAINERS <i>Based on total wins</i>		2018 - TOP 10 IRISH PRIVATE TRAINERS <i>Based on total wins</i>		
	Name of Owner	Wins	Races	Name of Owner	Wins	Races
1	Derek Kehoe	159	796	Graham Holland	247	897
2	Donal O'Mahony	69	391	Derek Kehoe	167	860
3	Liam Dowling	59	178	Paul Hennessy	154	666
4	Tom Egan	58	400	Peter Cronin	133	424
5	Laurence O'Rourke	58	228	Martin (Murt) Leahy	115	513
6	Joseph Quirke	53	381	Pat Buckley	114	382
7	Paul Whyte	51	264	Neilus O'Connell	101	618
8	George Roche	47	246	David Murray	97	284
9	James Slevin	44	278	Liam Dowling	96	313
10	John Turner	44	189	Liam O'Rourke	95	597
				John McDonagh	116	731
				Paul Whyte	57	292
				Karol Ramsbottom	55	192
				David Flanagan	51	246
				Kevin Mclean	48	207
				Nicholas Walsh	38	226
				Oliver Bray	38	173
				Pat Moloney	36	243
				Paul Conlon	35	209
				Pat Kiely	34	133

Source - www.igb.ie

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CONTROL COMMITTEE / CONTROL APPEAL COMMITTEE

Bord na gCon established an independent Control Committee and Control Appeal Committee in June 2007 to adjudicate on all matters concerning the integrity of greyhound racing.

Details of membership of the Control Committee during 2018 are as follows:

- Mr. Gerald Meaney, B.A L.L.B., Chairman
- Mr. Alan Keenan
- Mr. James Hannon M.V.B, L.L.B.
- Mr. Thomas J. Mulligan
- Mr. Diarmuid O'Neill

Meetings of the Control Committee take place on a regular basis and greatly enhance the independence of the disciplinary structure within greyhound racing and this, together with the Board's extensive prohibited substance testing regime, enhances public confidence in greyhound racing as a clean sport.

The action or sanction taken in any particular case is a matter entirely for the Control Committee within the Regulations. All decisions of the Control Committee are published in accordance with Article 8(6) of the Greyhound Industry (Control Committee and Control Appeal Committee) Regulations 2007 to 2018.

The independent Control Appeal Committee determines appeals made to it pursuant to Article 14 of the Greyhound Industry (Control Committee and Control Appeal Committee) Regulations 2007 to 2018. Details of membership during 2018 are as follows: -

- Mr. Frank O'Leary, M.R.C.V.S., Chairman
- Ms. Fiona Hughes, M.R.C.V.S.
- Mr. Pat Barriscale, B.C.L., B.L.

**AUDIT REPORT
& GROUP FINANCIAL STATEMENTS**

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MEMBERS AND OTHER INFORMATION

Members of the Board	Frank Nyhan (Chairman) – Appointed 6 September 2018 Phil Meaney (Chairman) – Term Completed 23 August 2018 Billy O Dwyer – Term Completed 26 March 2019 Mattie Murphy – Term Completed 7 June 2019 Riona Heffernan – Resigned 23 August 2018 Colm Gaynor Pat Creed Gary Brown – Appointed 26 March 2019 Wayne McCarthy – Appointed 26 March 2019 Aileen Lennon – Appointed 20 May 2019
Chief Executive Officer	Gerard Dollard
Registered office	Greenpark Dock Road Limerick
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1
Bankers	Allied Irish Bank plc. Bank Centre Ballsbridge Dublin 4 Bank of Ireland plc. 125 O'Connell Street Limerick
Solicitors	Holmes O'Malley Sexton Bishopsgate Henry Street Limerick

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GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Board Members present their report and the audited financial statements for the financial year ended 31 December 2018 that have been prepared in accordance with the generally accepted accounting principle FRS 102.

Governance

Bord na gCon is a commercial semi-state body, which is responsible for the control and development of the greyhound industry in Ireland. The Board was established pursuant to the Greyhound Industry Act (1958) which gives the Board wide powers to regulate all aspects of greyhound racing, from licensing of stadia to the issue of permits to officials, bookmakers and trainers. Bord na gCon operates under the aegis of the Department of Agriculture, Food and the Marine ("DAFM").

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 the Group 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 group and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the group.

Board responsibilities

The Board adopted a Statement of Responsibilities of the Board and a Schedule of Reserved Board Functions.

The Board is also cognisant of their responsibilities toward the body's systems of internal controls, management of risk associated with the operations of the Board and for reporting on the business as a going concern. Additionally, the Board has overall legal responsibility for directing the activity of Bord na gCon and its subsidiaries.

This responsibility extends to the oversight and management of the organisation and would include the following areas:

- Strategic & business planning including adoption of annual budgets and evaluations of performance;
- Financial management;
- Resource allocation;
- Corporate governance;
- Regulatory and taxation matters;
- Employment matters.

The Board is responsible for preparation of the governance statement and board members' report and the financial statements, which give a true and fair view of the financial performance and the financial position of Bord na gCon and the Group.

The Board is responsible for keeping in such form as may be approved by the Minister for Agriculture, Food and the Marine, under the Greyhound Industry Acts 1958 - Section 19 (as amended), with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of all moneys received and expended by it, including an income and expenditure account and a statement of financial position.

The Board is responsible for approving the annual plan and budget at the November Board meeting. An evaluation of the performance of the Group by reference to the annual plan and budget is conducted at each monthly board meeting.

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GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

In preparing these financial statements, the Board 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 the group will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards.

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time, the financial position of the Board and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Section 19 (as amended) of the Greyhound Industry Acts 1958. The maintenance and integrity of the corporate and financial information on the group website is the responsibility of the Board.

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

The Board is of the opinion that the preparation of the financial statements on a going concern basis is entirely appropriate having received the 2019 funding of €16.8m in full from the Horse & Greyhound Racing Fund and anticipate the 2020 allocation to be approved in Budget 2020.

The Board considers that the financial statements of the Group give a true and fair view of the financial performance and the financial position of the Group at 31 December 2018.

Board structure

The group is governed by a Board of a chairman and five members, following the completion of the board terms of Ms Riona Heffernan, Mr Phil Meaney (former chairman), Mr. Billy O'Dwyer and Mr. Mattie Murphy. Board members are appointed by the Minister for Agriculture, Food and the Marine, following a recruitment process overseen by the Public Appointments Service. Board members may be appointed for a period of up to three years and may be re-appointed and serve a maximum of two terms. The Board met on 13 occasions during 2018.

The board undertook an external evaluation of its own performance in August 2018.

The Board has established five committees, as follows:

1. **Audit and Risk Committee** For the majority of 2018 the Audit and Risk Committee comprised of three Board members. The role of the Audit and Risk Committee (ARC) is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board after each meeting, and formally in writing annually. The members of the Audit and Risk Committee are Mattie Murphy (Term Completed 7 June 2019), Riona Heffernan (Resigned 23 August 2018) and Pat Creed. There were five meetings of the ARC in 2018.
2. **Regulation Committee** comprises three Board members, Billy O'Dwyer (Term Completed 26 March 2019), Mattie Murphy (Term Completed 7 June 019) and Colm Gaynor and three non-Board members, Hilary Forde, Pat Herbert, and Denis Healy. There were seven meetings of the Regulation Committee in 2018.
3. **Sales Committee** comprises two Board members, Billy O'Dwyer (Term Completed 26 March 2019) and Mattie Murphy (Term Completed 7 June 2019) and four non-Board members, Hilary Forde, Pat Herbert, Barry Coleman and Richard O'Regan. There were seven meetings of the Sales Committee during 2018.
4. **Finance Committee** comprises of Riona Heffernan (Resigned 23 August 2018), Frank Nyhan and Pat Creed. There were no meetings of this committee required during 2018 as finance issues are addressed by the Board at their monthly meetings.
5. **Remuneration Committee** comprises of Phil Meaney (Term Completed 23 August 2018), Frank Nyhan and Riona Heffernan (Resigned 23 August 2018) who were not required to meet during 2018.

