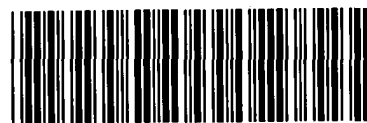


TATTERSALLS LIMITED

Annual Report and Financial Statements

30 June 2018

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TATTERSALLS LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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TATTERSALLS LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E C Mahony
A I H Bedford
G K Davies
J R B George
M J Mitchell (appointed 10 July 2018)
P J Morrey
R A Skeggs
P A T Watt

SECRETARY

R A Skeggs

REGISTERED OFFICE

Terrace House
Newmarket
Suffolk CB8 9BT

BANKERS

Lloyds Bank PLC
39 Piccadilly
London W1V 0AA

SOLICITORS

Bracher Rawlins LLP
77 Kingsway
London WC2B 6SR

Rustons & Lloyd
Beaufort House
136 High Street
Newmarket
Suffolk CB8 8JP

AUDITOR

Grant Thornton UK LLP
Chartered Accountant and Statutory Auditor
Cambridge, United Kingdom

TATTERSALLS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The core business is that of bloodstock auctioneers and valuers. Tattersalls Limited is the leading bloodstock auctioneer in Europe and both the holding company and the largest operating company in the group. Its bloodstock auction operation is based in Newmarket, Suffolk from where over 5,000 horses are sold annually. The company's income is derived predominantly from commissions, entry fees and auction fees.

At the start and end of the financial year, the subsidiary and sub-subsidiary companies were Dunlin Investments Limited (holding company of Tattersalls (Ireland) Limited), Tattersalls (Ireland) Limited (bloodstock auctioneers based in Co Meath, Ireland), Dunridge Limited (horse racing and trading) and Osarus Holdings Limited (holding company of Osarus SARL). During the year Horsezone.co.uk Limited was dissolved.

The company also holds a minority stake in William Inglis & Son Limited, the largest bloodstock auctioneer in Australia, in respect of which it receives dividends; these are included in "Other interest receivable and similar income" in the consolidated profit and loss account.

BUSINESS REVIEW

Sales at Tattersalls Newmarket saw a small increase in the number of Lots offered and sold in 2017/18, yet total ring turnover rose by an unprecedented 20% to £349 million. The October Book 1 Sale saw 17 yearlings realise seven-figures, which helped turnover exceed 100 million guineas, more than double the level of only seven years' ago. The Book 2 Sale generated record figures for turnover, average and median, with the result that of the 65 top-priced yearlings sold in UK and Ireland in 2017, 60 were sold at Tattersalls Newmarket. The December Sale was a particular highlight with ring turnover increasing by 53% to almost £72 million, helped by the sale for six million guineas of dual Group 1 winner Marsha.

The Sales staged at Ascot and Cheltenham have experienced contrasting fortunes. Whilst performance at Ascot has been relatively consistent, rather than spectacular, trade at Cheltenham has experienced exceptional gains. 2017/18 saw new all-time record prices for a Point to Point horse and a Point to Point mare, selling for £480,000 and £320,000 respectively.

The number of Lots sold at Tattersalls Ireland was broadly in line with the prior year, with the clearance rate improving from 70% to 75%. The result was a 9% increase in ring turnover to a record level of €54 million and on a like-for-like basis, post-tax profit rose 12% to €306,168.

Trading at Osarus continues to be below expectations, with a loss of €63,296 reported for the year.

Inglis completed its relocation to a new site at Warwick Farm on the outskirts of Sydney and in addition to the sales complex, a new hotel has been constructed to accommodate visitors to the Sales as well as provide an alternative income stream. The new location does not appear to have had any detrimental impact on Sales and the Inglis 2018 Easter Sale was the second best in its history.

Overall, the group pre-tax profit rose from £6.8 million to £8.8 million.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators in the bloodstock sales business reflected, within the company, the key changes in the market as a whole. UK sales aggregates were up 20.0% on the prior year and average prices overall were 16.6% higher than 2016/17. The median price, which is an indicator of the overall strength of the market in each sale, was broadly higher than its prior year comparative in the sales conducted in 2017, but lower for the sales held between January and June 2018. The top end of the market is still showing strength, but some unease exists with the sale of horses below this level.

The balance sheet of the group is set out on page 12. As at 30 June 2018, the group has net assets of over £72 million. The balance sheet shows the strength of the group asset base and the high level of liquid assets.

TATTERSALLS LIMITED

STRATEGIC REPORT

GOING CONCERN

The group meets its day-to-day working capital requirements through an overdraft facility that was renewed in September 2018 for a period of 12 months. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility. The group is confident that, subject to there being no material change in the group's circumstances, the existing facilities would be expected to be renewed.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

FINANCIAL RISK MANAGEMENT

The group balance sheet on page 12 shows a strong asset base. Bank borrowings consist of a working capital facility which supports the company's cyclical operational cash flow and is offered on an unsecured basis on terms linked to the level of UK Base Rate and the bank's "Reference" rate for the Euro. No specific financial instrument is utilised to protect the group exposure to interest rate changes on its working capital facilities; improvements to the group's cash flow steadily reduce that risk.

Exposure to fluctuations in exchange rates is not considered material as trading all occurs in local currencies. Wherever possible foreign currency assets are matched by foreign currency liabilities.

The group's principal financial assets are bank balances and cash, trade receivables and investments. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The group's exposure is spread over a large number of customers; there are however certain key customers whose trade forms an important part of the group's activity. The exposure to these specific customers is statistically high, but is not considered to represent a significant financial risk to the group.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses short-term debt finance. Further details regarding the liquidity risk can be found in the section on "going concern" above and in the Statement of Accounting policies in the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The financial risks which are intrinsic to the business model are described above. The wider threats to the global racing and breeding industries are beyond the company's control. These include the possibility of some of the major discretionary investors withdrawing, equine disease preventing the international movement of stock, negative impacts associated with Brexit and the potential impact of wider economic problems. On the positive side, the heritage and quality of British racing and the quality of British and Irish bred stock remain targets for investment from participants across the global market. This provides a degree of resilience to the local industry. Because of the uncertainties, however, it is inappropriate to assume that business growth is inexorable. Management seeks to protect the business by maintaining stability as far as possible in the fixed cost base and increasing the proportion of variable costs. This process enables, as far as possible, profit margins and cash flow to be protected in times of reduced income and market decline.

TATTERSALLS LIMITED

STRATEGIC REPORT

FUTURE DEVELOPMENTS

The bloodstock sales season in 2018 has started satisfactorily and positive results have been seen in the Autumn Sales. However, there are challenges currently in certain sectors of the bloodstock market demonstrated by the declines experienced in the overall clearance rate and the current imbalance between supply and demand at the lower end of the market is an issue for all concerned.

In the UK and Irish core businesses the focus will remain on cataloguing the best bloodstock available and creating a vibrant market in which to sell it. The collaboration between Tattersalls Ireland and Goresbridge Horse Sales adds a new dimension in 2019 and is designed to build on the success already seen at Ireland's only Breeze Up Sale. Further details of this transaction are set out in Note 29, on page 43.

ENVIRONMENT

The group is mindful of its environmental responsibilities and wherever possible and appropriate, implements policies which either reduce energy consumption or enhance the environment.

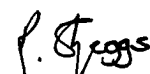
DONATIONS

During the year the group made the following donations:

Political purposes - Conservative Party	£600 (2017 - £15,550)
Charitable purposes	£51,038 (2017 - £76,105)

These donations were principally to local charities serving the communities in which the group operates and charities within the industry.

Approved by the Board of Directors and signed on behalf of the Board



R A Skeggs

Secretary

Date: 18 December 2018

TATTERSALLS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 June 2018. The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain assets, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

As permitted by section 408 of the companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The balance sheet of the company is included on page 13.

