

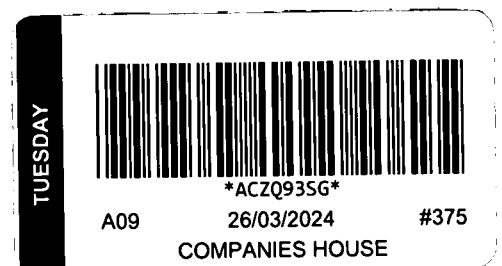
TATTERSALLS LIMITED

Annual Report and Financial Statements

30 June 2023



Tattersalls



TATTERSALLS LIMITED

REPORT AND FINANCIAL STATEMENTS 2023

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TATTERSALLS LIMITED

REPORT AND FINANCIAL STATEMENTS 2023

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E C Mahony
A I H Bedford
G K Davies
J R B George
P J Morrey

SECRETARY

G K Davies (appointed 28 June 2023)

REGISTERED OFFICE

Terrace House
Newmarket
Suffolk CB8 9BT

BANKERS

Lloyds Bank PLC
39 Piccadilly
London W1J 0AA

SOLICITORS

Bracher Rawlins LLP
20 St Andrew Street
London WC4A 3AG

Edmondson Hall Solicitors
25 Exeter Road
Newmarket
Suffolk CB8 8AR

AUDITOR

RSM UK Audit LLP
Chartered Accountants & Statutory Auditor
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

TATTERSALLS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The core business is that of bloodstock auctioneers and valuers. Based at Park Paddocks in Newmarket, Suffolk, Tattersalls Limited is the leading bloodstock auctioneer in Europe and both the holding company and the largest operating company in the group. The company's income is derived predominantly from commissions, entry fees and auction fees. During the reporting period, Tattersalls Limited's bloodstock operation has offered horses for sale in Newmarket, Cheltenham, Ascot and Online with over 6,500 lots sold across these sites.

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 and holding company of Bridlefield Limited), Dunridge Limited (horse racing and trading).

The company also holds a minority stake in William Inglis & Son Limited ('Inglis'), the largest bloodstock auctioneer in Australia. In the consolidated accounts, Inglis is accounted for as an associated company with the stake in Inglis recorded on the group balance sheet under equity accounting and Tattersalls' share of Inglis' net income is reported in the consolidated profit and loss account.

BUSINESS REVIEW

2022/23 sales at Tattersalls Newmarket saw 188 (3%) less lots sold with a slightly lower clearance rate of 85% (1%). Turnover from sales held at Park Paddocks exceeded £430 million from 5,800 horses sold. Sales at Ascot and Cheltenham racecourses had a combined total of eleven sales held across the two sites. Tattersalls Limited continues to expand its online sales with thirteen exclusively online sales taking place during the reporting period.

The preeminent October Book 1 sale achieved a new high with turnover of £133 million which was 47% more than 2021, in part due to a 10% increase in catalogued lots. 16 lots exceeded the million guinea mark and 75 lots sold for 500,000 guineas or more. October Book 1 also resulted in the world's highest priced yearling in 2022, with a Frankel colt out of So Mi Dar selling for 2,800,000 guineas. The four day December Mare sale produced a record turnover for the sale at £85 million. This was 30% more than the equivalent 2021 sale. The inaugural Sceptre Sessions for elite fillies and mares added a new dimension to the sale with 12 lots selling for more than 1 million guineas and saw the world's highest priced filly in training, Alcohol Free, sell for 5,400,000 guineas. The second day of the December Mare sale produced a turnover of £56.7 million; at the time the highest grossing day in European auction history.

During 2022, Solario Yard in Park Paddocks was redeveloped, which included adding additional stables and improving client/showing facilities. This was funded by liquidating a proportion of the Cazenove share portfolio.

Seven Tattersalls Cheltenham sales were staged during 2022/23. Total turnover in excess of £22.7 million was the highest ever for Tattersalls Cheltenham, exceeding the previous best set in 2021/22 by 3%.

Tattersalls conducted four sales at Ascot during 2022/23, with a total turnover of £3.4m. Due to increasing operating costs involved in holding the Ascot sales, the decision was taken to discontinue holding sales at this site.

Tattersalls continued to expand its online sales, offering monthly sales. Five more online sales were held in 2022/23 compared to the previous year, generating a turnover of £3.6 million.

Tattersalls Ireland returned to a more normalised sales calendar in 2022/23. Tattersalls Ireland sold 13% less lots in 2022/23 compared to the previous year but higher average sale ring prices resulted in sale ring turnover dropping by 9% to €59.4 million. Comparatives are used with caution; figures for 2021/22 are inflated due to two editions of the May Store sale (2021 and 2022) being held during the year as a result of Covid 19 restrictions. The Goresbridge Breeze Up Sale 2023 achieved its best ever results with a turnover of €8.6m up by 29% compared with the previous year.

Inglis recorded a profit after tax of AUD\$9.8 million (2021/22: AUD\$19.3 million). The exceptional comparative year results were due to the 2021 and 2022 editions of the Great Southern sale being held in the same financial year 2021/22. Both sales turned over approximately AUD\$15 million each. In November 2021, Inglis included a significant AUD\$5 million one-off gain on disposal of residential properties in Randwick, Sydney which were superfluous to needs.

Overall, the group pre-tax profit fell from £12.6 million to £8.2 million. Factors contributing to this have included inflation related increases in operating costs such as staff salary reviews to help with the current cost of living crisis. The most significant influence on the increase in operating costs, was a provision for a significant doubtful debt which arose in the October Yearling sales in 2022. Tattersalls are continuing to actively seek recovery of this debt. A final judgement is anticipated early 2024.

TATTERSALLS LIMITED

STRATEGIC REPORT

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. Newmarket sales aggregates were 24% greater than the prior year driven by an increase of 12% in average sales price.

The balance sheet of the group is set out on page 15. As at 30 June 2023, the group has net assets of £122 million. The balance sheet shows the strength of the group asset base and the high level of liquid assets.