Bord na gCon Annual Report 2018

GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

Schedule of attendance, fees and expenses

A schedule of attendance of Board members at Board and Committee meetings for 2018 is set out below including the fees and expenses received by each member:

Board member	Fees 2018 €	Expenses 2018* €	Board meetings No.	Regulation committee No.	Sales committee No.	ARC No.
Frank Nyhan (Chairman)	9,600	4,137	13			
Phil Meaney (<i>Term Completed 23 August 2018</i>)	14,400	6,306	8			
Board members						
Billy O'Dwyer (<i>Term Completed 26 March 2019</i>)	8,100	6,110	12	6	7	
Mattie Murphy (<i>Term Completed 7 June 2019</i>)	8,100	11,545	13	7	6	5
Pat Creed	8,100	4,295	13			4
Riona Heffernan (<i>Resigned 23 August 2018</i>)	5,400	1,740	5			2
Colm Gaynor	12,600	3,522	13	7		
	66,300	37,655				

*Board members expenses may include periods other than 2018

Key personnel changes

The Chairman Phil Meaney completed his term on August 23rd, 2018 and existing board member Frank Nyhan was appointed on September 6th 2018 following a recruitment process overseen by the Public Appointments Service.

Riona Heffernan resigned on August 23rd 2018, Gary Brown – Appointed 26 March 2019, Wayne McCarthy – Appointed 26 March 2019, Aileen Lennon – Appointed 20 May 2019

Disclosures required by the Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the Group has complied with the requirements of the Code of Practice for the Governance of State Bodies ("Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

▪ Employee benefits breakdown

Short-term benefits in excess of €50,000 are categorised into the following bands:

Range in employee benefits	Number of Employees	
	2018 No.	2017 No.
€50,000 – €75,000	17	16
€75,001 – €100,000	2	4
€100,001 – €125,000	1	1
€125,001 – €150,000	2	2
€150,001 – €175,000	1	-

Note: For the purposes of this disclosure, short term employee benefits in relation to services rendered during the reporting period include salary and other payments made on behalf of the employee but exclude employer's PRSI.

Bord na gCon Annual Report 2018

GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

- **Consultancy costs** - include the cost of external advice to management and exclude:
 - i. outsourced "business-as-usual" functions
 - ii. costs relating to the disposal of the Board's assets.

Consultancy costs	2018 €	2017 €
Legal	53,111	138,336
Financial	5,575	12,500
Business Improvement	-	153,558
Pension and human resources	34,722	227,001
Public relations and marketing	<u>4,103</u>	<u>102,510</u>
Total	<u>97,511</u>	<u>633,905</u>

No consultancy costs were capitalised, and all have been charged to the Statement of Income and Expenditure.

- **Legal costs and settlements** - The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements, conciliation and arbitration proceedings with third parties. This does not include expenditure incurred in relation to general advice received by the Group which is disclosed in consultancy costs above.

Legal costs and settlements	2018 €	2017 €
Legal fees – legal proceedings	<u>118,240</u>	<u>38,165</u>

No legal settlements were incurred by the Board during 2018 or 2017.

- **Travel and subsistence** - Travel and subsistence expenditure is categorised as follows:

Travel and subsistence	2018 €	2017 €
Domestic travel and subsistence		
- Board – paid directly to Board members	37,431	51,117
- Board – paid on behalf of Board members	4,164	7,889
- Employees	518,948	511,226
International travel and subsistence		
- Board – paid on behalf of Board members	808	265
- Board – paid directly to Board members	224	-
- Employees	14,308	18,518
Total	<u>575,883</u>	<u>589,015</u>

Bord na gCon Annual Report 2018

GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

- **Hospitality Expenditure** - The Income and Expenditure Account includes the following hospitality expenditure:

Hospitality expenditure	2018 €	2017 €
Staff hospitality	420	2,880
Client hospitality	-	-
Total	<u>420</u>	<u>2,880</u>

Principal Commercial Activities and Review of the Business

Funding for Bord na gCon is sourced by admission fees, income generated from bar and restaurant facilities at their stadia; by a percentage deduction from Totalisator (tote) pools; by a turnover charge on on-course bookmaker betting and Exchequer funding.

Receipts from these sources are used to augment prize money, grant-aid development at stadia, develop public auction sales, advertise greyhound racing, promote greyhound welfare and to administer and regulate the industry including the operation of a national drug testing laboratory.

Bord na gCon licenced sixteen greyhound stadia during 2018. Seven of these are owned and/or operated by private enterprises; nine are operated by Bord na gCon namely Curraheen Park, Galway, Limerick, Mullingar, Newbridge, Shelbourne Park, Tralee, Waterford and Youghal. Clonmel stadium is operated under a leasehold from Bord na gCon.

Key Summary Financial Performance	2018	2017
Total Prize money	€9,103,300	€8,001,782
Prize money Contributions from owners & sponsors	€1,634,306	€1,752,790
Operating Surplus ²	€1,855,644	€1,671,511
Attendance at greyhound race meetings at BNG controlled stadia	388,079	375,689
Attendance at greyhound race meetings at privately controlled stadia	118,063	138,857
Total attendance	506,142	514,546
Number of race meetings held	1,586	1,566
Number of greyhound entries	93,412	92,241

Bord na gCon is a body corporate created by the Greyhound Industry Act 1958, it has no shares/debentures in issue. Additionally, Board members hold no interest in any of the Board's subsidiaries.

Subsidiaries

Information provided in respect of the subsidiary companies is as set out in Note 10 to the Financial Statements..

² Operating surplus is defined as profits before interest, taxation, depreciation, amortisation and defined benefit pension costs

Bord na gCon Annual Report 2018

GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

Health & Safety

The wellbeing of Bord na gCon's employees is safeguarded through adherence to Health and Safety standards throughout all company locations. Board members, the Chief Executive Officer and the Executive are cognisant of their responsibilities under the Safety, Health & Welfare at Work Act 2005 and the Safety, Health & Welfare at Work Regulations 2007. The Head of Compliance & Loss Prevention is the designated officer to oversee compliance with the Health & Safety Acts and associated regulations. There were no reportable incidents during 2018.

Subsequent Events

The Board are progressing a restructure of their subsidiary companies that will see the transfer of subsidiary assets and their trades consolidated into a single operating company. It is planned that this transfer will be completed during 2019. Assets will be transferred at accepted market value.

Accounting Records

The measures that the Board have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 regarding the keeping of accounting records are the employment of accounting personnel and maintenance of computerised accounting systems. The Board's accounting records are maintained at their offices at Greenpark, Dock Road, Limerick.

Auditor


In accordance with the Horse and Greyhound Racing Act 2001, the Comptroller and Auditor General has responsibility for the audit of Bord na gCon.

Statement of Compliance


The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. Bord na gCon was in full compliance with the Code of Practice for the Governance of State Bodies in 2018.

This report was approved by the Board and signed on its behalf by

Frank Nyhan
Chairman
Date:


30/8/19.

Pat Creed
Board Member
Date:


30/8/19



Ard Reachtaire Cuntas agus Ciste **Comptroller and Auditor General**

Report for presentation to the Houses of the Oireachtas

Bord na gCon

Opinion on the financial statements

I have audited the group and company financial statements of Bord na gCon for the year ending 31 December 2018 as required under the provisions of section 14 of the Horse and Greyhound Racing Act 2001. The financial statements comprise

- the group statement of income and expenditure
- the group statement of comprehensive income
- the group statement of financial position
- the Bord na gCon statement of financial position
- the group statement of cash flows
- the group statement of changes in capital and reserves
- the Bord na gCon statement of changes in capital and reserves, 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 Bord na gCon group and company at 31 December 2018 and of the group's income and expenditure for 2018 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 Bord na gCon 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.

Emphasis of matter – impairment of stadia

I draw attention to note 8 to the financial statements which sets out that the Board conducted a review for impairment for 2018 which resulted in an impairment loss of €20.6 million on stadia assets. My audit opinion is not modified in respect of this matter.

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

Bord na gCon 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.

