
HAUNCH OF VENISON PARTNERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009

TUESDAY



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COMPANY INFORMATION

DIRECTORS

H C P Blain (resigned 14 05 2010)
C G Southern (resigned 14 05 2010)
A F S Sutton (resigned 16 02 2010)
E J Dolman
L J King (appointed 14 05 2010)
S J Brooks (appointed 14 05 2010)
E de Chaunac-Lanzac (appointed
14 05 2010)
K Rose (appointed 14 05 2010)

SECRETARY

N Deeming (resigned 01 06 2010)
S Ghinn (appointed 01 06 2010)

COMPANY NUMBER

04421085

REGISTERED OFFICE

8 King Street
St James's
London
SW1Y 6QT

AUDITORS

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

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DIRECTORS REPORT

The Directors present their report and the financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of fine art dealer

ENHANCED BUSINESS REVIEW

Haunch of Venison Partners Limited is a company with revenues in 2009 of £47m (2008 £75m) The loss for the period, after taxation, amounted to £3m (2008 loss £1.8m)

Principal risks and uncertainties facing the Company

Operating results for the Company, as well as the Company's liquidity are influenced by a number of factors, many of which are outside the Company's control. These factors, which are not ranked in any particular order, include

The overall strength of the international economy and the financial markets - the art market is influenced by the strength of the international economy and the financial markets, although any correlation may not be immediately evident in the short term. If the economy is weak the demand for fine art may decline

Foreign exchange risk - the Company is exposed to movement in foreign exchange rates as a result of transactions with suppliers and customers. The Company manages these risks by maintaining foreign currency bank accounts and taking out futures contracts for specific transactions where appropriate

Credit risk - because of the high value of some of the works of art being sold the Company can have significant exposure to credit risk. The Company has implemented policies that require specific checks on customers and arrangements will be reached with the customers to minimise the Company's credit risk

Government laws and regulations - many of the Company's activities are subject to laws and regulations, including, but not limited to, import and export regulations, anti money laundering laws and value added sales taxes. Such regulations do not impose a material impediment to the Company's business and proper processes are in place to ensure compliance with these regulations

Competition - competition in the art market is intense, including competition with other art dealers and auction houses. Interested parties in the art market compete for buyers, consignments of high quality works and highly skilled staff

Interest rate risk - the Company has interest bearing liabilities in the form of intercompany loans and current accounts. Interest is charged on these borrowings at floating rates of interest

DIRECTORS REPORT (continued)

ENHANCED BUSINESS REVIEW (continued)

Operating review – Key Performance Indicators

The Company achieved total sales and gross profit as follows

Year	Sales £'m	Growth	Gross Profit £'m	Growth
2009	47	(37%)	2	(78%)
2008	75	14%	9	(18%)
2007	66	74%	11	266%
2006	38	216%	3	0%
2005	12		3	

The Directors consider the results for the period to be in line with expectations

Outlook

It is expected that 2010 will be an improvement on 2009 with increased revenue and gross profit as the economy and art market begin their recovery

DIVIDENDS

The Directors do not recommend the payment of a dividend (2008 £nil)

DIRECTORS

The Directors who held office during the year were as follows

H C P Blain
C G Southern
A F S Sutton
E Dolman

Changes in directors subsequent to the year end are detailed under Company Information

EMPLOYEES

The Company is dependent upon highly skilled specialist staff in all fields of operation and their welfare is a high priority of management. Disabled persons are fully considered for positions for which they are qualified and, when selected, undergo the same training and have similar career prospects to their colleagues who suffer no disability. Existing disabled employees are shown every consideration for their special requirements. All staff are insured against prolonged disability. This insurance provides a substantial proportion of remuneration to those who have the misfortune to become handicapped and thereby unable to continue in their occupation.

The Company fully recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Company's performance. During the year, employees were provided with information regarding the Company's performance and on other matters of concern to them as employees.

DIRECTORS REPORT (continued)

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations amounting to £51,573 (2008 £94,561)

AUDITORS

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office



S Ghinn
Company Secretary

14 September 2010

8 King Street
St James's
London
SW1Y 6QT
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 have a 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.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF HAUNCH OF VENISON PARTNERS LIMITED

We have audited the financial statements of Haunch of Venison Partners Limited for the year ended 2009 [set out on pages 7 to 16]. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

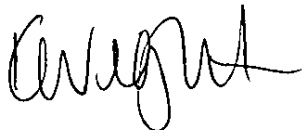
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



K Wightman (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

14 September 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
TURNOVER	1	46,758,961	74,523,809
Cost of sales		(44,607,812)	(65,966,658)
GROSS PROFIT		<u>2,151,149</u>	<u>8,557,151</u>
Administrative Expenses		(5,395,725)	(9,797,413)
OPERATING LOSS	2	<u>(3,244,576)</u>	<u>(1,240,262)</u>
Interest receivable and similar income		415	18,395
Interest payable and similar charges	5	(799,214)	(1,096,700)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,043,375)</u>	<u>(2,318,567)</u>
TAX ON LOSS ON ORDINARY ACTIVITIES	6	1,090,927	532,617
LOSS FOR THE FINANCIAL PERIOD		<u>(2,952,448)</u>	<u>(1,785,950)</u>