DIRECTORS

The directors who served throughout the year and who continue to serve, unless otherwise stated, are as follows:

E C Mahony
A I H Bedford
G K Davies
J R B George
M J Mitchell (appointed 10 July 2018)
P J Morrey
R A Skeggs
P A T Watt

DIRECTORS' INDEMNITY PROVISIONS

The company carries directors' and officers' liability insurance whereby the assured are the directors or officers of the company, or employees acting in a managerial or supervisory capacity in the company. The insurance is provided to cover the reimbursement of the assured for loss sustained from any claim for wrongful acts in their capacity as directors and officers of the company and to reimburse the company for loss resulting from claims made against the assured for such wrongful acts.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

In the wider economy, the continued uncertainty surrounding the nature of the future trading relationship with the EU is an area of concern. At this time it is not possible to assess the likely outcome and how this will impact on the group, however, representatives from the group are engaged with the wider bloodstock and horseracing initiatives that are underway to both lobby government and develop contingency plans for various scenarios post March 2019. In the short term, however, the continuing relative weakness of sterling is one factor that is expected to encourage those overseas purchasers who are seeking horses that are 'ready to run'.

In July 2018, Matt Mitchell was appointed as Chief Executive of Tattersalls Ireland and joined the Board of Tattersalls Limited as a director.

In August 2018, Tattersalls (Ireland) Limited entered in to a new relationship with Goresbridge Horse Sales to operate Ireland's only Breeze Up Sale. Further details of this transaction are set out in Note 29, on page 43.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on pages 2 to 4 and form part of this report by cross-reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2 to 4 and form part of this report by cross-reference.

TATTERSALLS LIMITED

DIRECTORS' REPORT

DIVIDENDS

The dividends paid during the year ended 30 June 2018 were the final dividend for the year ended 30 June 2017 (£4.35 per ordinary share) and the interim dividend of 70 pence per ordinary share.

A written ordinary resolution proposing a final dividend of £5.30 per ordinary share to be paid in January 2019 will be circulated to shareholders for their approval in December 2018.

POLITICAL DONATIONS

Details of political donations can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Grant Thornton has expressed their willingness to continue in office as auditor.

Approved by the Board of Directors and signed on behalf of the Board


R A Skeggs

Secretary

Date: 18 December 2018

TATTERSALLS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATTERSALLS LIMITED

Opinion

We have audited the financial statements of Tattersalls Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATTERSALLS LIMITED (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

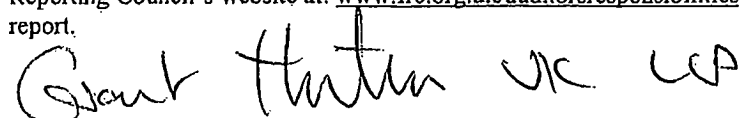
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Date: 18 December 2018

TATTERSALLS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2018

	Note	2018 £'000	2017 £'000 (restated)
TURNOVER	2, 28	33,732	29,149
Other operating income	3, 28	2,338	3,458
		<u>36,070</u>	<u>32,607</u>
Staff costs	4	8,191	7,654
Depreciation and amortisation	10 & 11	1,691	1,571
Other operating charges	28	18,223	17,222
		<u>28,105</u>	<u>26,447</u>
OPERATING PROFIT	5	<u>7,965</u>	<u>6,160</u>
Other interest receivable and similar income	6	1,245	1,197
Interest payable and similar charges	7	(207)	(274)
Other finance charges	27	(209)	(251)
		<u>829</u>	<u>672</u>
PROFIT BEFORE TAXATION		8,794	6,832
Tax on profit	8	(1,506)	(1,380)
PROFIT FOR THE FINANCIAL YEAR		<u>7,288</u>	<u>5,452</u>
Profit for the financial year attributable to:			
Non-controlling interest	21	(15)	(32)
Equity Shareholders of the Company	28	7,303	5,484
		<u>7,288</u>	<u>5,452</u>

All activities derive from continuing operations.

TATTERSALLS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 June 2018

	2018 £'000	2017 £'000 (restated)
Profit after tax for the year attributed to the group	7,288	5,452
Currency translation differences on foreign currency net investments	8	393
Surplus arising on revaluation of fixed assets	1,510	851
Actuarial gain/(loss) on defined benefit pension scheme	1,685	(403)
Movement in current tax asset on the pension deficit	139	202
Movement in deferred tax asset liability	(459)	(59)
Total comprehensive income for the year	<u><u>10,171</u></u>	<u><u>6,436</u></u>
 Total comprehensive income for the year attributable to:		
Non-controlling interest	(14)	(32)
Equity shareholders of the Company	<u>10,185</u>	<u>6,468</u>
	<u><u>10,171</u></u>	<u><u>6,436</u></u>

TATTERSALLS LIMITED

CONSOLIDATED BALANCE SHEET 30 June 2018

	Note	2018 £'000	2017 £'000 (restated)
FIXED ASSETS			
Intangible assets	10	3,339	3,560
Tangible assets	11	48,735	47,378
Investments	12	10,153	10,311
		<u>62,227</u>	<u>61,249</u>
CURRENT ASSETS			
Debtors	14, 20, 28	39,162	39,348
Investments	15	6,770	6,469
Cash at bank, in hand and on short term deposit	16	16,066	9,837
		<u>61,998</u>	<u>55,654</u>
CREDITORS: amounts falling due within one year	17, 28	<u>(43,808)</u>	<u>(41,588)</u>
NET CURRENT ASSETS		<u>18,190</u>	<u>14,066</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>80,417</u>	<u>75,315</u>
PROVISION FOR LIABILITIES	20, 27	<u>(8,039)</u>	<u>(10,543)</u>
NET ASSETS		<u>72,378</u>	<u>64,772</u>
CAPITAL AND RESERVES			
Called up share capital	22	508	508
Investment revaluation reserve	22	2,823	2,823
Other revaluation reserve	22	15,730	14,400
Profit and loss account	22, 28	53,352	47,062
SHAREHOLDERS' FUNDS		<u>72,413</u>	<u>64,793</u>
NON-CONTROLLING INTEREST	21	<u>(35)</u>	<u>(21)</u>
TOTAL CAPITAL EMPLOYED		<u>72,378</u>	<u>64,772</u>

The financial statements of Tattersalls Limited, registered number 791113, were approved by the Board of Directors and authorised for issue on 18 December 2018.

Signed on behalf of the Board of Directors

Edmond Mahony.

E C Mahony
Director

TATTERSALLS LIMITED

COMPANY BALANCE SHEET

30 June 2018

	Note	2018 £'000	2017 £'000 (restated)
FIXED ASSETS			
Intangible assets	10	3,156	3,346
Tangible assets	11	36,817	36,532
Investments	12, 28	16,073	16,231
		<u>56,046</u>	<u>56,109</u>
CURRENT ASSETS			
Debtors	14, 28	25,049	24,228
Investments	15	6,770	6,469
Cash at bank, in hand and on short term deposit	16	12,579	7,596
		<u>44,398</u>	<u>38,293</u>
CREDITORS: amounts falling due within one year	17, 28	<u>(26,063)</u>	<u>(23,759)</u>
NET CURRENT ASSETS		<u>18,335</u>	<u>14,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>74,381</u>	<u>70,643</u>
PROVISION FOR LIABILITIES	20, 27	<u>(7,812)</u>	<u>(10,314)</u>
NET ASSETS		<u>66,569</u>	<u>60,329</u>
CAPITAL AND RESERVES			
Called up share capital	22	508	508
Investment revaluation reserve	22	2,823	2,823
Other revaluation reserve	22	12,730	12,267
Profit and loss account	22, 28	50,508	44,731
SHAREHOLDERS' FUNDS		<u>66,569</u>	<u>60,329</u>

The profit for the financial year dealt with in the financial statements of the parent company was £6,780,000 (2017 (restated): £4,305,000).

