

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED
Strategic Report, Directors' Report and Financial Statements
31 December 2015

Registered number 05728332

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CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Strategic Report, Directors' Report and Financial Statements

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CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Strategic Report

The Directors present their annual report and the audited financial statements for the year ended December 2015.

Principal Activities

The principal activity of Christie's International Real Estate Europe Limited ("the Company") is that of providing marketing and promotional services for the sale of luxury residential properties.

Business Review

The results of the Company are set out on page 5. The turnover of the Company was \$10.6m (2014: \$7.3m). The Company made a profit after taxation of \$2.6m (2014: \$1.0m).

Principal risks and uncertainties facing the company

The Company faces a number of risks and uncertainties. One key risk that the Company faces is a severe loss of affiliates, who pay the Company a fee per year to license the brand and take advantage of all the luxury residential property marketing initiatives. A severe loss of affiliates could negatively impact the overall financial performance of the Company. In order to prevent this the Company has controls in place to maintain and improve relationships with existing affiliates and seek out qualified affiliates in new territories and offer highly competitive marketing initiatives.

Another principal risk is the Company's ability to drive meaningful future profitability which depends on restructuring fees of large affiliate deals and managing the changing competitive dynamics with all existing affiliates. These restructuring discussions are difficult discussions and, in one case, litigation has materialised calling into question the nature of the historical Company business model (i.e., license versus franchise). A severe loss of affiliates as a result of affiliate renewal negotiations and/or an adverse outcome on current litigation and the resulting economic impact(s) could, however, impact the Company's affiliate global network and the overall financial performance.

The Directors are satisfied with the net asset position of the Company of \$4.0m (\$1.4m).

Due to the nature of the business, in the opinion of the Directors there are no key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

By order of the Board,



I R Collins

Director

29th July 2016

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Directors' Report

Dividends

The Directors do not propose a dividend in respect of the financial year ended 31 December 2015 (2014: \$nil).

Directors

The Directors who held office during the year and at the date of this report were as follows:

D. Boll-Farenholtz

A. D. Conn

I. R. Collins (appointed 21 April 2016)

J. G. Bentley (resigned 12 April 2016)

Disclosure of information 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.

Auditor Appointment

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.

By order of the board



I R Collins

Director

29th July 2016

8 King Street
St James's
London
SW1Y 6QT

Company number: 05728332

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

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), 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 applied them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable U.K. 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.

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Independent Auditor's Report to the Members of Christie's International Real Estate Europe Limited

We have audited the financial statements of Christie's International Real Estate Europe Ltd for the year ended 31 December 2015 set out on pages 5 to 13. 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 3, 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 2015 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 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.

Hugh Green (Senior Statutory Auditor)



for and on behalf of KPMG LLP Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

3 August 2016

Company number: 05728332

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Profit and Loss Account For the year ended 31 December 2015

| | Note | 2015 | 2014 |
|--|------|---------------------|----------------|
| | | US\$'000 | US\$'000 |
| Turnover | 1 | 10,631 | 7,319 |
| Cost of sales | | <u>(3,859)</u> | <u>(2,507)</u> |
| Gross profit | | 6,772 | 4,812 |
| Administrative expenses | | <u>(3,447)</u> | <u>(3,471)</u> |
| Profit on ordinary activities before taxation | 2 | 3,325 | 1,341 |
| Tax on profit on ordinary activities | 4 | (689) | (295) |
| Profit for the financial year | 11 | <u>2,636</u> | <u>1,046</u> |

The company has no other comprehensive income for the period.

The notes to the accounts on pages 7 to 13 form part of these financial statements.

