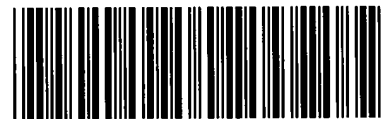


Company Registration No. 04421085 (England and Wales)

CHRISTIE'S PRIVATE SALES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

CHRISTIE'S PRIVATE SALES LIMITED

COMPANY INFORMATION

Directors	K Cole M L Turner A J Ward T Law	(Appointed 12 April 2016)
Secretary	A C Falconer	
Company number	04421085	
Registered office	8 King Street St James's London SW1Y 6QT	
Auditor	KPMG LLP 15 Canada Square London E14 5GL	

CHRISTIE'S PRIVATE SALES LIMITED

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CHRISTIE'S PRIVATE SALES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in presenting their annual report and audited accounts for the year ended 31 December 2016.

Principal activities

The principal activity of Christie's Private Sales Limited ("the Company") is that of an agent in private sales of works of art.

Business review

The results of the Company are set out on page 6. Turnover of £33.5m was 13% below the level of 2015 and the Company made a profit after taxation of £12.0m (2015: £8.5m).

Description of the Company and strategy

The Company provides a tailored service for seasoned collectors and occasional buyers. It can help source a specific object and broker a sale discreetly without the restrictions of the auction calendar.

Principal risks and uncertainties facing the Company

There is a continuous process for identifying, evaluating and managing risks faced by the Company. Company management operates a risk management process designed to identify the key risks facing each business, implement appropriate controls and report the significant risks to the Audit Finance and Risk Management Committee and Board, including how those risks are being managed. These risks, which are not ranked in any particular order, include the following, all of which have associated mitigation strategies in place:

The external environment. The art market is influenced by the strength of the international economy and the financial markets. The demand for art is also influenced by changing trends in the market such as collecting preferences and which artists are currently most sought after. Competition in the art market is intense, including competition with both other auctioneers and art dealers. In addition, the amount and quality of property consigned to art auction houses is influenced by a number of factors not within the Company's control.

Failure to authenticate or validate the provenance of artwork. This may lead to disputes with clients, legal proceedings, financial penalties, and consequent adverse effects on the Company's reputation.

Loss or damage to client property or the Company's artworks. The loss or damage may result in financial liabilities to clients or stock write-offs. The majority of this risk is insured, although there is a certain amount retained by the Company and/or not covered by exclusions or conditions.

Financial exposures. Exposures that could result in adverse profit impact or reduction in net asset value, some of which are outside the Company's control, include foreign exchange exposure, fluctuations in exchange rates or litigation.

EU referendum. Following June 2016 UK referendum's result to leave the EU, the sterling value has weakened significantly against the U.S. Dollar, Euro and other key currencies which has had a positive impact on the revenues and operating result for the Company. There is still uncertainty over the UK and wider environment without clear exit plans.

Non-compliance with statute, regulation, or other external requirement. Many of the Company's activities are subject to laws and regulations, including, but not limited to, import and export regulations, cultural property ownership laws, anti-money laundering laws and value added sales taxes. In addition, the Company is also subject to local auction regulations, however such regulations do not impose a material impediment to the Company's business. Non-compliance could result in personal or corporate liability, penalties, litigation, invalidation of insurance or restrictions on the Company's ability to conduct business activities.

CHRISTIE'S PRIVATE SALES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Information and data management. Deliberate or accidental loss, misuse or compromised integrity of business, client or staff information could result in financial or reputational issues with clients. The failure, compromise, or prolonged non-availability of business systems/supporting technology could cause business interruption, including the inability to rely on technology necessary to support saleroom operations. Implementations to date have been successful.

Operating review

The Company achieve total private sales including premium as noted below:

Year	Private Sales (including premium)	Growth
	£'m	%
2016	422.2	10.3
2015	382.9	(47.3)
2014	726.6	199.8
2013	242.4	-

Key Performance Indicators for the Company are noted in the table below:

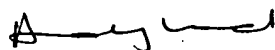
	2016	2015
Turnover - £m	33.5	38.6
Operating profit - £m	14.5	11.1
Operating profit vs Turnover - %	43.3	28.8

The Directors consider the results for the period to be in line with expectations. The Directors are satisfied with the net asset position of £48.1m (2015: £36.1m).