GOING CONCERN

The group meets its day-to-day working capital requirements through an overdraft facility that was renewed in October 2023 for a period of 11 months. The group's forecasts and projections, taking account of reasonably possible changes in trading performance and timing of receipts and payments, 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 15 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. During the year, the group paid off an additional term loan which had facilitated the purchase of Exeter Stables in Newmarket in 2021; the interest on this facility was also linked to the level of UK Base Rate and was secured using an unlimited debenture over the group's assets, titles and interests. No specific financial instrument is utilised to protect the group exposure to interest rate changes on its working capital and loan facilities.

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.

Aspects of the group's expenditure are susceptible to inflationary movements; with increases expected in the cost of utilities, printing, building materials and hay. Wherever practicable and prudent, the group looks to negotiate significant expenditure agreements for the ensuing six to twelve month period. The group's main revenue, emanating from bloodstock sales, is not fixed in advance of a sale or capped; the group therefore can expect to benefit from inflationary increases in revenue. Whilst inflation is a consideration, it is not expected that this will have a materially negative impact on the group's profit.

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, poor prize money, gambling affordability checks and the potential impact of a wider economic downturn. 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 2023/24 has started well despite a backdrop of UK economic uncertainty. International buyers were particularly prominent in the October 2023 Book 1 sale but the 25% lower sale ring turnover did not mirror the exceptional results experienced with 2022. Whilst the geographic diversity of the customer base helps protect against a UK downturn, the company is not immune from the risks arising due to a global recession.

The UK and Irish core businesses will remain focused on cataloguing the best bloodstock available and creating a vibrant and competitive market in which to sell it.

DONATIONS

During the year the group made the following donations:

Political purposes - Conservative Party	£10,000 (2022: £nil)
Charitable purposes	£40,696 (2022: £43,737)

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

ENGAGING WITH STAKEHOLDERS

Section 172 of the Companies Act 2006 imposes a general duty on Directors to act in a way that they consider, in good faith, to most likely promote the success of the company for the benefit of shareholders as a whole. The Directors in setting policies and strategies continue to have regard to the interests of the company's employees, shareholders, investors, suppliers, customers, including the impact of its activities on the community and on the company's reputation. These factors underpin the way in which the Directors discharge their duties and the Board is aware of the need for good relationships with all stakeholders to help the company deliver its strategy in line with its long-term values and operate in a sustainable way. During the year to 30 June 2023 the following considerations were made:

- The Board has monitored the performance of the company through metrics reported in meetings; and
- Engaging employees through workforce communications, training, health and safety and working conditions. The company considers itself as a responsible employer in its approach to pay and benefits received by the employees; and
- Impact of the company's operations on community interests through sustainability and improvements in recycling and waste management; and

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



G Davies
Secretary

Date: 5 January 2024

TATTERSALLS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 June 2023. 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 16.

DIRECTORS

The directors who served during 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
P J Morrey
W Rainsford (appointed 1 January 2023, resigned 28 June 2023)

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, there is still some uncertainty surrounding the impact on trade following the UK's departure from the EU. Representatives from the group are engaged with the wider bloodstock initiatives that are underway to lobby government to facilitate the smooth operation of border crossings for horses coming to and returning from auction sales.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on pages 2 to 5 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 5 and form part of this report by cross-reference.

DIVIDENDS

The dividends paid during the year ended 30 June 2023 were the final dividend for the year ended 30 June 2022 (£5.71 per ordinary share) and the interim dividend of 70 pence per ordinary share.

A written ordinary resolution proposing a final dividend of £6.18 per ordinary share to be paid in January 2024 will be circulated to shareholders in December 2023 for their approval.

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

RSM has expressed their willingness to continue in office as auditor.

TATTERSALLS LIMITED

DIRECTORS' REPORT

STATEMENT OF DISCLOSURE TO AUDITOR

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves 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.

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

A handwritten signature in black ink, appearing to read 'G Davies', is placed over a rectangular area of the document.

G Davies

Secretary

Date: 5 January 2024

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 UK 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.

TATTERSALLS LIMITED

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 2023 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

TATTERSALLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATTERSALLS LIMITED

Matters on which we are required to report by exception

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

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

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

TATTERSALLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATTERSALLS LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, completion of a disclosure checklist to identify areas of non-compliance and evaluation of computations provided by external tax advisors.

The group audit engagement team identified the risk of management override of controls and fraud in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and performing tests of detail in respect of revenue recognition.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

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.

Andrew Mason

ANDREW MASON (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Blenheim House, Newmarket Road
Bury St Edmunds
IP33 3SB
8 January 2024

TATTERSALLS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2023

	Note	2023 £'000	2022 £'000
TURNOVER	2	39,996	34,924
Other operating income	3	1,205	2,342
		<u>41,201</u>	<u>37,266</u>
Staff costs	4	8,844	7,908
Depreciation and amortisation	11 & 12	1,974	1,872
Other operating charges		25,014	19,051
		<u>35,832</u>	<u>28,831</u>
OPERATING PROFIT	5	5,369	8,435
Income from interests in associated undertakings	6	2,155	3,761
PROFIT BEFORE INTEREST AND TAXATION		<u>7,524</u>	<u>12,196</u>
Other interest receivable and similar income	7	1,123	655
Interest payable and similar charges	8	(503)	(239)
Other finance income/charges	28	28	(34)
		<u>648</u>	<u>382</u>
PROFIT BEFORE TAXATION		8,172	12,578
Tax on profit	9	(1,445)	(3,396)
PROFIT FOR THE FINANCIAL YEAR		<u>6,727</u>	<u>9,182</u>
Profit for the financial year attributable to:			
Non-controlling interest	22	-	-
Equity Shareholders of the Company		6,727	9,182
		<u>6,727</u>	<u>9,182</u>

All activities derive from continuing operations. The notes on pages 18 to 41 form part of these financial statements.