The financial statements of Tattersalls Limited, registered number 791113, were approved by the Board of Directors and authorised for issue on 18 December 2018.

Signed on behalf of the Board of Directors

Edmond Mahony.

E C Mahony

Director

TATTERSALLS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2018

	Called-up share capital £'000	Investment revaluation reserve £'000	Other revaluation reserve £'000	Profit and loss account £'000	Shareholders' equity £'000 (restated)	Non- controlling interest £'000 (restated)	Total equity £'000 (restated)
At 1 July 2017 (as previously stated)	508	2,823	14,400	47,546 (484)	65,277 (484)	(21)	65,256 (484)
Prior year adjustment	-	-	-	-	-	-	-
At 1 July 2017 (as restated) (see note 28)	508	2,823	14,400	47,062	64,793	(21)	64,772
Profit on ordinary activities after taxation	-	-	-	7,303	7,303	(15)	7,288
Currency translation differences	-	-	17	(10)	7	1	8
Gains arising on revaluation of tangible fixed assets	-	-	1,510	-	1,510	-	1,510
Transfers in year	-	-	(197)	197	-	-	-
Tax related to items of other comprehensive income	-	-	-	(320)	(320)	-	(320)
Actuarial gain on defined benefit scheme	-	-	-	1,685	1,685	-	1,685
Total comprehensive income	-	-	1,330	8,855	10,185	(14)	10,171
Dividend (see note 9)	-	-	-	(2,565)	(2,565)	-	(2,565)
At 30 June 2018	508	2,823	15,730	53,352	72,413	(35)	72,378

TATTERSALLS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2018

	Called-up share capital £'000	Investment revaluation reserve £'000	Other revaluation reserve £'000	Profit and loss account £'000	Shareholders' equity £'000 (restated)	Non- controlling interest £'000 (restated)	Total equity £'000 (restated)
At 1 July 2016 (as previously stated)	508	2,823	13,627	44,318	61,276	91	61,367
Prior year adjustment	-	-	-	(386)	(386)	-	(386)
At 1 July 2016 (as restated) (see note 28)	508	2,823	13,627	43,932	60,890	91	60,981
Profit on ordinary activities after taxation (restated) (see note 28)	-	-	-	5,484	5,484	(32)	5,452
Currency translation differences	-	-	89	304	393	-	393
Gains arising on revaluation of tangible fixed assets	-	-	851	-	851	-	851
Transfers in the year	-	-	(167)	167	-	-	-
Tax related to items of other comprehensive income	-	-	-	143	143	-	143
Actuarial loss on defined benefit scheme	-	-	-	(403)	(403)	-	(403)
Movement in reserves attributable to non-controlling interest (see note 21)	-	-	-	-	-	(80)	(80)
Total comprehensive income	-	-	773	5,695	6,468	(112)	6,356
Dividend (see note 9)	-	-	-	(2,565)	(2,565)	-	(2,565)
At 30 June 2017	508	2,823	14,400	47,062	64,793	(21)	64,772

TATTERSALLS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
At 30 June 2018

	Note	Called-up share capital £'000	Investment revaluation reserve £'000	Other revaluation reserve £'000	Profit and loss account £'000 (restated)	Total £'000 (restated)
At 1 July 2016 (as previously stated)		508	2,823	12,043	41,704	57,078
Prior year adjustment		-	-	-	1,379	1,379
At 1 July 2016 (as restated)	28	508	2,823	12,043	43,083	58,457
Profit on ordinary activities after taxation		-	-	-	4,305	4,305
Gains arising on revaluation of tangible fixed assets		-	-	391	-	391
Transfers in the year		-	-	(167)	167	-
Tax related to items of other comprehensive income		-	-	-	143	143
Actuarial loss on defined benefit scheme		-	-	-	(402)	(402)
Total comprehensive income		-	-	224	4,213	4,437
Dividends	9	-	-	-	(2,565)	(2,565)
At 30 June 2017 (as restated)	28	508	2,823	12,267	44,731	60,329
At 1 July 2017 (as previously stated)		508	2,823	12,267	42,960	58,558
Prior year adjustment		-	-	-	1,770	1,770
At 1 July 2017 (as restated)	28	508	2,823	12,267	44,730	60,328
Profit on ordinary activities after taxation		-	-	-	6,780	6,780
Gains arising on revaluation of tangible fixed assets		-	-	660	-	660
Transfers in year		-	-	(197)	197	-
Tax related to items of other comprehensive income		-	-	-	(320)	(320)
Actuarial gain on defined benefit scheme		-	-	-	1,685	1,685
Total comprehensive income		-	-	463	8,342	8,805
Dividends (see note 9)	9	-	-	-	(2,565)	(2,565)
At 30 June 2018		508	2,823	12,730	50,507	66,568

TATTERSALLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2018

	Note	2018 £'000	2017 £'000 Restated
Net cash flows from operating activities	24	8,869	5,881
Taxation paid		(1,114)	(1,280)
		<u>7,755</u>	<u>4,601</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(1,684)	(1,637)
Proceeds from sale of tangible fixed assets		129	55
Payments to acquire fixed asset investments		(6)	(1,100)
Proceeds from sale of fixed asset investments		37	100
Purchase of current asset investments		(1,098)	(905)
Receipts from sale of current asset investments		1,047	953
Interest received and similar income		656	600
Dividends received		589	597
		<u>(330)</u>	<u>(1,337)</u>
Net cash flows from investing activities			
Cash flows from financing activities			
Dividends paid		(2,565)	(2,565)
Repayment of loan		(888)	(1,470)
Interest paid		(207)	(274)
		<u>(3,660)</u>	<u>(4,309)</u>
Net cash flows from financing activities			
Net increase (decrease) in cash and cash equivalents		3,765	(1,045)
Cash and cash equivalents at the beginning of year		5,487	6,721
Effect of exchange rates on cash and cash equivalents	28	(91)	(189)
		<u>9,161</u>	<u>5,487</u>
Cash and cash equivalents at the end of year			
Reconciliation to cash at bank and in hand			
Cash and cash equivalents		15,998	9,705
Bank overdraft		(6,905)	(4,350)
Cash on short term deposit		68	132
	24	<u>9,161</u>	<u>5,487</u>

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2018

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. Specifically, the statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102). The principal accounting policies adopted are summarised below. They have all been applied consistently both in the current and previous year, the figures in respect of which have been restated to comply with FRS 102.

General information and basis of accounting

Tattersalls Limited (the company) is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain assets and liabilities, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Tattersalls Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Tattersalls Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to the profit and loss account, presentation of a cash flow statement and remuneration of key management personnel.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified to incorporate the revaluation of certain land and buildings, fishing rights, wine stock, investment assets and liabilities to a defined benefit pension scheme.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Acquisitions of trades or business are held on the balance sheet at cost or fair value. Intangible assets are amortised over a period appropriate to the underlying fundamentals of the business.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The group's business activities, together with the factors likely to affect its future development, performance and position are discussed within the Strategic report.

The group meets its day-to-day working capital requirements through an overdraft facility that is due for renewal in September 2019. The group's forecasts and projections, which take account of likely variances in trading performance, show that the group should be able to operate within the level of its current facility. The group has received confirmation from their bank that, subject to there being no material change in the group's circumstances, the existing facilities would be expected to be renewed.

The directors have a reasonable expectation that the group has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is the amount of gross commission and fees earned in the capacity of bloodstock auctioneering. Turnover is recognised when the risks and rewards of sale are transferred to the customer. Rental income is recognised on an accruals basis over the period of tenancy.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2018

Intangible fixed assets and amortisation

Goodwill is stated at cost or valuation, net of any amortisation and any provision for impairment. Amortisation is calculated to write off the cost by equal annual instalments over its useful economic life of 10 years.

The investment in the Brightwells Bloodstock business is held at cost, net of amortisation and provision for impairment. Amortisation is calculated to write off the cost by equal annual instalments over its useful economic life of 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. No depreciation is provided on freehold land, investment properties or assets in the course of construction.