Seamus McCarthy
Comptroller and Auditor General

4 September 2019

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 financial statements in the form prescribed under section 14 of the Horse and Greyhound Racing Act 2001
- 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 14 of the Horse and Greyhound Racing Act 2001 to audit the financial statements of Bord na gCon 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 Bord na gCon'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 Bord na gCon to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Information other than the financial statements

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

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

Reporting on other matters

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

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

I also report by exception if, in my opinion,

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

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

On behalf of the Board Members of Bord na gCon I acknowledge the Board's responsibility for ensuring that an effective system of internal control is operated and maintained. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies 2016 ("Code").

Purpose of system of internal control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only 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 system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the Group for the year ended 31 December 2018 and up to the date of approval of the financial statements.

Capacity to manage risk

The Group has an Audit and Risk Committee ("ARC") comprising three Board members for the majority of 2018, one of whom is the Chair, with financial and audit expertise. The ARC met five times in 2018.

The Group has also established an internal audit function using a third-party audit firm which is adequately resourced and conducts a programme of work agreed with the ARC.

The Group has also appointed a Risk Officer, supported by the Audit and Risk Committee, with operational responsibility for administering the risk management framework. The Group's risk management framework and policy was finalised in June 2018.

Risk and control framework

The Group 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.

A risk register is in place which identifies the key risks facing the Group and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated regularly by the Board, who have ultimate responsibility for the Risk register, and the ARC. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented;
- Financial responsibilities have been assigned at management level with corresponding accountability;
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management and the Board;
- There are systems aimed at ensuring the security of the information and communication technology systems;
- There are systems in place to safeguard the assets; and
- Control procedures over grant funding to outside agencies ensure adequate control over approval of grants and monitoring and review of grantees to ensure grant funding has been applied for the purpose intended.

Bord na gCon Annual Report 2018

STATEMENT ON INTERNAL CONTROL (continued)

Ongoing monitoring and review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action, to management and the Board, where relevant, in a timely way. I confirm that the following on going 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; and

There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

I confirm that Bord na gCon has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2018 Bord n gCon complied with those procedures.

Review of effectiveness

I confirm that the Group has procedures to monitor the effectiveness of its risk management and control procedures. The Group's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the ARC which oversees their work and the senior management within the Group responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018 in March 2019.

Internal control issues

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.

This report was approved by the Board and signed on its behalf by

Frank Nyhan
Chairman
Date:



30/8/19

Bord na gCon Annual Report 2018


GROUP STATEMENT OF INCOME & EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

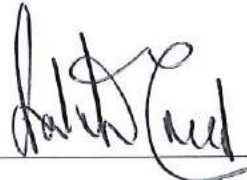
	Notes	2018 €	2017 €
Total turnover from racing activities	3	23,719,369	22,710,463
Winnings paid on Tote wagering		(12,366,682)	(11,907,893)
Operating costs of racing activities	5	(11,149,734)	(11,348,052)
Total tote and race related operating costs		<u>(23,516,416)</u>	<u>(23,255,945)</u>
Surplus/(Deficit) from racing activities		202,953	(545,482)
Other Income			
Allocation from the Horse & Greyhound Racing Fund		16,000,000	16,000,000
Prizemoney contributions from owners and sponsors		1,634,306	1,752,790
Media and other income		53,438	80,879
	3	<u>17,687,744</u>	<u>17,833,669</u>
Expenditure			
Contribution to Prizemoney		6,919,874	5,769,206
Incentive Schemes		549,120	479,786
Contributions to prize money from owners & sponsors		1,634,306	1,752,790
Racing regulation, laboratory integrity & governance		1,765,821	1,639,285
Grant assistance to private stadia		382,465	340,758
Contributions to greyhound welfare & Irish Retired Greyhound Trust		490,051	363,989
Information technology		674,263	694,680
Bord na gCon administration costs		1,348,068	1,516,645
Legal and professional fees		521,364	654,675
Board salaries and expenses		108,804	136,633
Redundancies & organisational restructure		130,098	488,575
Marketing and promotion		1,510,819	1,779,654
Total expenditures including prize money contributions		<u>16,035,053</u>	<u>15,616,676</u>
Group Operating Surplus before Interest, Depreciation & Taxation		1,855,644	1,671,511
Depreciation	4	(1,803,311)	(2,177,068)
Capital Grants Amortised	4	1,233,945	1,515,097
Impairment of Land and Buildings	4	(20,615,401)	-
Capital Grants Amortised on Impaired Land and Buildings	4	19,019,684	-
Interest on Loans		-	(329,391)
Profit on Disposal of Property	8	15,114,924	1,000
Defined Benefit Pension Costs	17	(288,161)	(370,862)
Surplus before taxation		<u>14,517,324</u>	<u>310,287</u>
Taxation	7	-	-
Loss Attributable to Minority Interest	16	103,117	106,973
Group Surplus for Year		<u>14,620,441</u>	<u>417,260</u>
Opening Revenue Reserves at 1 January		6,816,679	6,399,419
Closing Revenue Reserves at 31 December		<u><u>21,437,120</u></u>	<u><u>6,816,679</u></u>

All income and expenditure for the year relates to continuing activities.

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan 
 Chairman
 Date: 30/8/19

Pat Creed 
 Board Member
 Date: 30/8/19

Bord na gCon Annual Report 2018

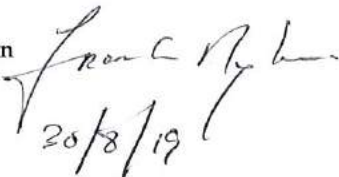
GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	Notes	2018 €	2017 €
Surplus for the year		14,620,441	417,260
Pension scheme Movements:			
Actual (loss)/return less expected return on schemes assets	17	(155,338)	207,795
Actuarial gain arising during period	17	596,230	672,484
Actuarial gain recognised in the pension scheme		440,892	880,279
Total comprehensive income for the year		15,061,333	1,297,539

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman
Date:



20/8/19

Pat Creed
Board Member
Date: 20/8/19



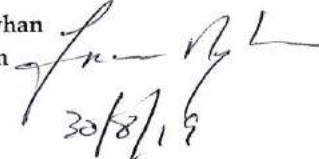
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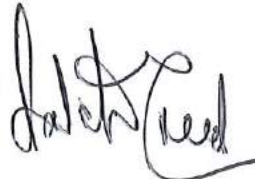
GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Notes	2018		2017	
		€	€	€	€
Fixed assets					
Property, plant and equipment	8		29,429,816		51,508,395
Intangible assets	9		-		4,300
Financial assets	10		5,570		5,570
			29,435,386		51,518,265
Current assets					
Inventory	11	319,871		333,761	
Trade and Other Receivables	12	1,384,675		2,106,799	
Assets Held for Sale	13	-		6,389,345	
Cash and Cash Equivalents		3,808,557		1,238,026	
		5,513,103		10,067,931	
Liabilities: amounts falling due within one year	14	(7,405,047)		(27,631,023)	
Net current liabilities			(1,891,944)		(17,563,092)
Total assets less current liabilities			27,543,442		33,955,173
Net Pension liability	17		(2,452,332)		(3,568,650)
Net assets			25,091,110		30,386,523
Capital and reserves					
Revenue reserve			21,437,120		6,816,679
Capital Reserve	18		10,380,765		30,590,752
Other Reserves	19		1,433,177		1,433,177
Pension Reserve			(8,782,122)		(9,223,014)
			24,468,940		29,617,594
Minority Interest	16		622,170		768,929
			25,091,110		30,386,523

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman
Date: 
30/8/19

Pat Creed
Board Member
Date: 
30/8/19

Bord na gCon Annual Report 2018

BORD na gCON STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER (COMPANY)

	Notes	2018		2017	
		€	€	€	€
Fixed assets					
Property, plant and equipment	8		854,504		1,170,462
Intangible assets	9		-		4,300
Financial assets	10		2,007,541		17,236,526
			2,862,045		18,411,288
Current assets					
Inventory	11	93,319		95,808	
Trade and Other Receivables	12	975,580		1,559,214	
Cash and Cash Equivalents		3,258,181		678,208	
		4,327,080		2,333,230	
Liabilities: amounts falling due within one year	14		(12,476,893)		(32,390,970)
Net current liabilities			(8,149,813)		(30,057,740)
Total assets less current liabilities			(5,287,768)		(11,646,452)
Net Liabilities			(5,287,768)		(11,646,452)
Capital and reserves					
Revenue Reserve			7,412,661		7,253,629
Capital Reserve	18		(13,970,167)		(20,169,819)
Other Reserves	19		1,269,738		1,269,738
			(5,287,768)		(11,646,452)