TATTERSALLS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 30 June 2023

	2023 £'000	2022 £'000
Profit after tax for the year attributed to the group	6,727	9,182
Currency translation differences on foreign currency net investments	5	(5)
(Deficit) / Surplus arising on revaluation of fixed assets	(2,092)	745
Actuarial (loss) / gain on defined benefit pension scheme	(506)	4,436
Movement in net deferred tax liability	127	(1,109)
Total comprehensive income for the year	4,261	13,249
Total comprehensive income for the year attributable to:		
Non-controlling interest	-	-
Equity shareholders of the Company	4,261	13,249
	4,261	13,249

The notes on pages 18 to 41 form part of these financial statements.

TATTERSALLS LIMITED

CONSOLIDATED BALANCE SHEET 30 June 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	11	3,059	3,333
Tangible assets	12	61,512	59,631
Investments	13	320	321
Associated undertaking	6	40,930	40,896
		<u>105,821</u>	<u>104,181</u>
CURRENT ASSETS			
Debtors	15	56,644	53,683
Investments	16	51	3,860
Cash at bank, in hand and on short term deposit	17	23,620	23,965
		<u>80,315</u>	<u>81,508</u>
CREDITORS: amounts falling due within one year	18	<u>(59,569)</u>	<u>(57,923)</u>
NET CURRENT ASSETS		<u>20,746</u>	<u>23,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>126,567</u>	<u>127,766</u>
CREDITORS: amounts falling due after more than one year	19	-	(1,500)
PROVISION FOR LIABILITIES	21	<u>(4,805)</u>	<u>(5,508)</u>
		<u>(4,805)</u>	<u>(7,008)</u>
NET ASSETS		<u>121,762</u>	<u>120,758</u>
CAPITAL AND RESERVES			
Called up share capital	23	508	508
Investment revaluation reserve	23	2,823	2,823
Other revaluation reserve	23	18,395	20,830
Profit and loss account	23	100,036	96,597
SHAREHOLDERS' FUNDS		<u>121,762</u>	<u>120,758</u>
NON-CONTROLLING INTEREST	22	-	-
TOTAL CAPITAL EMPLOYED		<u>121,762</u>	<u>120,758</u>

The notes on pages 18 to 41 form part of these financial statements.

The financial statements of Tattersalls Limited, registered number 00791113, were approved by the Board of Directors and authorised for issue on 5 January 2024.

Signed on behalf of the Board of Directors

Edmond Mahony.

E C Mahony

Director

TATTERSALLS LIMITED

COMPANY BALANCE SHEET 30 June 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	11	2,206	2,396
Tangible assets	12	49,492	47,847
Investments	13	20,028	20,029
		<u>71,726</u>	<u>70,272</u>
CURRENT ASSETS			
Debtors	15	42,906	39,508
Investments	16	51	3,860
Cash at bank, in hand and on short term deposit	17	19,378	19,529
		<u>62,335</u>	<u>62,897</u>
CREDITORS: amounts falling due within one year	18	<u>(40,485)</u>	<u>(37,792)</u>
NET CURRENT ASSETS		<u>21,850</u>	<u>25,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>93,576</u>	<u>95,377</u>
CREDITORS: amounts falling due after more than one year	19	-	(1,500)
PROVISION FOR LIABILITIES	21	<u>(4,439)</u>	<u>(5,142)</u>
NET ASSETS		<u>89,137</u>	<u>88,735</u>
CAPITAL AND RESERVES			
Called up share capital	23	508	508
Investment revaluation reserve	23	2,823	2,823
Other revaluation reserve	23	15,087	17,527
Profit and loss account	23	70,719	67,877
SHAREHOLDERS' FUNDS		<u>89,137</u>	<u>88,735</u>

The notes on pages 18 to 41 form part of these financial statements.

The profit for the financial year dealt with in the financial statements of the parent company was £6,107,000 (2022: £7,505,000) (see Note 24).

The financial statements of Tattersalls Limited, registered number 00791113, were approved by the Board of Directors and authorised for issue on 5 January 2024.

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 2023

	Called-up share capital £'000	Investment revaluation reserve £'000	Other revaluation reserve £'000	Profit and loss account £'000	Shareholders' Equity £'000	Non- controlling interest £'000	Total equity £'000
At 30 June 2021	508	2,823	20,347	86,727	110,405	(5)	110,400
Profit on ordinary activities after taxation	-	-	-	9,177	9,177	5	9,182
Currency translation differences	-	-	-	(5)	(5)	-	(5)
Gains arising on revaluation of tangible fixed assets	-	-	745	-	745	-	745
Transfers in year	-	-	(262)	262	-	-	-
Tax related to items of other comprehensive income	-	-	-	(1,109)	(1,109)	-	(1,109)
Actuarial gain on defined benefit scheme	-	-	-	4,436	4,436	-	4,436
Total comprehensive income	-	-	483	12,761	13,244	5	13,249
Dividend (see note 10)	-	-	-	(2,891)	(2,891)	-	(2,891)
At 30 June 2022	508	2,823	20,830	96,597	120,758	-	120,758
Profit on ordinary activities after taxation	-	-	-	6,727	6,727	-	6,727
Currency translation differences	-	-	5	-	5	-	5
Losses arising on revaluation of tangible fixed assets	-	-	(2,092)	-	(2,092)	-	(2,092)
Transfers in year	-	-	(348)	348	-	-	-
Tax related to items of other comprehensive income	-	-	-	126	126	-	126
Actuarial loss on defined benefit scheme	-	-	-	(506)	(506)	-	(506)
Total comprehensive income	-	-	(2,435)	6,695	4,260	-	4,260
Dividend (see note 10)	-	-	-	(3,256)	(3,256)	-	(3,256)
At 30 June 2023	508	2,823	18,395	100,036	121,762	-	121,762

The notes on pages 18 to 41 form part of these financial statements.