Outlook

The Company is looking to build on the strong finish to 2016 and is looking to achieve continued growth in Private Sales.

By order of the board



ANDREW WARD

Director

Date: 21 JUNE 2017

CHRISTIE'S PRIVATE SALES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J Brooks	(Resigned 12 April 2016)
K Cole	
M L Turner	
A J Ward	
T Law	(Appointed 12 April 2016)

Results and dividends

The profits for the financial year of £12.0m (2015: £8.5m) were transferred to reserves.

The Directors do not recommend the payment of a dividend (2015: nil).

Political and charitable contributions

The Company made no political or charitable donations during 2016 (2015: nil).


Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

By order of the board


.....
ANDREW WARD

Director

.....
Date: **21 JUNE 2017**

CHRISTIE'S PRIVATE SALES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors are responsible for preparing the Strategic Report, 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), 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 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 judgements 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 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 PRIVATE SALES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHRISTIE'S PRIVATE SALES LIMITED

We have audited the financial statements of Christie's Private Sales Limited for the year ended 31 December 2016 set out on pages 6 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, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

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.

Respective responsibilities of directors and auditor

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, and express an opinion on, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2016 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

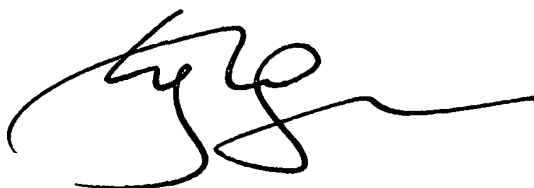
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Hugh Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL



Date:

21 June 2017

CHRISTIE'S PRIVATE SALES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	33,467	38,559
Cost of sales		(15,798)	(29,458)
Gross profit		17,669	9,101
Administrative (expenses)/income		(3,206)	2,043
Operating profit	7	14,463	11,144
Interest receivable/(payable) and similar expenses	6	308	(575)
Profit before taxation		14,771	10,569
Taxation	8	(2,784)	(2,109)
Profit for the financial year		11,987	8,460

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The Company has no other comprehensive income.

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

CHRISTIE'S PRIVATE SALES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	10		1,707		1,707
Current assets					
Stocks	11	1,951		3,525	
Debtors	12	146,609		70,354	
Cash at bank and in hand		18,786		26,758	
		<u>167,346</u>		<u>100,637</u>	
Creditors: amounts falling due within one year	13	<u>(120,918)</u>		<u>(66,196)</u>	
Net current assets			46,428		34,441
Total assets less current liabilities			<u>48,135</u>		<u>36,148</u>
Capital and reserves					
Called up share capital	14		7		7
Capital redemption reserve			1		1
Profit and loss reserves			48,127		36,140
Total equity			<u>48,135</u>		<u>36,148</u>

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

The financial statements were approved by the board of directors and authorised for issue on 21 JUNE 2017 and are signed on its behalf by:

M. L. Turner
M L TURNER
 Director

Company Registration No. 04421085

CHRISTIE'S PRIVATE SALES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Capital redemption reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2015		7	1	9,011	9,019
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	8,460	8,460
Intercompany loan waiver	15	-	-	25,826	25,826
Dividends	9	-	-	(7,157)	(7,157)
Balance at 31 December 2015		7	1	36,140	36,148
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	11,987	11,987
Balance at 31 December 2016		7	1	48,127	48,135

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Principal accounting policies

The following policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

Company information

Christie's Private Sales Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 King Street, St James's, London, SW1Y 6QT.

1.1 Basis of accounting

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The Company's ultimate parent undertaking, Financière Pinault SCA includes the Company in its consolidated financial statements. The consolidated financial statements of Financière Pinault SCA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004 Paris. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company's shareholder has been notified in writing about, and have not objected to the exceptions.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries. These arrangements ensure adequate management of cash flows around the group.

The Group has considerable financial resources and as a consequence, the Directors believe that the Group is well placed to manage its business risks. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

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. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Investments

Fixed assets investments are shown at historical cost less provision for impairment in value.