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman

Date:

Frank Nyhan
30/8/19

Pat Creed
Board Member

Date:

30/8/19

Pat Creed

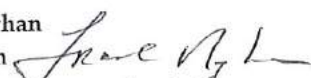
Bord na gCon Annual Report 2018

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


	Notes	2018 €	2017 €
Cash flow from operating activities			
Cash flows from operating activities	20	1,071,382	676,406
Taxation		-	-
Net cash generated from operating activities		1,071,382	676,406
Cash flows from investing activities			
Purchase of equipment		(602,674)	(438,673)
Net proceeds from disposal of fixed asset		21,766,809	1,000
Net cash used in investing activities		21,164,135	(437,673)
Cash flows from financing activities			
Interest (paid)		-	(307,168)
Increase/(Repayments) of loans & overdrafts		(21,953,175)	212,889
Net cash used in financing activities		(21,953,175)	(94,279)
Net Cash increase in cash & cash equivalents		282,342	144,454
Cash & cash equivalent at 1 January		1,238,026	1,093,572
Cash & cash equivalent at 31 December	21	1,520,368	1,238,026

The notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman 
Date: 30/8/19

Pat Creed
Board Member

Date: 30/8/19 

Bord na gCon Annual Report 2018

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Notes	Revenue Reserve €	Capital Reserve €	General Reserve €	Pension Reserve €	Minority Interest €	Total €
At 1 January		6,816,679	30,590,752	1,433,177	(9,223,014)	768,929	30,386,523
Movement in Capital Reserve	18	-	(1,233,945)	-	-	-	(1,233,945)
Group surplus for the year		14,517,324	-	-	-	-	14,517,324
Movement in Minority Interest	16	103,117	43,642	-	-	(146,759)	-
Asset (Impairment)	18	-	(19,019,684)	-	-	-	(19,019,684)
Actuarial Gain	17	-	-	-	440,892	-	440,892
At 31 December		21,437,120	10,380,765	1,433,177	(8,782,122)	622,170	25,091,110

Prior Year	Notes	Revenue Reserve €	Capital Reserve €	General Reserve €	Pension Reserve €	Minority Interest €	Total €
At 1 January		6,399,419	32,060,481	1,433,177	(10,103,293)	921,270	30,711,054
Movement in Capital Reserve	18	-	(1,515,097)	-	-	-	(1,515,097)
Group surplus for the year		310,287	-	-	-	-	310,287
Movement in Minority Interest	16	106,973	45,368	-	-	(152,341)	-
Actuarial Gain	17	-	-	-	880,279	-	880,279
At 31 December		6,816,679	30,590,752	1,433,177	(9,223,014)	768,929	30,386,523

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman
Date: 3/8/19

Pat Creed
Board Member
Date: 30/8/19

Bord na gCon Annual Report 2018

BORD na gCON STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018


	Notes	Revenue Reserve €	Capital Reserve €	General Reserve €	Total €
At 1 January		7,253,629	(20,169,819)	1,269,738	(11,646,452)
Movement in Capital Reserve	18	-	6,199,652	-	6,199,652
Surplus for the year attributable to Bord na gCon	4	159,032	-	-	159,032
At 31 December		7,412,661	(13,970,167)	1,269,738	(5,287,768)

Prior Year	Notes	Revenue Reserve €	Capital Reserve €	General Reserve €	Total €
At 1 January		5,281,744	(20,168,550)	1,269,738	(13,617,068)
Movement in Capital Reserve	18	-	(1,269)	-	(1,269)
Surplus for the year attributable to Bord na gCon	4	1,971,885	-	-	1,971,885
At 31 December		7,253,629	(20,169,819)	1,269,738	(11,646,452)

The Statement of Cash Flows and notes 1 to 25 form part of these financial statements.

Approved by the Board and signed on its behalf by:

Frank Nyhan
Chairman
Date:


31/8/19

Pat Creed
Board Member
Date:


30/8/19

Bord na gCon Annual Report 2018

Statement of accounting policies

1.1 General Information

Bord na gCon is a body corporate created under Irish legislation to fulfil the functions assigned to it by the Greyhound Industry Acts 1958 to 2019. It is domiciled in Ireland and the group is tax resident in Ireland.

At the beginning of 2018, Bord na gCon was involved in operating race stadia together with ancillary services at nine stadia. Bord na gCon was also involved in the operation of totaliser betting at all sixteen licenced stadia. Central activities are located at Greenpark, Dock Road, Limerick. Bord na gCon is a Public Benefit entity.

The financial statements have been prepared under the Historical cost convention, modified to include certain items at fair value in accordance with FRS 102 issued by the Financial Reporting Council.

All turnover and costs associated with catering facilities are fully recognised in the financial statements.

The significant accounting policies adopted by the group and applied consistently in the preparation of these financial statements are set out below.

1.2 Basis of Consolidation

The group financial statements comprise the financial statements of Bord na gCon and its subsidiaries. The financial statements of the Board's investment - Kilkenny Greyhound Racing Company Limited - have not been consolidated within these financial statements as the investment is held at cost less impairment. All intra company transactions are eliminated on consolidation. The accounting dates of all subsidiary companies are coterminous with that of Bord na gCon.

1.3 Revenue

Turnover represents revenue from race meetings and other ancillary services including, bar and restaurant operations. Turnover also accounts for income generated through percentage deduction from totalisator pools and revenue generated through charges on on-course bookmaker betting. Allocations from the Horse and Greyhound Racing Funds are accounted for on a cash receipts basis.

1.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost includes all costs that are directly attributable to bringing the asset into working condition for its intended use.

The board conducted a review for impairment for 2018. This review compares the carrying value of an asset with the higher of market value of the asset or the value in use - the present value of future cash flows deriving from the asset under review.

When asset impairment occurs, it is recognised in the group statement of income and expenditure and allocated to the individual racetrack. Management, having secured the current market valuation of land and properties, have concluded that the assets value in use was unlikely to be greater than the market value.

Bord na gCon Annual Report 2018

Statement of accounting policies (continued)

1.4 Property, Plant and Equipment (continued)

Depreciation

Freehold land is not depreciated. Depreciation on the remaining assets is calculated by equal instalments so as to provide for their cost over the period of their expected useful lives at the following annual rates:

Freehold Land	-	NIL
Freehold & Leasehold Premises	-	2%
Totalisator Buildings	-	10%
Totalisator Equipment	-	20%
Track Equipment, Furniture and Fittings	-	10%
Leased Tote Equipment	-	10%
Computer Equipment	-	33%
Motor Vehicles	-	20%
Catering Equipment	-	12.5%

The group's policy is to review the remaining economic lives and residual values of property, plant and equipment on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated life and residual value.

Fully depreciated assets are retained in the cost of assets and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the statement of income and expenditure.

1.5 Assets Classified as Held for Sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified within current assets as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.6 Goodwill

The cost of purchased goodwill is shown as an intangible asset in the Statement of Financial Position; negative goodwill is released to the Group Statement of Income and Expenditure in the period in which the non-monetary assets are recorded.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.7 Inventories

Inventories comprise consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis and includes invoice price and transportation costs. Net realisable value comprises the actual or estimated selling price less all further costs to completion or to be incurred in marketing, selling and distribution.

At the end of each reporting period inventories are assessed for impairment. Any impairment charge is recognised in the Group Statement of Income and Expenditure. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Group Statement of Income and Expenditure.

Bord na gCon Annual Report 2018

Statement of accounting policies (continued)

1.8 Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

1.9 Trade Payables

Trade payables are classified as current if payable within one year or less. If not, they are presented as non-current liabilities.

1.10 Borrowings

Borrowings are recognised initially at the transaction price (present value of cash payable to the bank, including transactions costs). Borrowings are subsequently stated at amortised cost. Interest expenses are recognised as interest and are charged as incurred. Interest charged is included in finance costs.