TATTERSALLS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
At 30 June 2023

	Called-up share capital £'000	Investment revaluation reserve £'000	Other revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2021	508	2,823	17,044	59,674	80,049
Profit on ordinary activities after taxation	-	-	-	7,505	7,505
Gains arising on revaluation of tangible fixed assets	-	-	745	-	745
Transfers in year	-	-	(262)	262	-
Tax related to items of other comprehensive income	-	-	-	(1,109)	(1,109)
Actuarial gain on defined benefit scheme	-	-	-	4,436	4,436
Total comprehensive income	-	-	483	11,094	11,577
Dividends (see note 10)	-	-	-	(2,891)	(2,891)
At 30 June 2022	508	2,823	17,527	67,877	88,735
Profit on disposal of intangible fixed asset	-	-	-	23	23
Profit on ordinary activities after taxation	-	-	-	6,107	6,107
Losses arising on revaluation of tangible fixed assets	-	-	(2,092)	-	(2,092)
Transfers in year	-	-	(348)	348	-
Tax related to items of other comprehensive income	-	-	-	126	126
Actuarial loss on defined benefit scheme	-	-	-	(506)	(506)
Total comprehensive income	-	-	(2,440)	6,098	3,658
Dividends (see note 10)	-	-	-	(3,256)	(3,256)
At 30 June 2023	508	2,823	15,087	70,719	89,137

The notes on pages 18 to 41 form part of these financial statements.

TATTERSALLS LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 30 June 2023

	Note	2023 £'000	2022 £'000
Net cash inflows from operating activities	25	6,007	3,458
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(6,658)	(7,287)
Proceeds from sale of tangible fixed assets		122	105
Dividend received from associate	6	1,450	1,251
Purchase of current asset investments		(1,350)	(1,462)
Receipts from sale of current asset investments		5,154	4,753
Interest received and similar income		1,123	655
Net cash flows from investing activities		<u>(159)</u>	<u>(1,985)</u>
Cash flows from financing activities			
Dividends paid		(3,256)	(2,891)
Proceeds from loan		-	3,000
Repayment of loan		(2,500)	(583)
Interest paid		(503)	(239)
Net cash flows from financing activities		<u>(6,259)</u>	<u>(713)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(411)</u>	<u>760</u>
Cash and cash equivalents at the beginning of year		15,453	14,802
Effect of exchange rates on cash and cash equivalents		<u>(5)</u>	<u>(109)</u>
Cash and cash equivalents at the end of year		<u><u>15,037</u></u>	<u><u>15,453</u></u>
Reconciliation to cash at bank and in hand			
Cash and cash equivalents		23,620	23,965
Bank overdraft		(8,583)	(8,512)
	25	<u><u>15,037</u></u>	<u><u>15,453</u></u>

The notes on pages 18 to 41 form part of these financial statements.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2023

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.

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 5.

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. Monetary amounts in these financial statements are rounded to the nearest thousand. 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.

No goodwill is recognised on an increase in interest in a subsidiary, instead it is treated as a transaction between equity holders. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in the equity and attributed to equity holders of the group.

The gain or loss on the disposal of a subsidiary is calculated as the difference between the fair value of the consideration received and the proportion of the identifiable net assets including goodwill as at the date of the disposal. The results of the subsidiary will be included in the consolidation up to the date of disposal.

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 was renewed in October 2023. The group's forecasts and projections, which take into account likely variances in trading performance, seasonality of the sales including the timing of payments and receipts, show that the group should be able to operate within the level of its current facility. The group has no reason to expect that the ongoing support of Lloyds bank will not continue and therefore reasonably assumes that the existing facilities will 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.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2023

Turnover

Turnover is the amount of gross commission and fees earned acting as agent 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.

Intangible fixed assets and amortisation

Goodwill relating to Osarus Holdings Limited is stated at cost, net of any amortisation and any provision for impairment in the prior year comparative. Amortisation is calculated to write off the cost by equal annual instalments over its useful economic life of 10 years. Osarus Holdings Limited disposed of its subsidiary, Ventes Osarus SARL on 1 July 2021 for accounting purposes. The remaining goodwill relating to the original purchase of this subsidiary was written off to the profit and loss account at the point of disposal.

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.

The intellectual property rights to host the annual Goresbridge breeze up sales are 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 15 years as this is the remaining licence term.

The negative goodwill recognised following the reclassification of William Inglis & Son Limited ('Inglis') to an associate is amortised over 40 years, which, in the opinion of the Directors, is the useful economic life. The negative goodwill is calculated from the total goodwill generated at each stage of purchasing further shares in Inglis. The amortisation credited each year is included in the share of profit from the associated undertaking in the consolidated income statement.

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 operational 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 group's operational land and buildings, net of amounts in depreciation transferred to the profit and loss account.

Heritage assets

The group possesses various works of art that are considered part of the fabric of the group. These were valued for insurance purposes at £905,650 in June 2023 by an independent valuer. They are not recognised in the financial statements because; the works are of cultural importance to Tattersalls and will always remain within the business as part of its history but make no practical contribution to the group's financial performance.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2023

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 2023. 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.

The Australian associate company transactions were translated into sterling at the rate ruling at 30 June 2023. An average rate for the year to 30 June 2023 was used to translate the share of profit and tax.

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

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. Interests in the subsidiary companies are valued at cost less provision for any impairment in value.

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.

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 associate company.

Associate

William Inglis & Son Limited ('Inglis') is accounted for at cost in the company balance sheet and under equity accounting in the consolidated balance sheet. The deemed cost of the associate is determined using the purchase cost of the shares and adding the cumulative annual share of profit less dividends received. The adjustment to reflect deemed cost and the associated foreign exchange difference is recognised in the statement of other comprehensive income. Any differences in accounting policies have been considered using accounting policies applicable to the Group.

The carrying value is adjusted for the group's share of the associate's post-acquisition profit, which is also recognised in the profit and loss account, along with the dividend received during the year and the amortisation of negative goodwill.

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.

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2023

Taxation (continued)

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 (relieved) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be relieved (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.

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 1 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 or assets 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 asset is included in current asset in debtors on the face of the balance sheet or if a deficit, is presented within provision for liabilities 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 in note 2.

Financial instruments

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

TATTERSALLS LIMITED

ACCOUNTING POLICIES

Year ended 30 June 2023

Financial instruments (continued)

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) 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.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

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.

In the process of applying the company's accounting policies, the directors have made the following critical judgements.