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Principal accounting policies

(Continued)

1.4 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Stocks are assessed for impairment at the end of each reporting period. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.6 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrealised tax losses and other deferred tax assets are recognised only to the extent that it is probably that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Operating leases

Rental expenditure with respect to operating leases is charged to the profit and loss account on a straight-line basis over the term of the lease.

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Principal accounting policies

(Continued)

1.8 Foreign currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

1.9 Advances to artist

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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

Turnover principally represents commissions earned by the Company in its role as an agent in the sales of works of art. Revenue is recognised once there is a shared agreement between the buyer and seller as to the terms of the sale and when there is sufficient documentation to support the sale taking place. This typically includes full invoicing of the amounts involved and either a signed confirmation from the buyer and vendor or receipt of partial or full payment of the agreed price.

Turnover is recognised on delivery of services, net of any sales taxes, and principally represents private sales commissions from the introduction of buyers and sellers.

Revenue from sales of works of art held for resale is recognised as principal when the sale is contractually agreed and the costs associated with these sales are included in direct costs.

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Employees

The average number of persons employed by the Company (excluding Directors) during the year was nil (2015: nil).

5 Directors' remuneration

	2016	2015
	£'000	£'000
Directors' emoluments	92	118
Amounts received under long term incentives	-	8
	<u> </u>	<u> </u>

The emoluments of the highest paid Director, including emoluments in respect of long-term incentive plans, were £59,000 (2015: £1,000,000).

Retirement benefits paid to a Director under a defined contribution scheme for Directors totalled £9,000 (2015: £10,000). There are no benefits accruing to any Director at the year end under a defined benefit scheme (2015: nil).

6 Interest (receivable)/payable and similar charges

	2016	2015
	£'000	£'000
Loans from group undertakings	-	635
Interest from vendors	(300)	(60)
Other interest income	(8)	-
	<u> </u>	<u> </u>
	(308)	575
	<u> </u>	<u> </u>

7 Operating profit

	2016	2015
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,224	(2,133)
<i>Auditor's remuneration:</i>		
Audit of these financial statements	21	21
	<u> </u>	<u> </u>

8 Taxation

	2016	2015
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	2,954	2,151
Adjustments in respect of prior periods	(210)	(9)
	<u> </u>	<u> </u>
Total current tax	2,744	2,142
	<u> </u>	<u> </u>

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation	(Continued)	
Deferred tax		
Origination and reversal of timing differences	-	(33)
Adjustment in respect of prior periods	40	-
	<u>40</u>	<u>-</u>
Total deferred tax	40	(33)
	<u>40</u>	<u>(33)</u>
 Total tax charge	 2,784	 2,109
	<u>2,784</u>	<u>2,109</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £'000	2015 £'000
Profit before taxation	14,771	10,569
	<u>14,771</u>	<u>10,569</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	2,954	2,140
Tax effect of expenses that are not deductible in determining taxable profit	-	19
Adjustments in respect of prior years	(210)	(50)
Deferred tax adjustments in respect of prior years	40	-
	<u>2,784</u>	<u>2,109</u>
Taxation for the year	2,784	2,109
	<u>2,784</u>	<u>2,109</u>

9 Dividends

In 2015, the dividends of £7.2m related to the interim dividend in respect of the profits for the year ended 31 December 2014.

In 2016, the Directors do not recommend the payment of a dividend.

10 Fixed asset investments

	Shares in group undertakings £'000
Net book value at 1 January and 31 December 2016	1,707
	<u>1,707</u>

In the opinion of the Directors, the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

11 Stocks

	2016 £'000	2015 £'000
Works of art for resale	1,951	3,525

The write down of stocks to net realisable value amounted to £1.1m for the year ended 31 December 2016 (2015: £0.1m).