All amounts related to continuing operations

The Company has no other recognised gains and losses for the period

The results disclosed in the profit and loss account are on a historical cost basis. Therefore, a note on historical cost profit and losses has not been included as part of these financial statements

The notes on pages 9 to 16 form part of these financial statements

BALANCE SHEET **AS AT 31 DECEMBER 2009**

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible fixed assets	7	234,117	197,160
Fixed asset investments	8	<u>1,724,021</u>	<u>1,724,021</u>
		1,958,138	1,921,181
CURRENT ASSETS			
Stocks	9	8,917,537	11,479,401
Debtors	10	33,138,923	36,340,096
Cash at bank and in hand		<u>1,696,153</u>	<u>606,589</u>
		43,752,613	48,426,086
CREDITORS: amounts falling due within one year	11	<u>(49,439,007)</u>	<u>(51,123,075)</u>
NET CURRENT LIABILITIES		(5,686,394)	(2,696,989)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,728,256)</u>	<u>(775,808)</u>
NET LIABILITIES		<u>(3,728,256)</u>	<u>(775,808)</u>
CAPITAL AND RESERVES			
Called up share capital	12	7,250	7,250
Capital redemption reserve	13	750	750
Profit and loss account	13	<u>(3,736,256)</u>	<u>(783,808)</u>
SHAREHOLDERS' DEFICIT	14	<u>(3,728,256)</u>	<u>(775,808)</u>

The notes on pages 9 to 16 form part of these financial statements

The financial statements were approved by the board of directors on 14/09/2010 and signed on its behalf by



K Rose
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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

1.1 Basis of preparation of financial statements

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group

The Company is exempt from the requirements of FRS 1 "Cash Flow Statements (revised 1996)" to prepare a cash flow statement, as it is a wholly owned subsidiary of Financière Pinault SCA, an EC incorporated company, and its cash flows are included within the consolidated cash flow statement of that company

The Company is exempt from the requirement to disclose related party transactions with other group companies under FRS8 "Related Party Disclosures" as it is a wholly owned subsidiary as detailed above

1.2 Going Concern

The Company participates in the Christie's Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The Company has received confirmation from Christie's International plc that it will enable the Company to meet its liabilities for at least the next twelve months

On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the company will be able to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Enhanced Business Review section of the Directors' Report on pages 1 to 3. The Balance Sheet of the Company as at 31 December 2009 is shown on page 8

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of sales of artworks and associated services supplied, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Asset Category	Policy
Improvements to leasehold property	Straight line basis over the length of the lease
Fixtures and fittings	Straight line over five years
Computer equipment	Straight line over three years

1.5 Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment, if required

1.6 Stock

Stock, which comprises of art held for resale, is valued at the lower of cost or net realisable value

1.7 Advances to artists

Amounts advanced to artists are recorded as debts due to the Company to the extent that it is considered that the advance is recoverable from the future sales of works of art produced by that artist. Any amounts considered to be irrecoverable are expensed to the profit and loss account.

1.8 Deferred taxation

Deferred taxation is provided, on a full provision basis, at anticipated future corporation tax rates in respect of timing differences in the recognition of income and expenditure for accounting and taxation purposes, to the extent that the liability is likely to crystallise in the foreseeable future.

1.9 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 at 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.

1.10 Pensions

Employees of the Company participate in a defined contribution pension scheme operated by Standard Life. Charges are made to the Company by Standard Life for those employees who participate in the scheme. The Directors participate in a defined contribution pension scheme operated by James Hay. Charges are made to the Company by James Hay for those employees who participate in the scheme. Pension liabilities are charged to the profit and loss account as they fall due.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging

	2009	2008
	£	£
Depreciation of tangible fixed assets - owned	131,806	292,232
Auditors' Remuneration		
Audit of these financial statements	14,974	16,480

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

3. STAFF COSTS

The aggregate payroll costs of these persons were as follows

	2009	2008
	£	£
Wages and salaries	2,400,692	3,392,349
Social security costs	233,076	382,570
Other pension costs	126,265	99,920
	<u>2,760,033</u>	<u>3,874,839</u>

The average number of persons employed by the Company (including Directors) during the year was

	2009	2008
Number of employees		
Administration/Sales	<u>41</u>	<u>37</u>

4. DIRECTORS REMUNERATION

	2009	2008
	£	£
Directors' emoluments	752,392	1,585,199
Company contributions to money purchase pension schemes	44,350	38,262
	<u>796,742</u>	<u>1,623,461</u>

The highest paid Director received remuneration of £371,969 (2008 £1,159,867) and Company pension contributions of £14,000 (2008 £14,000)