Associate undertaking: The status of the investment in William Inglis & Son Limited, which at 30 June 2023 stood at 25.79% (2022: 25.79%) of share capital, is considered to be an associate company with effect from 1 March 2019 and accounted for under equity accounting due to the significant influence the group has over the entity.

Revenue recognition: Revenue from services is included as commission on an agency basis as under the contractual terms of sale, the group does not have exposure to the risks and rewards typically associated with the bloodstock transactions

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 recognition of the net pension asset requires judgement and is based on the understanding that the company has an unconditional right to obtain a refund. 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 28 provides information on the assumptions used in these financial statements.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

2. TURNOVER

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

	2023 £'000	2022 £'000
UK	32,986	28,787
Rest of Europe	7,010	6,137
	<u>39,996</u>	<u>34,924</u>

Other operating income is detailed in note 3 and other interest receivable and similar income is detailed in note 7.

3. OTHER OPERATING INCOME

	2023 £'000	2022 £'000
Trade rents	486	547
Investment property rents	620	584
Fair value adjustments on investment property	2	695
Gain on disposal of fixed asset investment	-	287
Other operating income	97	229
	<u>1,205</u>	<u>2,342</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2023 £'000	2022 £'000
Directors' remuneration		
Emoluments	1,815	1,923
Payment for loss of office	69	-
	<u>16</u>	<u>12</u>
Company contributions to money purchase pension schemes		
	<u>544</u>	<u>539</u>
	Number	Number
Number of directors who are members of money purchase schemes	<u>3</u>	<u>3</u>

At 30 June 2023, the accrued pension payable to the highest paid director was £167,252 (2022: £158,818) per annum. The contributions made by the group to the defined benefit pension scheme in respect of the highest paid director were £nil (2021: £nil).

None of the directors were a member of a defined benefit scheme in the year (2022: none).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2023 Number	2022 Number
Average monthly number of persons employed		
Maintenance	16	14
Executive/administration	60	62
	<u>76</u>	<u>76</u>

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

	2023 £'000	2022 £'000
Staff costs during the year (including directors)		
Wages and salaries	7,708	6,809
Social security costs	823	798
Pension costs under defined contribution scheme	313	301
	<u>8,844</u>	<u>7,908</u>

5. OPERATING PROFIT

	2023 £'000	2022 £'000
Operating profit is after charging / (crediting):		
Depreciation	1,698	1,598
Amortisation	276	274
Adjustment to bad debt provision	4,932	(370)
Operating lease rentals for hire of vehicles and equipment	226	224
Foreign exchange (gains) / charges	81	(36)
Profit on sale of tangible fixed assets	(69)	(39)
Write off goodwill	-	97
Gain on fair value movement in fixed asset investment property	-	(683)
Impairment of fixed asset operational property	562	491
Impairment of fixed asset investment property	433	95
Gain on disposal fixed asset investment	-	(287)
Loss / (gain) on fair value movement in fixed asset investments	1	16
Loss / (gain) on fair value movement in current asset investments	5	273
Fees payable to the company's auditor for audit of company's annual accounts	93	90
Fees payable to the company's auditor for other services to the group		
- Audit of company's subsidiaries pursuant to legislation	31	28
Total audit fees	<u>124</u>	<u>118</u>
Non-audit fees		
- tax services	15	14
- other	11	-

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

6. ASSOCIATED UNDERTAKING

Tattersalls Limited has a 25.79% stake in William Inglis & Son Limited ('Inglis'). Inglis has been accounted for using equity accounting. The group's share of profit less dividend received is included in the consolidated income statement along with the amortisation of negative goodwill.

The registered address for William Inglis & Son Limited is Riverside Stables, 155 Governor Macquarie Drive, Warwick Farm, NSW 2170 Australia. The functional currency of the company is the Australian Dollar.

The carrying value of the group's associated undertaking was as follows:

	2023 £'000	2022 £'000
Group		Group
At 1 July	40,896	39,356
Share of profit before tax	2,082	3,688
Share of tax	(671)	(970)
Dividend received	(1,450)	(1,251)
Amortisation of negative goodwill	73	73
At 30 June	<u>40,930</u>	<u>40,896</u>

7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £'000	2022 £'000
Interest received and similar income	107	95
Interest on overdue debts	1,016	560
	<u>1,123</u>	<u>655</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £'000	2022 £'000
On bank loans and overdrafts	<u>503</u>	<u>239</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2023 £'000	2022 £'000
Current tax		
United Kingdom corporation tax at 20.5% (2022: 19.0%) based on the profit for the year	1,325	1,928
Prior year adjustment	(105)	(142)
Foreign tax	131	204
Share of foreign tax relating to associated undertaking	671	970
Total current tax	2,022	2,960
Deferred taxation		
Origination and reversal of timing differences	(712)	416
Adjustment in respect of prior years	135	20
	1,445	3,396

Factors affecting tax charge:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	8,172	12,578
Tax on group profit at standard UK Corporation Tax rate of 20.5% (2022: 19.0%)	1,675	2,390
Effects of:		
Permanent differences	17	138
Fixed asset differences	(39)	224
Expenses not deductible for tax purposes	180	335
Exempt distributions	(304)	(13)
Chargeable (losses) / gains	(429)	300
Amounts (charged) / credited directly to other comprehensive income or otherwise transferred	(104)	843
Higher tax rates on overseas earnings	527	177
Deferred tax credited/(charged) directly to the other comprehensive income	127	(1,109)
Remeasurement of deferred tax for changes in tax rates	(151)	366
Income not taxable	-	(134)
Tax withheld at source	-	1
Adjustments to tax charge in respect of previous periods	(189)	(142)
Adjustments to deferred tax charge in respect of previous periods	135	20
	1,445	3,396

The rate of UK corporation tax substantively enacted by the UK Government before the balance sheet date is 19% up to 31 March 2023 and 25% thereafter (Finance Act 2021). The closing deferred tax assets and liabilities have been calculated at 25%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

10. DIVIDENDS

	Pence per share			
	2023	2022	2023	2022
			£'000	£'000
On equity shares:				
Ordinary shares				
Interim paid	70	70	355	355
Final prior year dividend paid	571	499	2,901	2,536
	<u>641</u>	<u>569</u>	<u>3,256</u>	<u>2,891</u>

In respect of the year ended 30 June 2023, the directors recommend the payment of a final dividend of £6.18 pence per ordinary share.