For all other tangible fixed assets, once they are brought into use, depreciation is calculated to write off their cost by equal annual instalments over their estimated lives which are considered to be:

Operational freehold buildings	- up to 100 years
Leasehold property	- the period of the lease
Loose boxes	- between 20 and 50 years
Plant and equipment	- between 3 and 10 years
Motor vehicles	- between 3 and 10 years

Revaluation of properties

Operational freehold and leasehold properties are revalued in accordance with FRS 102 with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus. Such deficits are recognised as an operating cost due to the nature of the properties and their use within the group.

The difference between the depreciation based on the operation fixed assets carrying value and that based on the assets original value is transferred from the other revaluation reserve to the profit and loss account.

Reserves

The investment revaluation reserve comprises fair value gains and losses on fixed asset investments pre FRS 102.

The other revaluation reserve contains fair value gains and losses on the Groups' operational land and buildings.

Heritage assets

The group possesses various works of art that are considered part of the fabric of the company. These were valued for insurance purposes at £921,225 in April 2017 by an independent valuer. They are not recognised in the financial statements because they are deemed to have a fair value of £nil; the works are of cultural importance and will always remain within the business as part of its history but make no practical contribution to the company's financial performance.

Investment properties

The value of the group's investment properties is considered annually by the directors based on the market value and supported by periodic valuations by independent professional valuers. Surpluses or impairments on individual properties are recognised in the profit and loss account. Depreciation is not provided in respect of freehold investment properties or in respect of leasehold investment properties.

Foreign currency

The assets and liabilities of the Irish and French subsidiaries have been translated at the rate ruling at 30 June 2018. Trading results of the subsidiaries are translated into sterling at the average rate for the year. The difference between the average rate and the closing rate is dealt with in reserves. Exchange differences arising on the retranslation at closing rates of the group's net investments in the subsidiary companies are recorded as movements on reserves.

All other exchange differences are dealt with in the profit and loss account.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2018

Investments

Fixed asset investments are shown at cost or market value. These values are assessed each year and any impairment in value is charged to the profit and loss account.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Fishing rights and wine stocks are recorded as fixed asset investments and are included at market valuation, which is confirmed annually by professional agents. Gains or losses on revaluation are recognised through the profit and loss account. Interests in the subsidiary companies are valued at cost less provision for any impairment in value.

The current asset investment portfolio is shown in the accounts at market prices ruling and foreign securities at market prices and exchange rates ruling at the balance sheet date, with gains or losses on revaluation being recognised through the profit and loss account. These gains or losses are recognised within operating profit as the group holds these investments as part of its operational activities.

Investments in company equity are assessed in respect of their investment status. Holdings of over 20% equity are considered in light of the extent of significant influence exerted over the strategic development of the company in which the investment is held. If significant influence is deemed to be exerted the investment will be accounted for as an associated company. Otherwise, the investment will be held at cost.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Leased assets

The costs of operating leases are charged to the profit and loss account as they accrue.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2018

Pensions

The group operates both defined benefit and defined contribution pension schemes available to its employees after various periods of employment. However, the defined benefit pension scheme was closed to all members on 1st January 2010.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The net interest on the net defined benefit liability is recognised in the profit and loss account. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit liability is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Segmental analysis

All turnover is attributable to the group's principal activity of bloodstock auctioneering and valuation. A geographical split is provided on page 24.

Financial instruments

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

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset are settled.

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

(ii) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand, short term deposits with an original date of three months or less and bank overdrafts. Bank overdrafts are shown within current liabilities

(iii) Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2018

Financial instruments (continued)

immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provision is made at the balance sheet date for holidays accrued but not taken by the Group's employees, at the salary of the relevant employee at that date.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGU) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The directors have made critical judgements involving estimates and these are dealt with separately below. Also in the process of applying the company's accounting policies the directors made a judgement regarding the status of the investment in William Inglis & Son Limited (Inglis), which at 30 June 2018 stood at 21.64% (2017: 21.63%) of share capital. It was considered that Tattersalls did not exert significant influence over the strategic development of Inglis, and therefore determined that Inglis should not be treated as an associated company at 30 June 2018. The directors concluded that the status of this investment should be re-examined on a regular basis.

Key sources of estimation uncertainty

Provision for doubtful debts: The provision for doubtful debts is estimated based on the detailed analysis of the trade receivable balance and the directors' knowledge of the bloodstock market. The recoverability of all debts is considered by the directors on a regular basis.

Fair value of tangible fixed assets and investments: Determining the fair value of tangible fixed assets at the end of the financial year end requires the application of Section 17, FRS 102 Property, Plant and Equipment and Section 11, FRS 102 Basic Financial Instruments. Freehold land and buildings have been fair valued by reference to market-based evidence.

Pension scheme costs: The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 27 provides information on the assumptions used in these financial statements.

Book 1 Bonus accrual: The provision for Book 1 Bonus payouts from the October Book 1 yearling sale held during the year is estimated using historic information on the number of winners as a proportion of the scheme's entries.

Holiday pay accrual: The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 6 months. The provision is measured at the salary cost payable for the period of absence.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

2. TURNOVER

Turnover is derived from the group's principal activity, which were carried out within the UK and the Rest of Europe.

	2018 £'000	2017 £'000 (restated)
UK	27,248	23,564
Rest of Europe	6,484	5,585
	<u>33,732</u>	<u>29,149</u>

Other operating income is detailed in note 3 and other interest receivable and similar income is detailed in note 6.

3. OTHER OPERATING INCOME

	2018 £'000	2017 £'000 (restated)
Trade rents	1,185	1,251
Investment property rents receivable	513	465
Fair value adjustments	439	1,497
Other operating income	201	245
	<u>2,338</u>	<u>3,458</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2018 £'000	2017 £'000
Directors' remuneration		
Emoluments	<u>2,152</u>	<u>1,863</u>
Company contributions to money purchase pension schemes	<u>41</u>	<u>76</u>
Remuneration of the highest paid director	<u>515</u>	<u>449</u>
	Number	Number
Number of directors who are members of money purchase schemes	<u>2</u>	<u>2</u>

At 30 June 2018, the accrued pension payable to the highest paid director was £131,105 (2017: £124,890) per annum. The contributions made by the group to the defined benefit pension scheme in respect of the highest paid director were £nil (2017: £nil).

None of the directors were a member of a defined benefit scheme in the year (2017: none).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2018

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2018 Number	2017 Number
Average monthly number of persons employed		
Maintenance	15	14
Executive/administration	70	65
	<u>85</u>	<u>79</u>

Casual staff employed for sales are not included in the above figures.