Borrowings are classified as current liabilities unless the group has a right to defer settlement of the liability for at least 12 months after the reporting date.

1.11 Leases

Finance Leases

Leases in which substantially all the risks and rewards of ownership are transferred by the lessor are classified as finance leases.

Property, plant and equipment acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and their useful lives. The capital element of the lease obligation is recorded as a liability and the interest element of the finance lease rentals is charged to the Group Statement of Income & Expenditure on an annuity basis. Each lease payment is apportioned between the liability and finance charges using the effective interest method.

Operating Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Group Statement of Income and Expenditure on a straight-line basis over the period of the lease.

Statement of accounting policies (continued)

1.12 Taxation

The company is managed and controlled in the Republic of Ireland and is tax resident in Ireland. Tax is recognised in the Group Statement of Income and Expenditure, except to the extent that it relates to items recognised in the Statement of Comprehensive Income or directly in equity. In these cases, the tax effect of these items is also recognised in the Statement of Comprehensive Income or equity respectively.

(i) *Current Tax*

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date.

(ii) *Deferred Tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Current or deferred tax assets and liabilities are not discounted.

1.13 Oireachtas Grants

Allocations from the Horse & Greyhound Racing Fund are treated as revenue grants and credited to the Group Statement of Income & Expenditure when received.

1.14 Employee Benefits

The group provides a range of benefits to employees, including paid holiday arrangements, a defined contribution pension plan and a defined benefit pension plan.

(i) *Short Term Benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Defined Contribution Pension Plan (PRSA)*

The company operates a defined contribution plan and a Personal Retirement Savings Account (PRSA). Under both plans the company pays fixed contributions into a separate fund. The company pays contributions to privately administered pension plans on a contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(iii) *Defined Benefit Pension Plan*

The company also operates a defined benefit pension plan. In this instance, pension plan assets are measured at fair value and pension plan liabilities are measured on an actuarial basis using the projected unit method. An excess of plan liabilities over plan assets is presented on the Statement of Financial Position as a liability.

The pension charge in the Statement of Income & Expenditure comprises the current service cost and past service cost. The difference between the expected return on plan assets and the interest cost on the plan liabilities is credited as other finance income. 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 year in which they occur.

Bord na gCon Annual Report 2018

Statement of accounting policies (continued)

1.15 Prize money

Prize money consists of race entry fees, sponsorship of certain race events, race grants plus other racing supports provided by Bord na gCon. The payments of prize money follows from approved race results and are then made directly to owners or their nominated representatives by Bord na gCon directly by bank transfer on a bi-weekly basis.

1.16 Contingencies

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote or the possible liability cannot be readily quantified. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable.

1.17 Capital Reserve

The Capital Reserve represents retained surplus applied for the acquisition of assets including the development of Board owned stadia. Releases are made from this reserve to the Group Statement of Income and Expenditure in line with the depreciation and write down of grant-assisted assets.

Previously the Board considered funding made available from the Horse and Greyhound Racing Fund to represent compensation for the reduction in on-course bookmaker's levy, funding for prize money grants and funding for the development of the industry by way of capital grants. Where funding received exceeded the aggregate of levy compensation, prize money grants and capital grants to private stadia, the excess was regarded as a capital grant and transferred to the capital reserve. Where funding received was less than aggregate, a transfer was made from the capital reserve to the revenue reserve. From 2012, the Board decided not to transfer amounts to the capital reserve where amounts received from the Horse and Greyhound Fund exceeds levy compensation, prize money grants and capital grants to private stadia.

Bord na gCon Annual Report 2018

2 Critical Accounting Judgements and Estimates

The preparation of these financial statements requires the Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as below.

(a) *Board assessment of going concern*

The Board consider the going concern basis for the preparation of the 2018 financial statements remains appropriate. This assessment is based on the following:

- i. Following completion of the sale of Harold's Cross Greyhound Stadium in May 2018, Bord na gCon has repaid all bank debt. Resources remain for development of the Board's capital infrastructure.
- ii. Bord na gCon's annual allocation of funds from the Oireachtas under section 12 of the Horse and Greyhound Racing Act 2001 will continue at present levels.
- iii. Increased profits from the racing function through establishing and increasing income streams from off stadium wagering and sale of media rights for Irish Greyhound Racing.

(b) *Establishing lives for depreciation and amortisation purposes of property, plant & Equipment*

Long lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of total assets. The annual depreciation charge and amortisation of capital reserve depend primarily on the estimated lives of each type of asset and estimates of residual values. The Board regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Details of useful economic life are included in accounting policies, Note 1.4.

(c) *Inventory Provision*

The level of provision required is reviewed on an on-going basis, however no inventory provisions were required for the year ending 31 December 2018 (2017 - €0)

(d) *Providing for doubtful debts*

The group makes an estimate of the recoverable value of trade and other receivables. The group uses estimates based on historical experience in determining the level of debts, which the group believes will not be collected. These estimates include such factors as the current credit rating of the debtor, the aged profile of the debtor and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis.

(e) *Retirement Benefit Obligation*

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually based on current economic conditions, advices received from the Board's actuarial advisor and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- i. the discount rate, changes in the rate of return on high-quality corporate bonds;
- ii. future compensation levels, future labour market conditions.

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

3 Turnover

Group turnover is derived from services originating in Ireland and comprises:

- Turnover from racing activities is derived from turnover from tote and all other track related racing activities, including admissions, on site sale of food and beverages.
- Turnover for Bord na gCon is derived from the annual allocation from the Horse and Greyhound Racing Fund, media income and other sundry income.

	2018	2017
Class of business	€	€
Food & beverage sales	5,825,498	5,591,414
Cost of supply for food & beverage sales	(1,883,984)	(1,869,097)
Gross Profits from food & beverage sales	<u>3,941,514</u>	<u>3,722,317</u>
Tote turnover	16,737,269	15,981,087
Bookmaker income	135,805	123,539
Track income	2,904,781	2,883,520
Turnover from racing activities	<u>23,719,369</u>	<u>22,710,463</u>
Allocation from Horse & Greyhound Racing Fund	16,000,000	16,000,000
Prizemoney contributions from owners and sponsors	1,634,306	1,752,790
Media income	20,000	40,000
Other income	33,438	40,879
Turnover for Bord na gCon	<u>17,687,744</u>	<u>17,833,669</u>

4 Group Surplus

	2018	2017
Group surplus before taxation has been arrived at after charging:	€	€
Depreciation (Note 8)	1,803,311	2,177,068
Less Capital grants amortised (Note 18)	(1,233,945)	(1,515,097)
Depreciation less amortisation of related capital grants	<u>569,366</u>	<u>661,971</u>
Auditors remuneration	121,558	87,206
Group interest payable	-	329,391
Impairment of Land and Buildings (Note 8)	20,615,401	-
Less Capital grants amortised on assets impaired (Note 18)	(19,019,684)	-
Impairment adjustment less amortisation of related capital grants	<u>1,595,717</u>	<u>-</u>

Bord na gCon (Company) – Surplus / (Deficit)

Bord na gCon surplus after taxation for 2018 is €159,032 (2017: €1,971,885). The surplus includes the dividend of €13,948,788 declared by Dublin Greyhound Sports and Association Limited plus the forgiveness of loan balances due from subsidiary companies to the value of €15,768,230.

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

5 Operating costs of racing activities

Operating costs of racing activities comprised of:	2018	2017
	€	€
Tote operations		
Tote operating costs	1,101,516	1,099,571
Tote staff costs	1,328,832	1,309,258
Betting collection costs	108,656	102,134
Track operations		
Track operating costs	2,686,067	2,852,415
Track staff costs	2,604,021	2,748,821
Food and Beverage operations		
Direct costs and other operational costs	827,144	893,485
Food & Beverage staff related costs	2,493,498	2,342,368
Total operating costs of racing activities	<u>11,149,734</u>	<u>11,348,052</u>

6 Employees

Number of employees - <i>Full Time Equivalents (FTE's)</i> employed by the group in the financial year is set out below	2018	2017
	Number	Number
Bord na gCon & Subsidiaries - full time staff	132	128
Bord na gCon & Subsidiaries - race night casual staff (<i>FTE's</i>)	106	97
	<u>238</u>	<u>225</u>

Total staff costs are comprised of:	2018	2017
	€	€
Short term employee benefits	8,392,021	8,499,436
Employers social insurance costs	797,318	767,950
Termination benefits	101,116	358,477
	<u>9,290,455</u>	<u>9,625,863</u>
Employers pension contributions to defined contribution & PRSA schemes	132,477	165,614
Defined benefit scheme current service cost (Note 17)	288,161	370,862
	<u>9,711,093</u>	<u>10,162,339</u>

- Termination benefits above relate to redundancy agreements with five staff during the 2018 reporting period.