5. INTEREST PAYABLE

	2009	2008
	£	£
On bank loans and overdrafts	16,860	1,488
On intercompany loans	782,354	1,095,212
	<u>799,214</u>	<u>1,096,700</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6. TAXATION

	2009 £	2008 £
Analysis of credit in the year		
Current tax on loss for the year	(1,086,187)	(532,617)
Adjustment to tax charge in respect of prior period	(4,740)	-
Tax on loss on ordinary activities	(1,090,927)	(532,617)

Factors affecting tax credit for the year

The tax credit (2008 £532,617) assessed for the period is lower (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 28.5%). The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before tax	(4,043,375)	(2,318,567)
Loss on ordinary activities at standard rate of corporation tax in the UK of 28% (2008 28.5%)	(1,132,145)	(660,792)
Effects of:		
Expenses not deductible for tax purposes	40,670	75,530
Depreciation for the year above capital allowances	5,288	52,645
Adjustments to tax charge in respect of prior period	(4,740)	-
Current tax credit for the year (see note above)	(1,090,927)	(532,617)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

7. TANGIBLE FIXED ASSETS

	Leasehold improvements	Computer equipment	Furniture & fittings	Total
Cost				
At 1 January 2009	650,688	302,545	257,036	1,210,269
Additions	31,867	80,520	86,350	198,737
Disposals	(650,688)	(80,071)	(132,381)	(863,140)
At 31 December 2009	31,867	302,994	211,005	545,866
Depreciation				
At 1 January 2009	650,688	214,956	147,465	1,013,109
Charge for the period	8,852	75,605	47,349	131,806
Disposals	(650,688)	(77,654)	(104,824)	(833,166)
At 31 December 2009	8,852	212,907	89,990	311,749
Net book value				
At 31 December 2009	23,015	90,087	121,015	234,117
At 31 December 2008	-	87,589	109,571	197,160

8. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
At 1 January and 31 December 2009	1,724,021

Subsidiary undertakings

The following were subsidiary undertakings of the Company

	Class and percentage of shares held	Principal Activity	Country of Incorporation
Blains Limited	Fully paid ordinary 100%	Dealer in fine art	England and Wales
Haunch of Venison Zurich AG	Registered shares 100%	Dealer in fine art	Switzerland
Haunch of Venison GmbH	Fully paid 100%	Dealer in fine art	Germany

9. STOCK

	2009 £	2008 £
Works of art for resale	8,917,537	11,479,401

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

10 DEBTORS

	2009 £	2008 £
Trade debtors	5,449,111	5,893,313
Amounts owed by group undertakings	19,611,028	24,557,103
Other debtors	236,833	174,073
Advances to artists	2,930,639	2,478,826
VAT	576,966	190,791
Taxation	1,090,927	555,241
Prepayments and accrued income	3,243,419	2,490,749
	<u>33,138,923</u>	<u>36,340,096</u>

11. CREDITORS

Amounts falling due within one year

	2009 £	2008 £
Trade creditors	1,638,149	4,435,607
Amounts owed to group undertakings	40,480,036	40,687,162
Social security	70,056	64,079
Other creditors	311,742	1,032,401
Accruals and deferred income	6,939,024	4,903,826
	<u>49,439,007</u>	<u>51,123,075</u>

12 SHARE CAPITAL

	2009 £	2008 £
Authorised		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
7,250 Ordinary shares of £1 each	<u>7,250</u>	<u>7,250</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

13. RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 2009	750	(783,808)
Retained loss for the financial period	-	(2,952,448)
At 31 December 2009	750	(3,736,256)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS (DEFICIT)/FUNDS

	2009 £	2008 £
Opening shareholders' funds/(deficit)	(775,808)	1,010,142
Retained loss for the financial period	(2,952,448)	(1,785,950)
Closing shareholders' deficit	(3,728,256)	(775,808)

15. COMMITMENTS

Capital commitments at the end of the financial year, for which no accruals have been made, are as follows

	2009 £	2008 £
Contracted	-	79,728

Annual commitments under non-cancellable operating leases are as follows

	2009 Land and buildings £000	2008 Land and buildings £000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	-	-
Over five years	600,000	-
	<u>600,000</u>	<u>-</u>

16. RELATED PARTIES DISCLOSURE

During 2009 there was one related party transaction for \$3,335,000 between Haunch of Venison Partners Limited ('the company') and Markway Limited, controlled by Harry Blain, a director of the company. This was approved by Christie's International Plc, which controls the UK group to which the company belongs. The transaction relates to an artwork that the Company purchased from Markway Limited and there was no balance outstanding at year end.

17. ULTIMATE PARENT UNDERTAKING

The smallest and largest group in which the results of Haunch of Venison Partners Limited are consolidated is Financière Pinault SCA, a company incorporated in France. Financière Pinault SCA is the ultimate parent undertaking of Haunch of Venison Partners Limited. The financial statements of Financière Pinault SCA are filed with the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004 Paris.