	2018 £'000	2017 £'000
Staff costs during the year (including directors)		
Wages and salaries	6,984	6,376
Social security costs	885	818
Pension costs under defined contribution scheme	322	460
	<u>8,191</u>	<u>7,654</u>

5. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit is after charging/(crediting):		
Depreciation	1,470	1,350
Amortisation	221	221
Operating lease rentals for hire of vehicles and equipment	326	315
Foreign exchange gains	(31)	(36)
Profit on sales of tangible fixed assets	(41)	(9)
Profit on fair value movement in fixed asset investment property	(202)	(583)
Impairment of fixed asset investment property	560	40
Impairment of fixed asset operational property	-	106
Loss/(profit) on fair value movement in fixed asset investments	17	(50)
Impairment of fixed asset investments	100	50
Profit on fair value adjustment in financial instruments	(6)	(36)
Profit on fair value movement in current asset investments	(231)	(827)
Fees payable to the company's auditor for audit of company's annual accounts	64	64
Fees payable to the company's auditor for other services to the group		
- Audit of company's subsidiaries pursuant to legislation	19	20
Total audit fees	<u>83</u>	<u>84</u>
Non-audit fees		
- tax services	52	33
- other	14	43

Other services provided by the group's auditor during the year included audit of the group's pension scheme

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2018

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Income from investments:		
Dividends received	589	597
Interest received and similar income	203	130
Interest on overdue debts	453	470
	<u>1,245</u>	<u>1,197</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
On bank loans and overdrafts	<u>207</u>	<u>274</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current tax	2018 £'000	2017 £'000 (restated)
United Kingdom corporation tax at 19.0% (2017: 19.75%) based on the profit for the year	1,596	1,190
Prior year adjustment	(197)	49
Foreign tax	73	124
Total current tax	<u>1,472</u>	<u>1,363</u>
Deferred taxation		
Origination and reversal of timing differences	32	66
Effect of increase in tax rate on opening liability	-	(66)
Adjustment in respect of prior years	2	17
	<u>1,506</u>	<u>1,380</u>

Factors affecting tax charge:

	2018 £'000	2017 £'000 (restated)
Profit on ordinary activities before tax	<u>8,794</u>	<u>6,832</u>
Tax on group profit at standard UK Corporation Tax rate of 19.0% (2017: 19.75%)	1,671	1,350
Effects of:		
Permanent differences	251	(7)
Exempt distributions	(142)	-
Chargeable gains/(losses)	(34)	57
Higher tax rates on overseas earnings	(33)	(44)
Utilisation of tax losses not previously recognised	-	(6)
Effect of change in tax rates	(33)	(66)
Changes in unrecognised deferred tax assets	21	59
Other timing differences	-	(104)
Adjustments to tax charge in respect of previous periods	(195)	141
	<u>1,506</u>	<u>1,380</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

9. DIVIDENDS

	Pence per share			
	2018	2017	2018	2017
			£'000	£'000
On equity shares:				
Ordinary shares				
Interim paid	70	65	355	330
Final prior year dividend paid	435	440	2,210	2,235
	<u>505</u>	<u>505</u>	<u>2,565</u>	<u>2,565</u>

In respect of the year ended 30 June 2018, the directors recommend the payment of a final dividend of 530 pence per ordinary share.

10. INTANGIBLE FIXED ASSETS

GROUP	Sale rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 July 2017 and 30 June 2018	<u>3,726</u>	<u>306</u>	<u>4,032</u>
Amortisation			
At 1 July 2017	380	92	472
Charge for year	<u>190</u>	<u>31</u>	<u>221</u>
At 30 June 2018	<u>570</u>	<u>123</u>	<u>693</u>
Net book value			
At 30 June 2018	<u>3,156</u>	<u>183</u>	<u>3,339</u>
At 30 June 2017	<u>3,346</u>	<u>214</u>	<u>3,560</u>

Brightwells Bloodstock business was purchased for £3,726,223 by the company during the year ending 30 June 2016, which comprised two key contracts. The first was an agreement with Racecourse Investments Limited granting exclusive rights to hold bloodstock auctions at Cheltenham racecourse and the second was a lease with Ascot Racecourse Limited granting exclusive rights to sell bloodstock at Ascot racecourse. No other assets were acquired. The sale rights are held at cost in the balance sheet which is considered to be their fair value based upon the anticipated future cash flows from the business discounted at the company's weighted average cost of capital. Accordingly no further fair value adjustments were recorded. Sales arising from this business amounted to £2,851,167 (2017: £2,561,887) in the year.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2018

10. INTANGIBLE FIXED ASSETS (continued)

	Sale rights £'000
COMPANY	
Cost	
At 1 July 2017 and 30 June 2018	3,726
Amortisation	
At 1 July 2017	380
Charge for year	190
At 30 June 2018	570
Net book value	
At 30 June 2018	3,156
At 30 June 2017	3,346

11. TANGIBLE FIXED ASSETS

	Land and buildings				Plant, equipment and motor vehicles*	
GROUP	Freehold Operational £'000	Freehold Investment £'000	Long leasehold £'000	Loose boxes £'000	£'000	Total £'000
Cost or valuation						
At 1 July 2017	35,211	10,730	21	4,563	7,635	58,160
Additions	176	-	-	11	1,497	1,684
Reclassification	(2,500)	2,500	-	-	-	-
Disposals	(50)	-	-	-	(569)	(619)
Revaluation	1,255	202	-	-	-	1,457
Impairment	(188)	(560)	-	-	-	(748)
Foreign exchange translation differences	99	-	-	4	30	133
At 30 June 2018	34,003	12,872	21	4,578	8,593	60,067
Accumulated depreciation						
At 1 July 2017	4,486	-	20	1,587	4,689	10,782
Charge for year	605	-	-	121	744	1,470
Disposals	(33)	-	-	-	(498)	(531)
Revaluation	(443)	-	-	-	-	(443)
Foreign exchange translation differences	38	-	-	2	14	54
At 30 June 2018	4,653	-	20	1,710	4,949	11,332
Net book value						
At 30 June 2018	29,350	12,872	1	2,868	3,644	48,735
At 30 June 2017	30,725	10,730	1	2,976	2,946	47,378

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

11. TANGIBLE FIXED ASSETS (continued)

GROUP AND COMPANY

Investment properties

The original cost of investment properties is £5,078,732 (2017: £4,975,990). A property that has historically been included in operational properties has been reclassified as an investment property. The valuation as at 30 June 2018 was £2,500,000 (2017: £2,500,000).

The valuation of investment properties was carried out on 30 June 2018 by the group's external investment property managers, Bidwells LLP and Jackson-Stopp & Staff. The valuation basis used was open market value.

The valuation of operational land and buildings in Newmarket was carried out on 30 June 2018 externally by Jackson-Stops & Staff in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards. These valuations were based on market values for residential and office properties and a depreciated replacement cost basis for other properties. In Ireland, freehold land and buildings were professionally valued by Savills Ireland, an external independent valuer, to fair value at 30 June 2018.

	Land and buildings				Plant, equipment and motor vehicles*	
	Freehold Operational £'000	Freehold Investment £'000	Long leasehold £'000	Loose boxes £'000	£'000	Total £'000
COMPANY						
Cost or valuation						
At 1 July 2017	21,522	10,730	21	3,993	5,311	41,577
Additions	73	-	-	11	971	1,055
Reclassification	(2,500)	2,500	-	-	-	-
Disposals	(50)	-	-	-	(509)	(559)
Revaluation	219	202	-	-	-	421
Impairment	(2)	(560)	-	-	-	(562)
At 30 June 2018	19,262	12,872	21	4,004	5,773	41,932
Accumulated depreciation						
At 1 July 2017	241	-	20	1,504	3,280	5,045
Charge for the year	368	-	1	92	530	991
Disposals	(33)	-	-	-	(445)	(478)
Revaluation	(443)	-	-	-	-	(443)
At 30 June 2018	133	-	21	1,596	3,365	5,115
Net book value						
At 30 June 2018	19,129	12,872	-	2,408	2,408	36,817
At 30 June 2017	21,281	10,730	1	2,489	2,031	36,532

* Motor vehicles include machinery used for maintaining the grounds.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

11. TANGIBLE FIXED ASSETS (continued)

All other tangible fixed assets are stated under historical cost principles.

If Operational land and buildings had not been revalued they would have been included at the following carrying values:

	GROUP £'000	COMPANY £'000
Net book value		
At 30 June 2018	22,440	9,229
At 30 June 2017	22,604	9,379

As set out in note 3, investment property rental income earned during the year was £513,000 (2017: £465,000). No contingent rents have been recognised as income in the current or prior year.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	GROUP		COMPANY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Within one year	111	99	111	99

The group and company had capital commitments at the year end which are detailed in note 25.