11. INTANGIBLE FIXED ASSETS

GROUP	Intellectual Property £'000	Sale rights £'000	Total £'000
Cost			
At 1 July 2022 and 30 June 2023	1,271	3,726	4,997
Amortisation			
At 1 July 2022	334	1,330	1,664
Charge for year	85	190	275
Foreign exchange translation differences	(1)	-	(1)
At 30 June 2023	<u>418</u>	<u>1,520</u>	<u>1,938</u>
Net book value			
At 30 June 2023	<u>853</u>	<u>2,206</u>	<u>3,059</u>
At 30 June 2022	<u>937</u>	<u>2,396</u>	<u>3,333</u>

COMPANY	Sale rights £'000
Cost	
At 1 July 2022 and 30 June 2023	<u>3,726</u>
Amortisation	
At 1 July 2022	1,330
Charge for year	190
At 30 June 2023	<u>1,520</u>
Net book value	
At 30 June 2023	<u>2,206</u>
At 30 June 2022	<u>2,396</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

12. TANGIBLE FIXED ASSETS

GROUP	Land and buildings Freehold Operational £'000	Freehold Investment £'000	Long leasehold £'000	Loose boxes £'000	Plant, equipment and motor vehicles* £'000	Assets Under Construction £'000	Total £'000
Cost or valuation							
At 1 July 2022	42,676	14,173	21	4,019	9,885	3,002	73,776
Additions	1,667	-	-	1,355	1,352	2,286	6,660
Reclassification	834	2,168	-	-	-	(3,002)	-
Disposals	-	-	-	-	(249)	-	(249)
Impairment	(2,703)	(433)	-	-	-	-	(3,136)
Foreign exchange	22	-	-	-	3	-	25
At 30 June 2023	42,496	15,908	21	5,374	10,991	2,286	77,076
Accumulated depreciation							
At 1 July 2022	5,750	-	21	1,866	6,508	-	14,145
Charge for year	770	-	-	90	794	-	1,654
Disposals	-	-	-	-	(198)	-	(198)
Revaluation	(47)	-	-	-	-	-	(47)
Foreign exchange	8	-	-	-	2	-	10
At 30 June 2023	6,481	-	21	1,956	7,106	-	15,564
Net book value							
At 30 June 2023	36,015	15,908	-	3,418	3,885	2,286	61,512
At 30 June 2022	36,926	14,173	-	2,153	3,377	3,002	59,631

* Motor vehicles include machinery used for maintaining the grounds.

GROUP AND COMPANY

The original cost of investment properties is £5,154,000 (2022: £5,154,000). The valuation of investment properties was carried out on 30 June 2023 by Windsor Clive International and the directors, who formed their own valuation assessment based on observable market information, which includes an assessment provided by Bidwells LLP.

The valuation of operational land and buildings in Newmarket was carried out on 30 June 2023 externally by Windsor Clive International in accordance with the Royal Institution 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.

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

As part of the Group, freehold land and buildings in Ireland were professionally valued by Savills Ireland, an external independent valuer, to fair value at 30 June 2021. The Directors have reviewed the assumptions of the valuation to 30 June 2023 and have concluded there have been no material changes in the fair value of the freehold land and buildings since 30 June 2021.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

12. TANGIBLE FIXED ASSETS (continued)

	Land and Buildings				Plant, Equipment and motor vehicles*	Assets Under Construction	Total
COMPANY	Freehold Operational £'000	Freehold Investment £'000	Long leasehold £'000	Loose boxes £'000	£'000	£'000	£'000
Cost or valuation							
At 1 July 2022	26,974	14,173	21	4,019	6,941	3,002	55,130
Additions	1,226	-	-	1,355	1,002	2,286	5,869
Reclassification	834	2,168	-	-	-	(3,002)	-
Disposals	-	-	-	-	(167)	-	(167)
Impairment	(2,703)	(433)	-	-	-	-	(3,136)
At 30 June 2023	26,331	15,908	21	5,374	7,776	2,286	57,696
Accumulated depreciation							
At 1 July 2022	378	-	21	1,866	5,018	-	7,283
Charge for the year	549	-	-	90	491	-	1,130
Disposals	-	-	-	-	(162)	-	(162)
Revaluation	(47)	-	-	-	-	-	(47)
At 30 June 2023	880	-	21	1,956	5,347	-	8,204
Net book value							
At 30 June 2023	25,451	15,908	-	3,418	2,429	2,286	49,492
At 30 June 2022	26,596	14,173	-	2,153	1,923	3,002	47,847

* Motor vehicles include machinery used for maintaining the grounds.

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 2023	21,124	14,287
At 30 June 2022	19,059	12,231

As set out in note 3, investment property rental income earned during the year was £ 620,000 (2022: £584,000). 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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	133	137	133	137

The group and company had capital commitments at the year end which are detailed in note 26.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

13. INVESTMENTS HELD AS FIXED ASSETS

GROUP	Fishing rights £'000	Other investments £'000	Total £'000
Valuation			
At 1 July 2022	195	126	321
Revaluation	2	(3)	(1)
At 30 June 2023	197	123	320
Net book value			
At 30 June 2023	197	123	320
At 30 June 2022	195	126	321

COMPANY	Subsidiary companies (see note 14 and 27)			Fishing rights £'000	Other investments £'000	Total £'000
	Loans £'000	Shares £'000	Associated Undertaking £'000			
Cost or valuation						
At 1 July 2022	2,410	4,991	13,888	195	126	21,610
Revaluation	-	-	-	2	(3)	(1)
At 30 June 2023	2,410	4,991	13,888	197	123	21,609
Amounts provided						
At 30 June 2022 and 30 June 2023	-	1,581	-	-	-	1,581
Net book value						
At 30 June 2023	2,410	3,410	13,888	197	123	20,028
At 30 June 2022	2,410	3,410	13,888	195	126	20,029

The fishing rights are included at their open market value as at 30 June 2023. The latest independent valuation was made by a member of the Royal Institution of Chartered Surveyors in July 2023. The original cost is £129,988 (2022: £129,988).

