

**CHRISTIE'S EUROPE LIMITED**

**Directors' report and financial statements**

**31 December 1997**

Registered number 1828285



## CHRISTIE'S EUROPE LIMITED

Directors' report and financial statements

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# CHRISTIE'S EUROPE LIMITED

## Directors' report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 1997.

## Principal activities

The Company is an investment holding Company which owns the whole of the issued share capital of Christie's European Holdings Limited, which acts as an intermediate holding and management Company for the European operations of the Christie's Group.

## Business review

The results of the Company are set out on page 4.

## Dividend

The Directors made a dividend payment of £795,000 (1996:£Nil).

## Directors and Directors' interests

The Directors who held office during the year were as follows:

F P Curiel  
C H Andre de la Porte (resigned 24/7/97)  
R H Aydon (appointed 24/7/97)

The interests of F P Curiel in the ordinary shares and share options of the ultimate parent Company, Christie's International plc, are disclosed in the Directors' report of that Company. The interests of R H Aydon in share options were as follows:

| At 31.12.96 | Granted/(exercised) | At 31.12.97 |
|-------------|---------------------|-------------|
| 30,000      | 15,000/(Nil)        | 45,000      |

## Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

*P. J. Dite*

P I Dite  
Secretary

8 King Street  
St. James's  
London  
SW1Y 6QT

*9th October* 1998

**CHRISTIE'S EUROPE LIMITED****Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**CHRISTIE'S EUROPE LIMITED****Auditors' report to the members of Christie's Europe Limited**

We have audited the financial statements on pages 4 to 9.

**Respective responsibilities of Directors and auditors**

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

*20 October* 1998

**CHRISTIE'S EUROPE LIMITED****Profit and loss account**

for the year ended 31 December 1997

|  | Note | 1997<br>£000 | 1996<br>£000 |
|--|------|--------------|--------------|
| Administrative expenses net of recharges                 |      | 571          | 554          |
| <b>Profit on ordinary activities before<br/>taxation</b> | 2-4  | <b>571</b>   | 554          |
| Tax on ordinary activities                               | 5    | (180)        | (183)        |
| <b>Profit for the financial year</b>                     |      | <b>391</b>   | 371          |
| Dividend   |      | (795)        | -            |
| <b>Retained profit/(loss) for the financial year</b>     |      | <b>(404)</b> | 371          |
| Retained profit brought forward                          |      | 1,642        | 1,271        |
| <b>Retained profit carried forward</b>                   |      | <b>1,238</b> | 1,642        |

The Company has no recognised gains or losses other than the profit for this or the last financial year. Accordingly a statement of total recognised gains and losses has not been prepared. For the current and preceding year there were no discontinued operations or acquisitions.

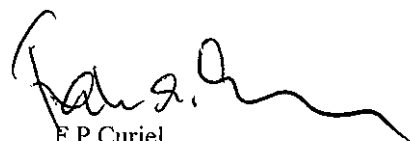
The results disclosed in the profit and loss account are on an historical cost basis.

## CHRISTIE'S EUROPE LIMITED

**Balance Sheet**  
at 31 December 1997

|                                     | Note | 1997    |       | 1996    |       |
|-------------------------------------|------|---------|-------|---------|-------|
|                                     |      | £000    | £000  | £000    | £000  |
| <b>Fixed assets</b>                 |      |         |       |         |       |
| Investments                         | 6    |         |       |         |       |
| <b>Current assets</b>               |      |         |       |         |       |
| Debtors                             | 7    | 2,794   |       | 3,129   |       |
| <b>Creditors:</b>                   |      |         |       |         |       |
| Amounts falling due within one year | 8    | (1,556) |       | (1,487) |       |
| <b>Net current assets</b>           |      |         | 1,238 |         | 1,642 |
| <b>Net assets</b>                   |      |         | 1,238 |         | 1,642 |
| <b>Capital and reserves</b>         |      |         |       |         |       |
| Called up share capital             | 9    |         | 1,238 |         | 1,642 |
| Profit and loss account             |      |         |       |         |       |
|                                     |      |         | 1,238 |         | 1,642 |

These financial statements were approved by the Board of Directors on ~~9th September~~ 1998 and were signed on its behalf by:

  
F P Curiel  
Director

## CHRISTIE'S EUROPE LIMITED

### Notes to the accounts (forming part of the financial statements)

#### 1 Accounting policies

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

##### Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare Group accounts.

The Company is exempt from the requirements of Financial Reporting Standard No.1 "Cash flow statements" to prepare a cash flow statement, as it is a wholly owned subsidiary of Christie's International plc and its cash flows are included within the consolidated cash flow statement of that Company.

##### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

##### Taxation

The charge for taxation is based on the profit for the year and includes deferred taxation in respect of timing differences in the recognition of income and expenditure for taxation and accounting purposes. Provision is made for deferred taxation to the extent that it is considered that a liability is likely to crystallise in the foreseeable future.

#### 2 Profit on ordinary activities before taxation

|  | 1997<br>£000 | 1996<br>£000 |
|--|--------------|--------------|
| Profit on ordinary activities<br>before taxation is stated<br>after charging |              |              |
| Auditors' remuneration   | 1            | 1            |
| Exchange (gain)  | (127)        | (217)        |
|  | <hr/>        | <hr/>        |

#### 3 Remuneration of Directors

The Directors did not receive any emoluments in respect of their services for this company during the year.



# CHRISTIE'S EUROPE LIMITED

## Notes (continued)

### 4 Staff numbers and costs

The Company employs no staff.

### 5 Taxation

|  | 1997<br>£000 | 1996<br>£000 |
|--|--------------|--------------|
| UK corporation tax at 31.5% (1996: 33%)<br>on the profit for the year on ordinary activities | 180          | 183          |

### 6 Fixed asset investments

|                              | Shares in subsidiary<br>undertakings<br>£ |
|------------------------------|---|
| <b>Cost</b>                  |   |
| At beginning and end of year | 2   |

Details of the Company's investment in the subsidiary undertaking are as follows:

|                                      | Country of<br>registration | Principal activity | Class and percentage<br>of shares held |
|--------------------------------------|----------------------------|--------------------|--|
| Christie's European Holdings Limited | England                    | Holding Company    | 100% Ordinary                          |

In the opinion of the Directors the investment in and amounts due from the subsidiary undertaking are worth at least the amounts at which they are stated in the balance sheet.

## CHRISTIE'S EUROPE LIMITED

## Notes (continued)

|  |              |              |
|--|--------------|--------------|
| <b>7 Debtors</b>   | <b>1997</b>  | <b>1996</b>  |
|  | <b>£000</b>  | <b>£000</b>  |
| <b>Amounts due within one year</b>                           |              |              |
| Amounts owed by parent and fellow subsidiary undertakings    | <b>1,622</b> | <b>1,957</b> |
| Amounts owed by subsidiary undertakings                      | <b>1,172</b> | <b>1,172</b> |
|  | <hr/>        | <hr/>        |
|  | <b>2,794</b> | <b>3,129</b> |
|  | <hr/>        | <hr/>        |
| <b>8 Creditors: amounts falling due within one year</b>      | <b>1997</b>  | <b>1996</b>  |
|  | <b>£000</b>  | <b>£000</b>  |
| Amounts owed to parent and fellow subsidiary undertakings    | <b>1,375</b> | <b>1,302</b> |
| Other creditors including taxation and social security:      |              |              |
| Corporation tax  | <b>180</b>   | <b>183</b>   |
| Accruals and deferred income                                 | <b>1</b>     | <b>2</b>     |
|  | <hr/>        | <hr/>        |
|  | <b>1,556</b> | <b>1,487</b> |
|  | <hr/>        | <hr/>        |
| <b>9 Called up share capital</b>                             | <b>1997</b>  | <b>1996</b>  |
|  | <b>£</b>     | <b>£</b>     |
| <b>Authorised</b>  |              |              |
| Ordinary shares of £1 each                                   | <b>100</b>   | <b>100</b>   |
|  | <hr/>        | <hr/>        |
| <b>Allotted, called up and fully paid</b>                    |              |              |
| Ordinary shares of £1 each                                   | <b>2</b>     | <b>2</b>     |
|  | <hr/>        | <hr/>        |
| <b>10 Reconciliation of movements of shareholders' funds</b> | <b>1997</b>  | <b>1996</b>  |
|  | <b>£000</b>  | <b>£000</b>  |
| Profit/(loss) for the financial year                         | <b>(404)</b> | <b>371</b>   |
| Opening shareholders's funds                                 | <b>1,642</b> | <b>1,271</b> |
|  | <hr/>        | <hr/>        |
|  | <b>1,238</b> | <b>1,642</b> |
|  | <hr/>        | <hr/>        |

**CHRISTIE'S EUROPE LIMITED****Notes (continued)****11 Contingent liability**

The Company has provided an unlimited guarantee to the bankers of its ultimate parent undertaking, Christie's International plc.

**12 Ultimate parent undertaking**

The ultimate parent undertaking is Christie's International plc, a Company registered in England for which accounts are available from 8 King Street, St. James's, London SW1Y 6QT.

As from 26<sup>th</sup> June 1998, the company's ultimate holding company is Financiere Pinault SCA, a company registered in France and controlled by Francois Pinault and his family.