12. INVESTMENTS HELD AS FIXED ASSETS

GROUP	Fishing rights £'000	Private Equity Investment £'000	Other investments £'000	Total £'000
Valuation				
At 1 July 2017	224	147	9,940	10,311
Additions	-	-	6	6
Disposals	-	(147)	-	(147)
Revaluation	-	-	-	-
Impairment	(16)	-	(1)	(17)
At 30 June 2018	208	-	9,945	10,153
Net book value				
At 30 June 2018	208	-	9,945	10,153
At 30 June 2017	224	147	9,940	10,311

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

COMPANY	<u>Subsidiary companies</u> (see note 13 and 29)		Fishing rights £'000	Private Equity Investment £'000	Other investments £'000	Total £'000
	Loans £'000	Shares £'000 (restated*)				
Cost or valuation						
At 1 July 2017 (restated)	2,410	5,091	224	257	9,940	17,922
Addition	-	-	-	-	6	6
Disposals	-	-	-	(157)	-	(157)
Revaluation	-	-	(16)	-	(1)	(17)
At 30 June 2018	2,410	5,091	208	100	9,945	17,754
Amounts provided						
At 1 July 2017	-	1,581	-	110	-	1,691
Disposals	-	-	-	(110)	-	(110)
Impairment	-	-	-	100	-	100
At 30 June 2018	-	1,581	-	100	-	1,681
Net book value						
At 30 June 2018	2,410	3,510	208	-	9,945	16,073
At 30 June 2017 (restated)	2,410	3,510	224	147	9,940	16,231

* See note 28 (ii)

The company owns 77.42% of the share capital of Osarus Holdings Limited, a holding company registered in England, which owns 100% of the share capital of Ventes Osarus SARL a bloodstock auction business incorporated in France.

The fishing rights are included at their open market value as at 30 June 2018. The latest independent valuation was made by a member of the Royal Institute of Chartered Surveyors in July 2018. The original cost is £129,988 (2017: £129,988).

The private equity investments relate to investments in other private entities in the bloodstock industry.

During the financial year, Tattersalls Limited increased its stake in William Inglis & Son Limited to 21.64% from 21.63%. This expenditure is shown in the additions to "Other Investments" above. As highlighted in Note 1 to the Accounts, the directors concluded that at 30 June 2018 the status of the investment had not changed to one of an associated company and therefore did not adopt equity accounting for the investment in the financial statements. If it had done so the investment would have been carried at a fair value of £21.8m (2017: £23.0m).

William Inglis & Son Limited, registered address Newmarket, 1 Young Street, Randwick NSW 2031, Australia.

Aggregate capital and reserves are AUD 271 million (2017: AUD 269 million) as at 30 June 2018 and the profit for the latest financial year to 30 June 2018 was AUD 6.3 million (2017: AUD 9.9 million).

The final element of "Other Investments" is investment in wine stock. The original cost is £100,575 (2017: £100,575).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

13. SUBSIDIARY COMPANIES

The shares in Tattersalls (Ireland) Limited are held through a wholly owned subsidiary company, Dunlin Investment Company Limited ("Dunlin"), an unlisted holding company. Both companies' offices are registered at Fairyhouse, Ratoath, Co. Meath, Ireland.

Through Dunlin the company has control of 100% of the issued ordinary share capital of Tattersalls (Ireland) limited, an unlisted company incorporated in Ireland which operates as a bloodstock auctioneer.

The wholly owned direct subsidiary is Dunridge Limited (horse racing and trading) whose registered office is Terrace House, Newmarket, Suffolk CB8 9BT.

Tattersalls Limited has a 77.42% stake in Osarus Holdings Limited, a holding company which has a beneficial interest in 100% share capital of Ventus Osarus SARL whose registered office is located at 88, Route d'Orbec in Lisieux, France, a company which operates as a bloodstock auctioneer in France. The registered office of Osarus Holdings Limited is Terrace House, Newmarket, Suffolk CB8 9BT.

All the above subsidiary undertakings have been included in the consolidation.

14. DEBTORS

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
		(restated)		(restated)
Amounts falling due within one year:				
Trade debtors	36,424	35,856	13,494	15,211
Other debtors	21	32	1	8
VAT and other taxes	201	82	-	-
Corporation tax (see note 28)	55	13	-	-
Prepayments and accrued income	1,509	1,925	989	1,500
Amounts due from subsidiary	-	-	9,613	6,069
	<u>38,210</u>	<u>37,908</u>	<u>24,097</u>	<u>22,788</u>
Amounts falling due after more than one year:				
Deferred tax assets (see note 20)	952	1,440	952	1,440
	<u>39,162</u>	<u>39,348</u>	<u>25,049</u>	<u>24,228</u>

15. INVESTMENTS HELD AS CURRENT ASSETS

	2018	2017
GROUP AND COMPANY	£'000	£'000
Market value of listed investments at 30 June	<u>6,770</u>	<u>6,469</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

16. CASH AT BANK, IN HAND AND ON SHORT TERM DEPOSIT

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash at bank and in hand	15,998	9,705	12,511	7,464
Cash on short term deposit	68	132	68	132
	<u>16,066</u>	<u>9,837</u>	<u>12,579</u>	<u>7,596</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
		(restated)		(restated)
Bank overdraft	6,905	4,350	6,238	3,468
Bank loan	122	1,010	-	877
Trade creditors	30,875	29,652	15,730	14,479
Corporation tax (see note 28)	661	396	661	396
Other taxes and social security	941	2,616	689	2,193
Other creditors	88	198	87	92
Accruals and deferred income	4,216	3,360	2,657	2,248
Amounts due to subsidiary	-	-	1	-
Derivative financial instruments (note 20)	-	6	-	6
	<u>43,808</u>	<u>41,588</u>	<u>26,063</u>	<u>23,759</u>

The bank overdraft and loan are unsecured.

The long term loan facility was fully repaid during the year to 30 June 2018. It was unsecured and offered on interest rate terms of 1.5% above the UK Base Rate. Exposure to adverse movements in interest rates were significantly reduced by the utilisation of a "collar" on a substantial proportion of the loan (note 19). The loan was fully repaid in 60 monthly instalments having commenced in February 2013.

Borrowings are repayable as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans				
On demand or within one year	<u>122</u>	<u>1,010</u>	<u>-</u>	<u>877</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

18. FINANCIAL INSTRUMENTS

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

		GROUP		COMPANY	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Financial Assets	Note				(restated)
Measured at fair value through profit or loss:					
Current asset listed investments	15	6,770	6,469	6,770	6,469
Measured at amortised cost:					
Trade debtors	14	36,424	35,856	13,494	15,211
Other debtors	14	21	32	1	8
Amounts due from subsidiary	14, 28	-	-	9,613	6,069
Short term deposit	16	68	132	68	132
Equity instruments measured at cost less impairment:					
Fixed asset unlisted investments	12	10,153	10,311	16,073	16,231
		53,436	52,800	46,019	44,120
Financial Liabilities					
Measured at fair value through profit or loss:					
Derivative financial liabilities	19	-	(6)	-	(6)
Measured at amortised cost:					
Bank overdraft	17	(6,905)	(4,350)	(6,238)	(3,468)
Bank loan	17, 18	(122)	(1,010)	-	(877)
Trade creditors	17	(30,875)	(29,652)	(15,730)	(14,479)
Other creditors	17	(88)	(198)	(87)	(92)
Amounts due to subsidiary	17, 28	-	-	(1)	-
		37,990	(35,216)	(22,056)	(18,922)

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Note	2018 £'000	2017 £'000
Interest and related income and expense:			
Total interest and similar income for financial assets at amortised cost	6	1,245	1,197
Total interest and similar expense for financial liabilities at amortised cost	7	<u>(207)</u>	<u>(274)</u>
Fair value gains:			
On financial assets (including listed investments) measured at fair value through the profit or loss	5	433	1,460
On derivative financial liabilities	5	<u>6</u>	<u>36</u>
Impairment losses:			
On unlisted equity instruments measured at cost less impairment	5	<u>(100)</u>	<u>(50)</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2018

19. DERIVATIVE FINANCIAL INSTRUMENTS

The group has derivatives which are included at fair value in the accounts:

	Principal		Fair value interest swap contracts	
			GROUP and COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At the beginning of year	420	1,200	(6)	(43)
Movement credited to profit and loss			6	37
At the end of year	-	420	-	(6)

The group used an interest rate collar in respect of part of its bank loan which was repaid in monthly instalments through to January 2018. The collar limited the interest charge to between 4.8% and 5.5% on the relevant proportion of the loan.