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

Note 6 Employees note (continued)

The Chief Executive Officer's remuneration package was as follows:	2018	2017
	€	€
Basic salary	132,920	40,898
Pension contributions	33,230	5,538
Contract Fees – Interim CEO 2017 (incl. unrecoverable VAT)	-	117,075
	<u>166,150</u>	<u>163,511</u>

Key management personnel:	2018	2017
	€	€
Remuneration	702,491	744,246
Pension contributions	63,614	63,526
	<u>766,105</u>	<u>807,772</u>

Key management personnel in Bord na gCon consists of the members of the Board, the Chief Executive Officer along with members of the executive. The total value of employee benefits for key management personnel is set out in the previous table. This does not include the value of retirement benefits earned in the period by the CEO and members of the executive³. Key management personnel are members of Bord na gCon defined contribution scheme.

7 Taxation

There was no corporation tax charge arising in 2018 (2017 - €0) due to current and prior year trading losses in the Board's subsidiary companies.

³ Chairman and Board members do not benefit from pension benefits.

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

8 Property, Plant and Equipment (Group)

Cost/Valuation	Freehold Land and Buildings €	Leasehold Buildings €	Equipment €	Motor Vehicles €	Total €
At 1 January 2018	35,773,556	32,447,125	16,989,560	78,588	85,288,829
Additions	2,312	0	600,362	-	602,674
Asset Reclassification	854,281	69,144	(923,425)	-	-
Assets disposed	(51,153)	(1,226,248)	(28,329)	(58,650)	(1,364,380)
At 31 December 2018	36,578,996	31,290,021	16,638,168	19,938	84,527,123
Depreciation					
At 1 January 2018	4,007,889	13,772,226	15,924,481	75,838	33,780,434
Assets disposed	(41,594)	(976,791)	(24,804)	(58,650)	(1,101,839)
Asset Reclassification	2,946,500	(1,269,879)	(1,676,621)	-	-
Asset Impairment	19,509,976	1,105,425	-	-	20,615,401
Charge for the year	666,333	641,006	494,372	1,600	1,803,311
At 31 December 2018	27,089,104	13,271,987	14,717,428	18,788	55,097,307
Net book values					
At 31 December 2018	9,489,892	18,018,034	1,920,740	1,150	29,429,816
At 31 December 2017	31,765,667	18,674,899	1,065,079	2,750	51,508,395

Property, Plant and Equipment - Bord na gCon

Cost	Freehold Land and Buildings €	Leasehold Buildings €	Equipment €	Motor Vehicles €	Total €
At 1 January 2018	51,153	1,236,560	5,801,634	58,650	7,147,997
Additions	-	-	198,489	-	198,489
Assets disposed	(51,153)	(1,226,248)	-	(58,650)	(1,336,051)
At 31 December 2018	-	10,312	6,000,123	-	6,010,435
Depreciation					
At 1 January 2018	40,571	971,093	4,907,221	58,650	5,977,535
Assets disposed	(41,594)	(976,791)	-	(58,650)	(1,077,035)
Charge for the year	1,023	15,532	238,876	-	255,431
At 31 December 2018	-	9,834	5,146,097	-	5,155,931
Net book values					
At 31 December 2018	-	478	854,026	-	854,504
At 31 December 2017	10,582	265,467	894,413	-	1,170,462

The cost of the property, plant and equipment included above which have been fully depreciated at 31 December 2018 is €13,555,757 (2017 €13,644,055) for the group and €4,393,571 (2017 €4,326,107) for Bord na gCon.

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

Property, Plant and Equipment (Group) (continued)

Leasehold buildings include a 999 year licence in respect of the use of a car park at the Limerick Greyhound Stadium for racing events. This license was purchased in 2008 for €1.1 million and its current carrying value is €990,000. In 2008 the Board entered into a 30 year agreement with the third party owner of the car park whereby the board would purchase the freehold interest at a fixed price of €925,000 should the third party be unable to use this car park for other developments planned on adjacent lands to Limerick Greyhound Stadium.

Disposal of fixed assets

On May 8th 2018 the contract for sale of Harold's Cross property was completed. The gross proceeds from this sale of €23.0 million was initially utilised to repay bank debt €16.4m. Majority of costs including the original cost of the asset were carried as deferred costs from 2017 (Notes 12 & 13) resulting in a net surplus from the sale of €15.1m.

Impairment Loss

The board conducted a review for impairment for 2018. This review compares the carrying value of an asset with the higher of market value of the asset or the value in use - the present value of future cash flows deriving from the asset under review.

Management, having secured the current market valuation of land and properties, have concluded that the assets value in use was unlikely to be greater than the market value, therefore the impairment review has been completed by comparing the carrying amount of the individual assets with their fair value less cost to sell.

At the time of the preparation of the 2017 Financial Statements and the 2017 impairment review it was deemed reasonable to view the income generating unit as the combined group from all stadia due to the interdependency between stadia and the economic environment of the Greyhound Racing industry at that time. The economic environment for the Greyhound Racing industry has changed significantly during the past year and it is now deemed prudent and reflective of the current commercial environment that the income generating unit for the stadia is considered to be the individual stadium. The impairment review comparing the carrying amount of the individual assets with their fair value less cost to sell resulted in an impairment loss of €20,615,401. (Note 4).

The corollary release from Capital Reserves (Note 18) reflected in the Group Statement of Changes in Capital and Reserves and in the Group Statement of Income and Expenditure in respect of the amortisation of the deferred capital grant (Note 4) amounting to €19,019,684 resulted in a net loss of €1,595,717.

BNG have committed to the restructure of their subsidiary company network that will see subsidiary assets and trades transferred to a single subsidiary company. Land and buildings subject of the transfer will be transferred at agreed market value.

Land and buildings of The Kingdom Greyhound Racing Company Ltd, The Waterford Greyhound Race Company (1953) Ltd, Youghal Greyhound Race Company Ltd, Limerick Greyhound Racing Track Ltd, Cork Greyhound Race Company Ltd, and Galway Greyhound Stadium Ltd shall be part of this transfer.

As part of this process the BNG secured the valuation and advisory services of Colliers International to obtain the current market value of these land and buildings. Colliers International have confirmed the market value of the land and properties subject of the transfer at €12.5 million, excluding Shelbourne Greyhound Stadium Ltd. (€18m) and Cork Greyhound Race Company Ltd. (€3.4m).

Bord na gCon Annual Report 2018

Notes to the financial statement for the year ended 31 December 2018

9 Intangible Assets

Group	Negative		Total
	Goodwill	Goodwill	
Cost	€	€	€
At 1 January 2018	(150,575)	43,000	(107,575)
At 31 December 2018	(150,575)	43,000	(107,575)
Amortisation			
At 1 January 2018	(150,575)	38,700	(111,875)
Charge for year	-	4,300	4,300
At 31 December 2018	(150,575)	43,000	(107,575)
Net book values at 31 December 2018	-	-	-

Bord na gCon	2018	2017
	€	€
Net book value at 1 January	4,300	8,600
Released during the year	(4,300)	(4,300)
Net book value at 31 December	-	4,300

10 Financial assets

Group	2018	2017
	€	€
Investments	5,570	5,570

Group investments relate to investments in Ballybeggan Park (Tralee) and Kilkenny Greyhound Racing Company Limited. These investments are recognised at cost.