Tattersalls Limited owns a 25.79% stake in William Inglis & Son Limited. The investment is accounted for using equity accounting because it is considered an associate by virtue of the level of influence the Group has over the entity (See note 6).

“Other Investments” also includes an investment in wine stock. The original cost is £100,575 (2022: £100,575).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

14. 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.

Tattersalls (Ireland) Limited owns 100% of the ordinary share capital of Bridlefield Limited. Bridlefield Limited holds intellectual property rights to the annual Goresbridge breeze up sale. The company is registered at Fairyhouse, Ratoath, Co. Meath, Ireland.

The wholly owned direct subsidiary is Dunridge Limited (horse racing and trading) whose registered office is Newnham, Cambridge, CB3 9AW.

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

During the previous year, the company purchased an additional 22.58% stake in Osarus Holdings Limited to take its ownership of the company to 100%. On 30 June 2022, Osarus Holdings Limited sold its entire interest in the French bloodstock auctioneer, Ventes Osarus SARL. Ventes Osarus SARL's registered office is located at 88, Route D'Orbec in Lisieux, France and Osarus Holdings Limited's registered office is Terrace House, Newmarket, Suffolk CB8 9BT.

15. DEBTORS

	GROUP		COMPANY	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	50,383	48,723	25,991	24,119
Other debtors	3	6	-	1
Corporation tax	448	-	425	-
VAT and other taxes	-	56	-	56
Prepayments and accrued income	1,521	1,595	1,447	1,448
Amounts due from subsidiary	-	-	10,754	10,581
	<u>52,355</u>	<u>50,380</u>	<u>38,617</u>	<u>36,205</u>
Amount falling due outside one year:				
Pension asset	4,289	3,303	4,289	3,303
	<u>56,644</u>	<u>53,683</u>	<u>42,906</u>	<u>39,508</u>

16. INVESTMENTS HELD AS CURRENT ASSETS

	2023	2022
GROUP AND COMPANY	£'000	£'000
Market value of listed investments at 30 June	<u>51</u>	<u>3,860</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

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

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank and in hand	23,620	23,965	19,378	19,529

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank overdraft	8,583	8,512	7,795	7,729
Bank loan	-	1,000	-	1,000
Trade creditors	43,924	42,738	26,638	23,791
Corporation tax	55	565	-	406
VAT and other taxes	2,052	555	1,474	149
Other creditors	1,075	979	953	875
Accruals and deferred income	3,880	3,574	3,216	3,268
Amounts due to subsidiary	-	-	409	574
	59,569	57,923	40,485	37,792

The bank overdraft is secured by a fixed and floating charge over the property of the Company.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loan	-	1,500	-	1,500

The bank loan facility was fully repaid in the year ending 30 June 2023.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

20. FINANCIAL INSTRUMENTS

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

	Note	GROUP		COMPANY	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial Assets					
Measured at fair value through profit or loss:					
Current asset listed investments	16	51	3,860	51	3,860
Measured at amortised cost:					
Trade debtors	15	50,383	48,723	25,990	24,119
Other debtors	15	3	6	-	1
Amounts due from subsidiary	15	-	-	10,754	10,581
Cash at bank and in hand	17	23,620	23,965	19,378	19,529
Equity instruments measured at cost less impairment:					
Fixed asset unlisted investments	13	320	321	20,028	20,029
		<u>74,377</u>	<u>76,875</u>	<u>76,201</u>	<u>78,119</u>
Financial Liabilities					
Measured at amortised cost:					
Bank overdraft	18	(8,583)	(8,512)	(7,795)	(7,729)
Bank loan	18, 19	-	(2,500)	-	(2,500)
Trade creditors	18	(43,924)	(42,738)	(26,638)	(23,791)
Other creditors	18	(937)	(910)	(815)	(875)
Accruals	18	(3,880)	(3,574)	(3,216)	(3,268)
Deferred consideration	18, 19	-	(69)	-	-
Amounts due to subsidiary	18	-	-	(409)	(574)
		<u>(57,324)</u>	<u>(58,303)</u>	<u>(38,873)</u>	<u>(38,737)</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

21. PROVISION FOR LIABILITIES

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax (see below)	(4,805)	(5,508)	(4,439)	(5,142)
	<u>(4,805)</u>	<u>(5,508)</u>	<u>(4,439)</u>	<u>(5,142)</u>

Deferred tax	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed asset timing differences	181	499	(185)	133
Capital gains	<u>3,557</u>	<u>4,183</u>	<u>3,557</u>	<u>4,183</u>
Provision for liabilities	3,738	4,682	3,372	4,316
Deferred tax liability arising in relation to retirement benefit obligations (note 28)	1,072	826	1,072	826
Deferred tax asset arising in relation to provisions	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Net deferred tax liability at 30 June	<u>4,805</u>	<u>5,508</u>	<u>4,439</u>	<u>5,142</u>

	GROUP £'000	COMPANY £'000
Deferred tax liability:		
Net liability at 1 July 2022	5,508	5,142
Charge to profit and loss account	(577)	(577)
Charge to other comprehensive income	<u>(126)</u>	<u>(126)</u>
Net liability at 30 June 2023	<u>4,805</u>	<u>4,439</u>

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.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

22. NON-CONTROLLING INTEREST

GROUP

	2023 £'000	2022 £'000
At 1 July	-	(5)
Movement on purchase of remaining 23% by parent, Tattersalls Limited	-	5
	<u>-</u>	<u>5</u>
At 30 June	-	-

At 30 June 2023, the net assets of Osarus Holdings Limited were £241,000 (2022: net assets £266,000). The minority interest in Osarus Holdings was purchased by Tattersalls Limited on 30 June 2022 (see note 14).

23. CALLED UP SHARE CAPITAL AND RESERVES

	2023 £'000	2022 £'000
Called up, allotted and fully paid		
508,000 ordinary shares of £1 each	508	508

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.