The movement in fair value was credited to the profit and loss account (see note 5). The fair values were based on the market values of equivalent instruments at the balance sheet date. At 30 June 2018, the principal value had been fully paid and the fair value of the collar is nil.

20. PROVISION FOR LIABILITIES

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Defined benefit pension scheme:				
Net defined benefit obligation at the end of the year	(5,604)	(8,108)	(5,604)	(8,108)
Deferred tax (see below)	(2,435)	(2,435)	(2,208)	(2,206)
	(8,039)	(10,543)	(7,812)	(10,314)
Deferred tax				
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Fixed asset timing differences	2,439	2,504	2,212	2,275
Other timing differences	(4)	(69)	(4)	(69)
Provision for liabilities	2,435	2,435	2,208	2,206
Deferred tax asset arising in relation to retirement benefit obligations (note 27)	(952)	(1,440)	(952)	(1,440)
Net deferred tax liability at 30 June	1,483	995	1,254	766
Not provided for:				
Revalued assets held at a loss	(91)	(91)	(91)	(91)
Losses	(78)	(78)	-	-
	(169)	(169)	(91)	(91)

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

20. PROVISION FOR LIABILITIES (continued)

	GROUP £'000	COMPANY £'000
Deferred tax liability:		
Net liability at 1 July 2017	995	766
Charge to profit and loss account	32	27
Charge to other comprehensive income	459	459
Impact of change in foreign exchange	(5)	-
Adjustment in respect of prior periods	2	2
	<hr/>	<hr/>
Net liability at 30 June 2018	1,483	1,254
	<hr/>	<hr/>

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

21. NON-CONTROLLING INTEREST

GROUP	2018 £'000	2017 £'000
At 1 July	(21)	91
Loss on ordinary activities after taxation	(15)	(32)
Derecognised carrying value	-	(72)
Foreign exchange differences	1	(8)
	<hr/>	<hr/>
At 30 June	(35)	(21)
	<hr/>	<hr/>

At 30 June 2018, the net liabilities of Osarus Holdings Limited were £150,332 (2017: £90,989). The minority interest of 23% amounted to £34,576 (2017: £20,928).

22. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Called up, allotted and fully paid		
508,000 ordinary shares of £1 each	508	508
	<hr/>	<hr/>

The rights attaching to the ordinary shares are as follows:

(i) Dividends

All ordinary shares carry the same rights to receive dividends.

(ii) Rights of return of assets

In any return of assets, the assets of the company remaining after the payment of its liabilities shall be applied first in paying to each holder of ordinary shares such part of the nominal value of his/her ordinary shares as is paid up and thereafter pari passu amongst ordinary shareholders.

(iii) Voting rights

All ordinary shares carry the same voting rights.

There are no shares in the entity held by the entity or by its subsidiaries, or shares reserved for issue under options or contracts for the sale of shares.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

22. CALLED UP SHARE CAPITAL AND RESERVES (continued)

The group and company's other reserves are as follows:

The investment revaluation reserve represents the cumulative revaluation of investments held as fixed assets and investment properties up to 30 June 2014.

The other revaluation reserve represents the cumulative effect of revaluations of operating land and buildings (note 11).

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment property and fixed assets held as investments from the date of transition to FRS 102, net of dividends and other adjustments. Detailed analysis is shown on pages 14 and 15.

23. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the company is disclosed in the footnote to the company's balance sheet.

24. CASH FLOW STATEMENT

Reconciliation of profit for the financial year to cash flow from operating activities:

	2018 £'000	2017 £'000 (restated)
Profit for the financial year	7,288	5,452
Tax on profit on ordinary activities	1,506	1,380
Other interest receivable and similar income	(1,245)	(1,197)
Interest payable and similar charges	207	274
Other finance charges	209	251
Operating profit	<u>7,965</u>	<u>6,160</u>
Adjustment for:		
Depreciation	1,470	1,350
Goodwill amortisation	221	221
Impairment of tangible fixed assets	560	146
Impairment of fixed asset investments	-	50
Profit on sale of tangible fixed assets	(41)	(9)
Loss on disposal of fixed asset investments	110	-
Fixed asset investment property fair value adjustment	(202)	(583)
Fixed asset investments fair value adjustment	17	(50)
Financial instruments fair value adjustment	(6)	(36)
Current asset investments fair value adjustment	(231)	(827)
Operating cash flow before movement in working capital	<u>9,863</u>	<u>6,422</u>
Increase in debtors	(260)	(7,640)
Increase in creditors	294	8,370
Contributions to defined benefit scheme	(1,028)	(1,271)
Cash flow from operating activities	<u>8,869</u>	<u>5,881</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

25. COMMITMENTS

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Capital commitments				
Contracted for but not provided	-	56	-	56

All capital commitments relate to amounts contractually committed to for the purchase of property, plant and equipment.

Operating leases

Total future minimum lease payments under non-cancellable operating leases relating to plant and machinery are set out below.

Expiring within one year	106	100	-	1
Expiring between 2 and 5 years	240	136	63	87

26. GUARANTEES

Guarantee over subsidiary liabilities

Tattersalls Limited has provided an irrecoverable guarantee over all the liabilities (as defined in Section 357 of the Irish Companies Act 2014) of Tattersalls (Ireland) Limited and Dunlin Investment Company Limited in respect of the whole financial year to 30 June 2018. This guarantee is renewed on an annual basis.

Pursuant to the provision of Section 357, Irish Companies Act 2014, the company has guaranteed the liabilities of its subsidiaries, Tattersalls (Ireland) Limited and Dunlin Investment Company Limited and, as a result, both subsidiaries are exempt from the provisions of Section 347 and 348 of the Companies Act 2014.

The liabilities of Tattersalls (Ireland) Limited as at 30 June 2018 were €28,822,624 (2017: €26,547,922).

The liabilities of Dunlin Investment Company Limited as at 30 June 2018 were €7,284,006 (2017: €7,284,006).

27. PENSION SCHEME

The group operated a defined benefit pension, the Tattersalls Limited (1972) Pension and Life Assurance Scheme, for most employees which was closed to all members on 1st January 2010. These members were transferred to the defined contribution scheme as of this date. The rates for the defined contribution scheme vary with length of service and range from 6% to 10%, and these are included in the accounts.

A full actuarial valuation was carried out on 30 June 2018 for Financial Reporting Standard 102 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation were:

	2018	2017	2016
	%	%	%
Rate of increase in salaries – Directors	n/a	n/a	n/a
Rate of increase in salaries - Non directors	n/a	n/a	n/a
Rate of increase in pension in payment - pre 2000	6.00	6.00	6.00
Rate of increase in pension in payment - post 2000	3.15	3.25	2.95
Rate of increase in pre 31 December 2004 pensions in deferment	5.00	5.00	5.00
Rate of increase in post 31 December 2004 pensions in deferment	3.25	3.45	3.05
Discount rate	2.60	2.75	3.10
Inflation assumption	3.25	3.45	3.05

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

27. PENSION SCHEME (continued)

Mortality rates prior to retirement have been calculated using the AC00 tables. Mortality post retirement has been calculated using CM1 (2015) projections based on a year of birth approach with allowance for the medium cohort effect and a 1% minimum floor.