Bord na gCon:	2018	2017
	€	€
Shares in subsidiaries at cost less amounts written off	244,452	244,452
Long Term Loan to subsidiaries	1,763,089	16,992,074
	2,007,541	17,236,526

Loans due by subsidiary companies have been foregiven by BNG by €15,768,230 in advance of the consolidation of the subsidiary structure.

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Notes to the financial statement for the year ended 31 December 2018

Financial assets continued

Details of investments held in subsidiary undertakings are disclosed as follows:

Company	Detail of investment	Principal activity of the company
Dublin Greyhound and Sports Association Ltd	100% of issued share capital	Management and sale of the company assets.
Cork Greyhound Race Company Ltd	100% of issued share capital	Management of greyhound racing venue at Curraheen, Cork.
The Kingdom Greyhound Racing Company Ltd	100% of issued share capital	Management of greyhound racing venue at Tralee, Kerry.
The Waterford Greyhound Race Company (1953) Ltd	100% of issued share capital	Management of greyhound racing venue at Kilcohan Park, Waterford.
Youghal Greyhound Race Company Ltd	97.46% of issued share capital	Management of greyhound racing venue at Youghal, Cork.
Limerick Greyhound Racing Track Ltd	100% of issued share capital	Management of greyhound racing venue at Greenpark, Limerick
Mullingar Greyhound Racing Company Ltd	51% of issued share capital	Management of greyhound racing venue at Mullingar, Westmeath.
Galway Greyhound Stadium Ltd	100% of issued share capital	Management of greyhound racing venue at Showground's, Galway.
Shelbourne Greyhound Stadium Ltd	100% of issued share capital	Management of greyhound racing venue at Shelbourne Park, Dublin.
Clonmel Greyhound Racing Company Ltd	100% of issued share capital	Property holding company of Board property in Clonmel, Tipperary.
Abargrove Ltd	100% of issued share capital	Management of Newbridge, Kildare greyhound racing track plus group food & beverage operations.

Republic of Ireland is the country of incorporation for all subsidiary companies. The registered offices for above listed companies are Bord na gCon office, Greenpark, Dock Road, Limerick. In the opinion of the directors the shares in the company's subsidiaries are worth at least the amounts at costs which they are stated in the Statement of Financial Position.

The following table summarises the commercial activity of each subsidiary.

	31 December 2018	31 December 2017
Abargrove Ltd – Newbridge Greyhound Stadium	(€1,884)	€4,689
Cork Greyhound Race Company Ltd	€691	€22,400
Galway Greyhound Stadium Ltd	(€62,008)	(€19,615)
The Kingdom Greyhound Racing Company Ltd	€119,743	€226,152
Limerick Greyhound Racing Track Ltd	(€209,947)	(€227,352)
Shelbourne Greyhound Stadium Ltd	€952,308	€203,829
Waterford Greyhound Race Company (1953) Ltd	(€149,103)	(€57,810)
Youghal Greyhound Race Company Ltd	€32,494	(€28,013)
Mullingar Greyhound Racing Company Ltd	(€32,079)	(€19,492)

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Notes to the financial statement for the year ended 31 December 2018

11 Inventories

	2018	2017
Group	€	€
Totalisator and track consumable inventory	123,035	125,552
Food & beverage goods for re-sale	196,836	202,490
Sundry consumable inventory	-	5,719
	319,871	333,761
	319,871	333,761
	2018	2017
	€	€
Bord na gCon		
Totalisator and track consumable inventory	93,319	90,089
Sundry consumable inventory	-	5,719
	93,319	95,808
	93,319	95,808

The net replacement cost of inventory is not expected to be materially different from that shown above.

12 Trade and Other Receivables

	2018	2017
Group	€	€
Trade Receivables & Prepayments	1,384,542	1,482,767
Deferred expenses in respect of debt restructure including asset disposal	-	623,899
Other Receivables	133	133
	1,384,675	2,106,799
	1,384,675	2,106,799

Deferred expenditure of € 623,899 was incurred in respect of costs associated with the project initiated to resolve long term debt, protect group assets securing bank overdraft facilities and progress the disposal of the asset registered in the name of Dublin Greyhound & Sports Association Ltd at Harold's Cross. The deferred expenditure has been recognised in the 2018 financial statements as part of the sale of the Harold's Cross site and stadium. The disposal and elimination of long-term bank debt were successfully completed in May 2018.

	2018	2017
Bord na gCon	€	€
Trade Receivables & Prepayments	975,447	1,559,081
Other Receivables	133	133
	975,580	1,559,214
	975,580	1,559,214

Trade and other receivables include €382,609 (2017 - €555,989) due from two stadia operated by private enterprises and licensed by Bord na gCon. These balances are subject to agreed repayment terms.

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Notes to the financial statement for the year ended 31 December 2018

13 Assets Classified as Held for Sale

The major classes of assets comprising the operations classified as held for sale are as follows:

	2018	2017
	€	€
Property, Plant and Equipment	-	6,389,345

As noted in the accounting policy (1.5 - Assets Classified as Held for Sale) assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The asset held for resale at 31 December 2017 represented assets of Dublin Greyhound Sports and Association Ltd where the contract of sale was concluded on May 8th, 2018).

14 Liabilities Payable within one year

	2018	2017
	€	€
Group:		
Trade Creditors and Accruals	5,102,858	5,665,354
Deferred Income	14,000	12,493
Bank Loans and Overdrafts (Note 15)	2,288,189	21,953,176
	7,405,047	27,631,023

	2018	2017
	€	€
Bord n gCon		
Trade Creditors, Accruals & Other Creditors	3,993,634	4,320,929
Amounts due to Subsidiary companies	6,197,733	6,119,030
Bank Loans and Overdrafts (Note 15)	2,285,526	21,951,011
	12,476,893	32,390,970

Amounts due to subsidiary companies are repayable on demand.

The creditors and accruals figures include the following amounts

	2018	2017
	€	€
Group		
VAT	143,302	157,674
PAYE PRSI	267,819	316,540
Bord na gCon		
VAT	92,356	97,042
PAYE PRSI	139,421	195,704

15 Details of bank borrowings

Maturity analysis of loans and overdrafts

Bank facilities not subject of fixed repayment obligations

	Within 1 year	Between 1 & 5 years	Total
Overdrafts	(2,288,189)	-	(2,288,189)
Total:	(2,288,189)	-	(2,288,189)

The Bank overdraft was repaid in full in January 2019.

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Notes to the financial statement for the year ended 31 December 2018

16 Minority Interest

Minority interest arose on the 51% acquisition of Mullingar Greyhound Racing Company Limited in September 1999.

	2018	2017
	€	€
At beginning of financial year	768,929	921,270
Loss Attributable to Minority Interest	(103,117)	(106,973)
Amortisation of Capital Reserve attributable to minority interest (Note 18)	(43,642)	(45,368)
At end of financial year	622,170	768,929

17 Pension cost

The group operates a defined contribution, PRSA and defined benefit pension schemes.

Defined Contribution Scheme (DC) & PRSA

In respect of the DC and PRSA schemes the Board's contribution in 2018 amounted to €132,477 (2017 €165,614).

Defined Benefit Scheme

The company operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The company has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salaries along with additional contributions to reduce the funding deficit.

The scheme is closed to new entrants. A full actuarial valuation was carried out on 1 January 2017 by a qualified independent actuary. The actuarial position was subsequently updated to 31 December 2018 to provide an up to date assessment for the purposes of FRS102. Proposals to address the statutory Funding Standard deficit in this scheme were accepted by the Pension Authority on 6 September 2016 and these proposals were implemented from 2016.

Bord na gCon have implemented proposals approved by the Pensions Authority to address the deficit in relation to the defined benefit scheme. This will result in additional contributions of €800,000 per annum to the scheme.