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

The investment revaluation reserve represents the cumulative revaluation of certain 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 12).

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 17 and 18.

24. 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.

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

25. CASH FLOW STATEMENT

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

	Note	2023 £'000	2022 £'000
Profit for the financial year		6,727	9,182
Tax on profit on ordinary activities		1,445	3,396
Other interest receivable and similar income		(1,123)	(655)
Interest payable and similar charges		503	239
Other finance (income) / charges		(28)	34
Income from interest in associated undertaking	6	(2,155)	(3,761)
Operating profit		5,369	8,435
Adjustment for:			
Depreciation		1,698	1,598
Goodwill amortisation		276	274
Write off goodwill		-	97
Write off intercompany provisions		(55)	858
Impairment fixed asset investment property		433	95
Impairment tangible fixed assets		562	491
Gain on disposal of fixed asset investment		-	(287)
Profit on sale of tangible fixed assets		(69)	(39)
Profit on fair value adjustment to fixed asset investment property		-	(683)
Fixed asset investments fair value adjustment		(2)	(12)
Loss on fair value adjustment to current asset investments		5	273
Impairment fixed asset investment		4	28
Operating cash flow before movement in working capital		2,852	2,693
Increase in debtors		(189)	(6,521)
Increase in creditors		1,747	2,230
Taxation paid		(2,308)	(1,967)
Contributions to defined benefit scheme		(1,464)	(1,412)
Cash flow from operating activities		6,007	3,458

Reconciliation of net debt:

	At 1 July 2022 £'000	Cash flow £'000	Non-cash changes £'000	At 30 June 2023 £'000
Cash at bank and in hand	23,965	(345)	-	23,620
Bank overdraft	(8,512)	(71)	-	(8,583)
Bank loan	(2,500)	2,500	-	-
	<u>12,953</u>	<u>2,084</u>	<u>-</u>	<u>15,037</u>

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

26. COMMITMENTS

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Capital commitments				
Contracted for but not provided	2,469	1,345	2,469	1,345

All contracted for 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.

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expiring within one year	16	40	10	5
Expiring between 2 and 5 years	35	54	31	42

27. GUARANTEES

Guarantee over subsidiary liabilities

Tattersalls Limited has provided an irrevocable 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 2023. 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 2023 were €35,184,000 (2022: €36,314,000).

The liabilities of Dunlin Investment Company Limited as at 30 June 2023 were €7,284,000 (2021: €7,284,000).

28. 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 1 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 2023 for Financial Reporting Standard 102 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuation were:

	2023 %	2022 %	2021 %
Rate of increase in pension in payment - pre 2000	6.00	6.00	6.00
Rate of increase in pension in payment - post 2000	2.95	3.00	3.15
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	3.20	3.10	3.25
Discount rate	5.20	3.85	1.90
Inflation assumption	3.20	3.10	3.25

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

28. PENSION SCHEME (continued)

Mortality rates prior to retirement have been calculated using the AC00 tables. Mortality post retirement has been calculated using CM1 (2022) 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 2023 £'000	Fund value as at 2022 £'000
Equities	3,196	11,525
Government Stock	13,349	8,289
Corporate Bonds	6,002	6,072
Property	1,305	1,571
Cash	398	686
	<hr/>	<hr/>
Total market value of assets	24,250	28,143
	<hr/>	<hr/>
Present value of scheme liabilities	19,961	24,840
	<hr/>	<hr/>
Surplus in the scheme	4,289	3,303
	<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 £3.0 million (2022 - £3.6 million).

TATTERSALLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2023

28. PENSION SCHEME (continued)

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

	2023 £'000	2022 £'000
At 1 July	24,840	36,318
Interest cost	944	682
Benefits paid	(627)	(866)
Actuarial loss	(5,196)	(11,294)
	<u>19,961</u>	<u>24,840</u>
Liabilities in scheme at 30 June		

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

At 1 July	28,143	33,807
Interest income	1,099	648
Sponsor contributions	1,464	1,412
Benefits paid	(627)	(866)
Return on scheme assets excluding interest income	(5,829)	(6,858)
	<u>24,250</u>	<u>28,143</u>
Fair value of scheme assets at 30 June		

Expense recognised in profit and loss:

Net interest on the net defined benefit liability	(28)	34
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Remeasurement effects recognised in other comprehensive income (OCI)

Return on scheme assets excluding interest income	(5,829)	(6,858)
Experience gain / (losses) on defined benefit obligations	447	(401)
Actuarial gain arising from change in assumptions	4,749	11,695
Interest expense on effect of asset ceiling	127	-
	<u>(506)</u>	<u>4,436</u>
Actuarial (loss) / gain recognised in the OCI		

Movement in net defined benefit obligation over the year

Net defined benefit obligation at the beginning of the year	3,303	(2,511)
Contributions by employer	1,464	1,412
Income / (expense) recognised in profit and loss	28	(34)
Remeasurement (loss) / gain recognised in OCI	(506)	4,436
	<u>4,289</u>	<u>3,303</u>
Net defined benefit surplus at the end of the year		

The actual return on scheme assets was a £4,730,000 loss (2022: £6,210,000 loss).

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

At 1 July	(826)	655
Movement arising during the year recognised in the OCI	127	(1,109)
Movement arising during the year recognised in the profit and loss account	(373)	(372)
	<u>(1,072)</u>	<u>(826)</u>
At 30 June		

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28. 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 £323,000 (2022: £302,000) 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 2023 or 30 June 2022.

29. RELATED PARTY TRANSACTIONS

During the year, directors paid a cumulative £58,000 (2022: £52,000) in respect of bloodstock purchases and associated fees; and received £121,000 (2022: £11,000) in respect of bloodstock sales after associated fees. These transactions were all conducted at arms length. There were no balances outstanding as at 30 June 2023 (2022: none). £313,000 (2022: £269,000) was paid in dividends to directors during the year. There were no members of key management personnel in the year other than the directors.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and not disclosed in this note.

30. CONTROLLING PARTY

In the opinion of the Directors, no single party controlled the group or company at 30 June 2023.