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Balance Sheet As at 31 December 2015

| | Note | 2015 | | 2014 | |
|--|------|----------------|--------------|----------------|--------------|
| | | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Fixed assets | | | | | |
| Tangible assets | 6 | | 150 | | 182 |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 7 | 4,571 | | 2,653 | |
| Cash at bank and in hand | | <u>5,012</u> | | <u>3,957</u> | |
| | | 9,583 | | 6,610 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 8 | <u>(5,685)</u> | | <u>(5,380)</u> | |
| Net current assets | | | 3,898 | | 1,230 |
| Net assets | | | <u>4,048</u> | | <u>1,412</u> |
| Capital and reserves | | | | | |
| Called up share capital (\$2) | 9 | | - | | - |
| Profit and loss account | 10 | | <u>4,048</u> | | <u>1,412</u> |
| Shareholders' funds | 11 | | <u>4,048</u> | | <u>1,412</u> |

The notes to accounts on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 29th July 2016 and were signed on its behalf by:



I R Collins
Director

Company number: 05728332

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts

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.

a. 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.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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.

b. Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | |
|--------------------------------|------------|
| Leasehold Improvements | - 10 years |
| Furniture & Fittings | - 10 years |
| Equipment | - 5 years |
| Computer Hardware and Software | - 4 years |

c. Going Concern

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its subsidiaries. It is in a position to determine the timing 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.

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (continued)

1 Accounting policies (continued)

d. Related Parties

The Company is exempt from the requirement to disclose related party transactions with other group companies under Paragraph 33.1A of FRS 102, "Related Party Disclosures", as it is a wholly owned subsidiary as detailed above.

e. Turnover

Turnover principally represents income derived from the provision of marketing and promotional services for the sale of properties and applicable annual subscriptions.

Revenue from annual subscriptions and advertising are recognised over the period to which they relate rather than when payment is received.

f. Foreign currencies

The Directors regard the US dollar as the Company's functional currency and therefore present these financial statements in that currency. 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.

g. Taxation

The charge for taxation is based on the results for the year and includes deferred taxation, on a full provision basis, where applicable, in respect of timing differences in the recognition of income and expenditure for accounting and taxation purposes and in respect of revaluation surpluses to the extent in each case the liability is considered likely to crystallise in the foreseeable future.

2 Profit on ordinary activities before taxation

| | 2015 | 2014 |
|---|-----------|-----------|
| | US\$'000 | US\$'000 |
| Profit on ordinary activities is stated after charging: | | |
| Depreciation and other amounts written off for tangible assets | 38 | 51 |
| Exchange loss | 78 | 1 |
| Auditor's remuneration: | | |
| Fees Paid to the Company's auditor for the audit of the Company's annual accounts | <u>10</u> | <u>11</u> |

The audit fees borne by the Company were \$10,000 (2014: \$11,000)

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (continued)

3 Staff Numbers and Costs

The average number of persons employed by the Company during the year, analysed by category are as follows:

| | 2015 | 2014 |
|-----------------|----------|----------|
| Administration | <u>9</u> | <u>9</u> |
| Total Employees | <u>9</u> | <u>9</u> |

The aggregate payroll costs of these persons were as follows:

| | 2015 | 2014 |
|-----------------------|--------------|--------------|
| | US\$'000 | US\$'000 |
| Wages and Salaries | 1,710 | 1,691 |
| Social security costs | 179 | 190 |
| Other pension costs | <u>76</u> | <u>13</u> |
| | <u>1,965</u> | <u>1,994</u> |

The Directors did not receive any emoluments in respect of their services for this company during the year (2014: \$nil).

4 Taxation on profit on ordinary activities

a) Analysis of charge for the period

| | 2015 | 2014 |
|---|------------|------------|
| | US\$'000 | US\$'000 |
| UK Corporation Tax | | |
| Current tax charge on profit for the period | 690 | 304 |
| Deferred Tax | (1) | (9) |
| Tax charge on profit on ordinary activities | <u>689</u> | <u>295</u> |

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (continued)

4 Taxation on profit on ordinary activities (continued)

b) Factors affecting the tax charge for the current period:

The current tax charge (2014: charge) for the period is higher than (2014: higher) the standard rate of corporation tax in the UK 20.25% (2014: 21.50%). The differences are explained below:

| | 2015 | 2014 |
|---|--------------|--------------|
| | US\$'000 | US\$'000 |
| Current tax reconciliation | | |
| Profit on ordinary activities before tax | <u>3,325</u> | <u>1,341</u> |
| Current tax charge at 20.25% (2014: 21.50%) | 673 | 288 |
| <i>Effect of:</i> | | |
| Expenses not deductible for tax purposes | 16 | 7 |
| Total tax charge (see note 4a) | <u>689</u> | <u>295</u> |

5. Equity dividends

The Directors do not propose a dividend in respect of the financial year ended 31 December 2015 (2014: \$nil).

