

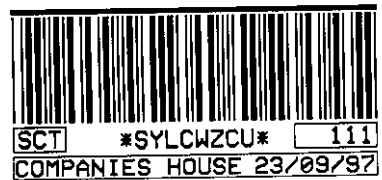
CHRISTIE'S SCOTLAND LIMITED

Directors' report and financial statements

31 December 1996

Registered number 64606

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CHRISTIE'S SCOTLAND LIMITED

Directors' report and financial statements

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CHRISTIE'S SCOTLAND LIMITED

Directors' report

The Directors submit their report together with the accounts for the year ended 31 December 1996.

Principal activities

On 1 January 1993 the net assets and business of the Company were transferred to Christie, Manson & Woods Limited. With effect from that date the Company has carried on the business of fine art auctioneering under an agency agreement for Christie, Manson & Woods Limited.

Business review

The Company did not trade during this or the previous year and hence no profit and loss account has been prepared.

No dividend for the year is proposed (1995: £nil).

Directors and Directors' interests

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

- D Chichester (Chairman; appointed as Director 1 January 1996)
- Sir Ilay M Campbell, Bt (retired 31 March 1996)
- A Meddowes
- P Arbuthnot
- B Williams
- C Macfarlane (resigned 31 March 1996)
- R Miller
- E Monagle
- D Bowes-Lyon (non-executive)

None of the Directors has an interest in the shares of the Company. The interests of the Directors in the share capital of the ultimate holding Company, Christie's International plc, as recorded in the register of Directors' interests, were as follows:

CHRISTIE'S SCOTLAND LIMITED

Directors' and Directors' interests (continued)

5p ordinary shares

	31.12.96	31.12.95
Sir Ilay Campbell, Bt	17,000	17,000
A Meddowes	12,000	12,000
P Arbuthnot	10,000	10,000
C Macfarlane	67,000	67,000
R Miller	2,000	2,000

Share option movements

	31.12.95	Granted/(Exercised)	Total 31.12.96
A Meddowes	*84,704	* 5,440/NIL	*90,144
P Arbuthnot	50,000	5,000/NIL	55,000
C Macfarlane	72,500	NIL/NIL	72,500
B Williams	*14,695	2,000/NIL	*16,695
R Miller	*13,704	* 4,940/NIL	*18,644
E Monagle	*9,204	* 4,940/NIL	*14,144

* Includes options allocated under the Christie's International plc Savings Related Share Option Scheme.

The interests of Mr D Chichester are disclosed in the accounts of the immediate parent company, Christie, Manson and Woods Ltd.

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. I. Dite

P I Dite
Company Secretary

164-166 Bath Street
Glasgow
G2 4TB

9th September 1997

CHRISTIE'S SCOTLAND 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 to 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 SCOTLAND LIMITED**Auditor's report to the members of Christie's Scotland Limited**

We have audited the financial statements on pages 5 to 7.

Respective responsibilities of Directors and auditors

As described above 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 1996 and of its result 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

18 September 1997

CHRISTIE'S SCOTLAND LIMITED

Balance sheet

at 31 December 1996

		1996		1995	
	Note	£	£	£	£
Current assets					
Debtors:					
Amounts owed by Group undertakings		842,057		842,057	
		<u>842,057</u>		<u>842,057</u>	
Net current assets			842,057		842,057
			<u>842,057</u>		<u>842,057</u>
Total assets			<u>842,057</u>		<u>842,057</u>
Capital and reserves					
Called up share capital	3		2		2
Profit and loss account			842,055		842,055
			<u>842,057</u>		<u>842,057</u>

The notes set out on pages 6 to 7 form part of these accounts.

These financial statements were approved by the Board of Directors on 8th September 1997 and were signed on its behalf by:



D Chichester

Director

CHRISTIE'S SCOTLAND LIMITED

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable UK accounting standards.

Profit and Loss account

The Company has not traded during the year to 31 December 1996, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss.

Cash flow statement

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 undertaking of Christie's International plc and its cash flows are included within the consolidated cash flow statement of that Company.

2 Remuneration of Directors

Remuneration payments are made by the immediate parent Company, Christie, Manson & Woods Limited.

	1996	1995
	£	£
Emoluments in respect of services as Directors of the Company	286,166	256,410

The emoluments, excluding pension contributions, of the Chairman were £Nil (1995:£Nil) and of the highest paid Director were £58,429 (1995:£51,795).

The emoluments, excluding pension contributions, of the Directors were within the following ranges:

	Number of Directors	
	1996	1995
£Nil - £ 5,000	3	2
£5,001 - £10,000	1	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	1
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	-	2
£55,001 - £60,000	3	-

CHRISTIE'S SCOTLAND LIMITED

Notes (continued)

3. Share capital

	1996 £	1995 £
Authorised		
Ordinary shares of £1 each	100	100
	—	—
Issued, allotted and fully paid		
Ordinary shares of £1 each	2	2
	—	—

4 Reconciliation of movement in shareholders' funds

The Company has not traded during the year, and accordingly shareholders' funds have not changed during the year.

	£
At the beginning and end of year	842,057

5 Contingent liability

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

6 Ultimate holding Company

The ultimate holding Company is Christie's International plc, which is registered in England. Copies of the accounts of Christie's International plc can be obtained from: 8 King Street, St. James's, London SW1Y 6QT.