The fair value of assets under the scheme and the expected rates of return on each class of asset are:

	Fund value as at 2018 £'000	Fund value as at 2017 £'000
Equities	18,606	16,584
Government Stock	6,316	6,105
Corporate Bonds	3,700	3,663
Property	1,161	1,075
Cash	121	327
	<hr/>	<hr/>
Total market value of assets	29,904	27,754
Present value of scheme liabilities	35,508	35,862
	<hr/>	<hr/>
Deficit in the scheme	(5,604)	(8,108)
	<hr/>	<hr/>

FRS102 requires that insurance policies previously purchased to match pensioners in payment should be included. However as the income from the insurance policy exactly matches the pension outgoings these have been excluded from disclosure by the actuary in the valuation. If these were to be included the market values of scheme assets and liabilities would be increased by £4.5 million (2017 - £4.9 million).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

27. PENSION SCHEME (continued)

Movement in present value of defined benefit obligations were as follows:

	2018 £'000	2017 £'000
At 1 July	35,862	33,031
Interest cost	976	1,009
Benefits paid	(723)	(938)
Actuarial (gain)/ loss	(607)	2,760
	<u>35,508</u>	<u>35,862</u>
Liabilities in scheme at 30 June		

Movement in the fair value of the scheme assets were as follows:

At 1 July	27,754	24,305
Interest income	767	759
Sponsor contributions	1,028	1,271
Benefits paid	(723)	(938)
Return on scheme assets excluding interest income	1,078	2,357
	<u>29,904</u>	<u>27,754</u>
Fair value of scheme assets at 30 June		

Expense recognised in profit and loss:

Net interest on the net defined benefit liability	209	251
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Remeasurement effects recognised in other comprehensive income (OCI)

Return on scheme assets excluding interest income	1,078	2,357
Experience gains on defined benefit obligations	20	612
Actuarial gains/(losses) arising from change in assumptions	587	(3,372)
	<u>1,685</u>	<u>(403)</u>
Actuarial gain/(loss) recognised in the OCI		

Movement in net defined benefit obligation over the year

Net defined benefit obligation at the beginning of the year	(8,108)	(8,725)
Contributions by employer	1,028	1,271
Expense recognised in profit and loss	(209)	(251)
Remeasurement gain/(loss) recognised in OCI	1,685	(403)
	<u>(5,604)</u>	<u>(8,108)</u>
Net defined benefit obligation at the end of the year		

The actual return on scheme assets was £1,845,989 (2017: £3,115,374).

The movement in the deferred taxation asset on the pension deficit is as follows:

At 1 July 2017	1,440	1,632
Profit and loss account movement arising during the year	(29)	(133)
Movement arising during the year recognised in the OCI	(459)	(59)
	<u>952</u>	<u>1,440</u>
At 30 June 2018		

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

27. PENSION SCHEME (continued)

The group operates defined contribution retirement benefit schemes for some of its employees. The total cost charged to the profit and loss account of £322,155 (2017: £459,878) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. There were no outstanding contributions to the scheme as at either 30 June 2018 or 30 June 2017.

28. PRIOR YEAR ADJUSTMENT

Corrections of prior period errors

- i. Some costs incurred by Tattersalls Limited that have been identified as being related to Tattersalls Ireland, have now been reclassified. The period impacted by this error ranges from 1 July 2011 through to 30 June 2017. The adjustments below recognise the foreign exchange impact of the Tattersalls Ireland accounts being reported in euro and the effect on the Groups tax liability for the current year and retrospectively.

The comparative figures in the primary statements and notes have been restated to reflect the prior period error. The adjustments in respect of the financial year ended 30 June 2018 were as follows:

	Group £'000	Company £'000
Reconciliation of debtors		
Debtors at 30 June 2017 under previous classification	39,434	22,025
Amounts due from subsidiary	-	2,289
Corporation tax	(86)	(86)
Debtors at 30 June 2017 under revised classification	<u>39,348</u>	<u>24,228</u>
Reconciliation of creditors		
Creditors at 30 June 2017 under previous classification	41,190	23,647
Amounts due to subsidiary	-	(286)
Corporation tax	398	398
Creditors at 30 June 2017 under revised classification	<u>41,588</u>	<u>23,759</u>
Reconciliation of equity		
Equity shareholders' funds at 1 July 2016 under previous classification	61,276	57,078
Profit on ordinary activities before taxation	-	1,765
Taxation	(386)	(386)
Equity shareholders' funds at 1 July 2016 under revised classification	<u>60,890</u>	<u>58,457</u>
Equity shareholders' funds at 30 June 2017 under previous classification	65,277	58,558
Profit on ordinary activities before taxation	-	2,254
Taxation	(484)	(484)
Equity shareholders' funds at 30 June 2017 under revised classification	<u>64,793</u>	<u>60,328</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2018

28. PRIOR YEAR ADJUSTMENT (continued)

Reconciliation of equity (continued)

	Group £'000
Profit for the year ended 30 June 2017 under previous classification	5,439
Foreign exchange differences	110
Taxation	(97)
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Profit for the year ended 30 June 2017 under revised classification	5,452
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- ii. During the year ended 30 June 2017, a payment of £320,121 that had been previously made to Osarus Holdings Limited was classified as capital contribution. Management has reviewed this transaction and consider it more appropriate to continue to treat this amount as an intercompany debt rather than it be treated as a capital contribution. The following adjustments have been made to comparative figures in the Company balance sheet and associated notes to the accounts as follows:
- Fixed asset investments' subsidiary companies shares as at 30 June 2017 have decreased by £320,121 to £5,090,600 (note 12); and
 - Amounts due from subsidiaries has increased by £320,121 to £6,068,949 (note 14).
- iii. For the year ended 30 June 2017, there was £644,316 of turnover in Tattersalls Ireland that has since been considered by management to be more appropriately included as other operating income (notes 1 and 2) and an intercompany transaction of £435,840 which was not reversed out. The comparative consolidated figures in the primary statements and notes have been restated to reflect the prior period error as follows:

	Group £'000
Reconciliation of turnover	
Turnover for the year ending 30 June 2017 under previous classification	30,229
Consolidation adjustment	(436)
Consolidation adjustment	(644)
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Turnover for the year ending 30 June 2017 under revised classification	29,149
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Reconciliation of other operating income

Other operating income for the year ending 30 June 2017 under previous classification	2,814
Consolidation adjustment	644
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Other operating income for the year ending 30 June 2017 under revised classification	3,458
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Reconciliation of other operating charges

Other operating charges for the year ending 30 June 2017 under previous classification	17,768
Consolidation adjustment	(436)
Foreign exchange differences relating to prior period error (i)	(110)
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Other operating charges for the year ending 30 June 2017 under revised classification	17,222
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TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2018

29. SUBSEQUENT EVENTS

On 10 August 2018, Tattersalls Ireland executed a binding share purchase agreement to acquire Bridlefield Limited. The cost comprises initial consideration of €1,000,000, deferred consideration of €400,000 and a potential earn-out payment of up to €300,000 subject to the satisfaction of predetermined financial metrics in the acquired company.

There have been no other significant events affecting the Group or the Company since the end of the financial year.

30. RELATED PARTY TRANSACTIONS

During the year, directors paid a cumulative £30,865 (2017: £74,186) in respect of bloodstock purchases and associated fees; and received £50,778 in respect of bloodstock sales after associated fees. These transactions were all conducted at arms length. There were no balances outstanding, other than £10,565 owing to one director as at 30 June 2018 (2017: nil). £346,130 (2017: £343,146) was paid in dividends to directors during the year. There were no members of key management personnel in the year other than the directors.

The balance at year end of an interest free, unsecured loan provided to Osarus Ventes SARL, a subsidiary of Osarus Holdings Limited, to assist working capital funding was £1,536,023 (2017: £298,702). During the previous year, a provision of £1,200,000 was made in respect of this loan.

31. CONTROLLING PARTY

In the opinion of the Directors, no single party controlled the group or company at 30 June 2018.