The major assumptions used by the actuary were:

	2018		2017	
	%		%	
Rate of increase in salaries	1.85		1.5	
Rate of increase in pensions in payment	-		-	
Rate of increase of state retirement pension	1.35		1.65	
Discount rate	1.75		1.8	
Inflation assumption	1.35		1.65	
Life expectancy (in years)	Male	Female	Male	Female
Retiring Today (members aged 65)	21.2	23.7	21.0	23.6
Retiring Today (members 65 in 15 years)	23.0	25.3	22.9	25.2

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Notes to the financial statement for the year ended 31 December 2018

Pension cost note continued

The principal assets and liabilities in the scheme were:	Value at		Value at	
	31/12/2018		31/12/2017	
	€ '000		€ '000	
Fixed Interest	9,999	62.6%	9,734	59.7%
Cash	751	4.7%	685	37.4%
Other (insured assets)	5,224	32.7%	5,156	2.9%
Total market value of assets	15,974		15,575	
Present value of scheme liabilities	(18,426)		(19,144)	
(Deficit) / Surplus in the scheme	(2,452)		(3,569)	
Related deferred tax liability	-		-	
Net pension Asset / (Liability).	(2,452)		(3,569)	

The plan assets do not include any of the Board's financial instruments nor is any property occupied by the Board or its subsidiaries.

Defined Benefit Pension Costs charged to the Income & Expenditure Account:	2018	2017
	€'000	€'000
Current Service Cost	(233)	(289)
Interest on scheme liabilities	(339)	(351)
Expected Return on Scheme Assets	284	269
Defined Benefit Pension Costs	(288)	(371)
Analysis of Movement in Benefit Obligation		
Defined Benefit Obligation at beginning of year	19,144	19,750
Service Costs	233	289
Interest Cost	339	351
Plan Participants' contribution	18	21
Re-measurement of Defined Benefit Obligation	(596)	(672)
Benefits paid from plan assets	(712)	(595)
Defined Benefit Obligation at end of year	18,426	19,144
Change in plan assets		
Fair Value of plan assets at beginning of year	15,575	14,694
Expected return on plan assets	284	269
Actuarial (loss) / gain	(155)	208
Employers Contribution	964	978
Plan participants' contributions	18	21
Benefit paid from plan	(712)	(595)
Fair value of plan at year end	15,974	15,575
Net Defined Benefit Liability	(2,452)	(3,569)
Return on plan assets	2018	2017
	€'000	€'000
Total return on plan assets	129	477

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Notes to the financial statement for the year ended 31 December 2018

Pension cost note (continued)

An analysis of the amount recognised in the Group Statement of Comprehensive Income is as follows:	2018 €'000	2017 €'000
Actual return less expected return on scheme assets	(155)	208
Actuarial gain/(loss) arising during period	596	672
Re-measurement Effects Recognised in Other Comprehensive Income/(Loss)	<u>441</u>	<u>880</u>

Pension Commitment The retirement benefits for active members (of the DB Scheme) are currently increasing in line with their salaries (or integrated salaries for Class A PRSI members). In the Funding Proposal approved by the Pensions Authority, the Scheme Actuary assumed salary increases of the order of 2.5% per annum from 2018 onwards (2.5% for 2017). The Board resolved the following in respect of the active members of the DB Scheme

- i. cease future accrual of benefits with effect from 31 December 2021
- ii. increase accrued benefits (calculated as at 31 December 2021) in line with Statutory Revaluation from 1 January 2022 onwards until Normal Retirement Age [Statutory Revaluation is currently estimated at 1.5% per annum (over the medium to long term)]

18 Capital Reserve

	Group		Bord na gCon	
	2018 €	2017 €	2018 €	2017 €
Transfer from surplus				
- In previous years	73,813,320	73,813,320	73,813,320	73,813,320
- In current year	(4,271,742)	-	(4,271,742)	-
	<u>69,541,578</u>	<u>73,813,320</u>	<u>69,541,578</u>	<u>73,813,320</u>
Amounts Written Back				
- In previous years	(11,113,993)	(11,113,993)	2,300,994	2,300,994
- In current year	-	-	10,578,900	-
	<u>(11,113,993)</u>	<u>(11,113,993)</u>	<u>12,879,894</u>	<u>2,300,994</u>
Grants to Board Owned Stadia				
- In previous years	(1,941,837)	(1,941,837)	(94,658,431)	(94,658,431)
- In current year	-	-	(106,236)	-
	<u>(1,941,837)</u>	<u>(1,941,837)</u>	<u>(94,764,667)</u>	<u>(94,658,431)</u>
Amortisation to Income and Expenditure				
- In previous years	(30,524,844)	(29,055,115)	(1,625,702)	(1,624,433)
- Impairment Adjustment	(19,019,684)	-	-	-
- In current year	(1,233,945)	(1,515,097)	(1,270)	(1,269)
- Attributable to minority interest	43,642	45,368	-	-
	<u>(50,734,831)</u>	<u>(30,524,844)</u>	<u>(1,626,972)</u>	<u>(1,625,702)</u>
Amortisation of Amounts Written Back				
- In previous years	358,106	358,106	-	-
- In current year	4,271,742	-	-	-
	<u>4,629,848</u>	<u>358,106</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u>10,380,765</u>	<u>30,590,752</u>	<u>(13,970,167)</u>	<u>(20,169,819)</u>

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Notes to the financial statement for the year ended 31 December 2018

19 Other Reserves

	Group		Bord na gCon	
	2018	2017	2018	2017
	€	€	€	€
General Reserve	1,269,738	1,269,738	1,269,738	1,269,738
Other Reserve	163,439	163,439	-	-
	<u>1,433,177</u>	<u>1,433,177</u>	<u>1,269,738</u>	<u>1,269,738</u>

The other reserve represents amenity grants received by subsidiary companies.

20 Gross cash flows

	2018	2017
	€	€
Reconciliation of operating profit to net cash inflow from operating activities		
Surplus before taxation	14,517,324	310,287
Interest payable	-	329,391
(Profit) on disposal of Property, plant and equipment	(15,114,924)	(1,000)
Amortisation of intangible assets	4,300	4,300
Depreciation	1,803,311	2,177,068
Amortisation of capital reserves	(1,233,945)	(1,515,097)
Impairment of Plant, property & equipment	20,615,401	-
Impairment adjustment to capital reserves	(19,019,684)	-
Decrease in inventory	13,890	176,574
Decrease /(Increase) in trade and other receivables	722,124	(444,901)
(Decrease)/Increase in liabilities and provisions	(560,989)	246,474
Net pension	(675,426)	(606,690)
	<u>1,071,382</u>	<u>676,406</u>

21 Analysis of changes in net funds

	Opening Balance €	Cash Flows €	Closing balance €
Cash & Cash Equivalent	<u>1,238,026</u>	<u>2,570,531</u>	<u>3,808,557</u>
Bank Loan	(16,195,054)	16,195,054	-
Bank Overdraft	(5,758,122)	3,469,933	(2,288,189)
	<u>(21,953,176)</u>	<u>19,664,987</u>	<u>(2,288,189)</u>
Net Group Funds/(Debt)	<u>(20,715,150)</u>	<u>22,235,518</u>	<u>1,520,368</u>

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Notes to the financial statement for the year ended 31 December 2018

22 Commitments & Contingencies

The Board is involved in three legal cases. No provision has been made in the financial statements for the year ended 31 December 2018 as any potential financial affect cannot be reasonably ascertained at this time.

The Board has no other commitments or contingencies requiring disclosure.

23 Board's Members' Interest

In the normal course of business Bord na gCon may enter contractual arrangements with undertakings in which Board Members are employed or otherwise interested. The Board adopted procedures in accordance with the guidelines issued by The Department of Public Expenditure and Reform in relation to the disclosure of interests by Board Members and these procedures have been adhered to by the Board. The Board have continued to comply with the Department's guidelines covering situations of personal interest. In cases of potential conflict of interest, Board members did not participate in or attend any Board discussions relating to the matter.

During the year ended 31 December 2018, Mr Billy O'Dwyer (Term Completed 26 March 2019), Board Member provided auctioneering services to the Board towards the sale of greyhounds at public auction, the value of these services came to €1,000 (2017 - €800). Mr O'Dwyer did not attend or participate in any Board discussions on this service.

24 Events after the reporting date

The Board are progressing a restructure of their subsidiary companies that will see the transfer of subsidiary assets and their trades consolidated into a single operating company. It is planned that this transfer will be completed by quarter four 2019. Assets will be transferred at accepted market value.

25 Approval of financial statements

The board of directors approved these financial statements for issue on 30th August, 2019