12 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	75,636	61,136
Advances to clients	6,432	2,156
Advances to artist	700	1,252
Amounts due from fellow group undertakings	63,574	5,429
Deferred tax	-	40
VAT	145	130
Prepayments and accrued income	122	211
	<u>146,609</u>	<u>70,354</u>

The analysis of the deferred tax asset is as follows:

Difference between accumulated depreciation and capital allowances	£'000
At the beginning of the year	40
Adjustment in respect of prior periods	(40)
At end of the year	<u>-</u>

13 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	77,153	33,103
Amounts due to group undertakings	38,519	27,771
Corporation tax	2,907	352
Other creditors	1,013	61
Accruals and deferred income	1,326	4,909
	<u>120,918</u>	<u>66,196</u>

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Share capital

	2016 £'000	2015 £'000
Allocated, called up and fully paid		
7,250 Ordinary shares of £1 each	7	7

15 Intercompany loan waiver

The intercompany loan waiver in 2015 related to the loan forgiveness from Christie Manson & Woods Limited of £25,825,842.

16 Contingent liabilities

- (a) Christie's operates as an international business with representation in many different countries. Buyers and consignors in each territory can themselves be based in a range of different countries. As a result the Group is involved in a large number of cross border transactions with a range of different sales tax implications and ensuring compliance with all of these can be complex. Prompted by inquiries in New York State concerning whether certain Christie's affiliates based outside the United States should be registered with the State of New York to collect and remit New York State sales tax, Christie's and its external counsel have undertaken a review of its sales tax practices and its registration status. Prior to the end of 2016, based upon this review and upon the recommendation of tax counsel, Christie's determined that certain affiliates should register as sales tax vendors with the State of New York. Registration itself was completed in early 2017.

It is unclear at this stage whether Christie's may have any liability in relation to the failure of its foreign affiliates to charge sales tax before 2017. As quantifying the financial exposure, if any, which may arise in relation to this matter is not possible, no provision has been included in these financial statements.

- (b) Company together with Christie's International plc, Christie Mason & Woods Limited, CI Property & Investments Limited, Christies Overseas Holdings Limited, Christie's Inc, Christie's Hong Kong Limited and Christie's (International) SA have provided guarantees to a number of Banks that provide the Group with credit facilities and to the Note holders of the USD 100m 5.22% Senior Notes due March 31, 2021.

The Company participates in a cross guarantee in respect of the overdrafts of fellow UK group companies. In addition, the Company has acknowledged an omnibus letter of set-off with the sterling and foreign currency bank balances of fellow UK subsidiary undertakings with bank accounts held at Lloyds TSB Bank plc.

In the normal course of business, the Company has entered into certain limited guarantees and indemnities principally in respect of the settlement of customs duties and related charges. Other commitments are, in the Directors' opinion, covered by the underlying value of the related security.

17 Related parties disclosure

It is Company policy that Directors are not permitted to trade in categories of items which are sold at auctions held by their own departments. They may, however, purchase or sell items at auctions organised by other departments, or by subsidiaries which act as principals. All such transactions are carried out on an arm's length basis. Members of Directors' close families also enter into transactions with group companies. All transactions in the course of the year were neither material to the Company nor to any of the Directors concerned.

CHRISTIE'S PRIVATE SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Ultimate parent undertaking

The smallest and largest group in which the results of the Company are included is Financière Pinault SCA, a company incorporated in France and also the ultimate parent company of Christie's Private Sales Limited. The immediate parent undertaking is Christie's International plc which is incorporated in England and Wales and the registered office is 8 King Street, St James's, London, SW1Y 6QT.

The consolidated accounts of Financière Pinault SCA will be filed with the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004 Paris.

19 Related undertakings

The Company has the following subsidiary undertakings at 31 December 2016 and operated mainly in their country of registration or incorporation. All shares held by or on behalf of subsidiaries are treated as if held by the company.

Fine Art Auctioneers and Representative Offices	Country of Registration or Incorporation	Registered Office Address	Percentage of equity or share capital owned
Blains Limited	England	8, King Street, St. James's, London. SW1Y 6QT, England	100%
Haunch of Venison GmbH	Germany	c/o DS Deutsche Steuerberatungsgesellschaft mbH, friedrichstrasse 135a, Berlin, 10117, Germany	100%
Haunch of Venison AG	Switzerland	c/o Eisele & Partner Treuhand AG, Stadlerstrasse 11, Winterthur, 8404, Switzerland	100%