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (continued)

6 Tangible Assets

| | Leasehold Improvements | Equipment, Furniture & Fittings | Computer Hardware | Computer Software | Total |
|-----------------------|---------------------------|---------------------------------------|----------------------|----------------------|------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cost | | | | | |
| At 1 January 2015 | 173 | 21 | 31 | 60 | 285 |
| Additions | <u>6</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6</u> |
| At 31 December 2015 | <u>179</u> | <u>21</u> | <u>31</u> | <u>60</u> | <u>291</u> |
| Depreciation | | | | | |
| At 1 January 2015 | 49 | 12 | 14 | 28 | 103 |
| Charge for the year | <u>18</u> | <u>2</u> | <u>3</u> | <u>15</u> | <u>38</u> |
| At 31 December 2015 | <u>67</u> | <u>14</u> | <u>17</u> | <u>43</u> | <u>141</u> |
| Net book value | | | | | |
| At 31 December 2015 | <u>112</u> | <u>7</u> | <u>14</u> | <u>17</u> | <u>150</u> |
| At 31 December 2014 | <u>124</u> | <u>9</u> | <u>17</u> | <u>32</u> | <u>182</u> |

7 Debtors

| | 2015 | 2014 |
|--------------------------------------|--------------|--------------|
| | US\$'000 | US\$'000 |
| Trade debtors | 928 | 652 |
| Amounts owed from group undertakings | 3,500 | 1,274 |
| Prepayments and accrued income | <u>143</u> | <u>727</u> |
| | <u>4,571</u> | <u>2,653</u> |

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (continued)

8 Creditors: amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| | US\$'000 | US\$'000 |
| Amounts owed to group undertakings | 3,109 | 3,058 |
| Accruals and deferred income | 2,576 | 2,321 |
| Deferred tax | - | 1 |
| | <u>5,685</u> | <u>5,380</u> |

The deferred tax liability relates to timing differences between accumulated depreciation and capital allowances. The analysis of the movement is as follows:

| | Deferred tax liability US\$'000 |
|--|------------------------------------|
| As at 31 December 2014 | 1 |
| Reversal of timing differences through profit and loss | <u>(1)</u> |
| As at 31 December 2015 | <u>-</u> |

9 Called up share capital

| | 2015 | 2014 |
|------------------------------------|----------|----------|
| | US \$ | US \$ |
| Allotted, called up and fully paid | | |
| 1 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

10 Reserves

| | US\$'000 |
|-------------------------------|--------------|
| At 1 January 2015 | 1,412 |
| Profit for the financial year | <u>2,636</u> |
| At 31 December 2015 | <u>4,048</u> |

CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LIMITED

Notes to the Accounts (*continued*)

11 Reconciliation of movements in shareholders' funds

| | 2015 | 2014 |
|--|---------------------|---------------------|
| | US\$'000 | US\$'000 |
| Profit for the financial year | 2,636 | 1,046 |
| Shareholders' funds at beginning of year | <u>1,412</u> | <u>366</u> |
| Shareholders' funds at end of year | <u><u>4,048</u></u> | <u><u>1,412</u></u> |

12 Contingent liability

The Company participates in an omnibus letter of set-off arrangement in respect of the overdraft of certain fellow United Kingdom group companies.

13 Ultimate parent undertaking

The smallest and largest group in which the results of Christie's International Real Estate Europe Ltd are included is Financière Pinault SCA, a company incorporated in France and also the ultimate parent company of Christie's International Real Estate Europe Ltd. The immediate parent undertaking is Christie's International plc which is incorporated in England and Wales.

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