

CHRISTIE'S SCOTLAND LIMITED

Directors' Report and Financial Statements

31 December 1999

Registered number 64606

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CHRISTIE'S SCOTLAND LIMITED

Directors' Report and Financial Statements

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Directors' Report

The Directors submit their report together with the accounts for the year ended 31st December 1999.

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 carried on the business of fine art auctioneering under an agency agreement for Christie Manson & Woods Limited. The Company ceased to trade under this agreement on 31st May 1999.

Business Review

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

Dividend

No dividend for the year is proposed (1998 : £nil).

Directors And Directors' Interests

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

D Chichester (Chairman)

A Meddowes

P Arbuthnot

B Williams

R Miller

E Monagle

D Bowes-Lyon (non-executive)

No Director who held office at the end of the financial year had any disclosable interest in the shares or share options of the Company or any other Group Company.

Directors' Report (continued)

Year 2000 Compliance

In 1999 we initiated a project to ensure that neither performance nor functionality of our business systems would be affected by dates prior to, during or after the Year 2000. This process involved:

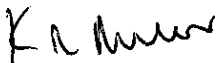
- Assessing the risk within different areas of our business of a failure of a system to be Year 2000 compliant.
- Identifying the changes that were required for systems which were not compliant and which were due to be retained.
- In cases where systems were due to be replaced, ensuring that the new system was both compliant and installed by the end of 1999.

The cost of this work was absorbed within existing business systems budgets and is not separately quantified. To date the Company has not experienced any notable Year 2000 issues. However, no absolute guarantee that the Year 2000 problem has been eliminated can be given.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



R Miller
Director

8 King Street
St James's
London
SW1Y 6QT

14th July 2000

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 SCOTLAND LIMITED

Report of the Auditors, KPMG Audit Plc, 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

The Directors are responsible for preparing the Directors' Report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

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 of disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by 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 affairs of the Company as at 31st December 1999 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

14 July 2000

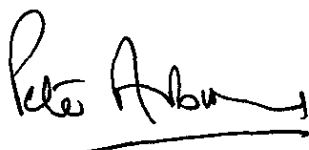
CHRISTIE'S SCOTLAND LIMITED

Balance Sheet
As at 31st December 1999

	1999		1998	
	£'000	£'000	£'000	£'000
Current Assets				
Debtors: Amounts falling due within one year				
Amounts owed by parent and fellow subsidiary undertakings	842		1,132	
Creditors: Amounts falling due within one year				
Trade Creditors	-		(290)	
Net current assets		842		842
Total assets		842		842
Capital and reserves				
Called up share capital (£2)	3	-		-
Profit and loss account		842		842
Equity shareholders' funds		842		842

The notes to the accounts on pages 6 to 7 form part of these financial statements.

These financial statements were approved by the Board of Directors on 14th July 2000 and were signed on its behalf by:



P Arbutnot
Director

Notes to the accounts

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. The directors of Christie's Scotland Limited received advice in 1998 on the interpretation of s221 and s224 of the Companies Act in relation to undisclosed agents. Accordingly, the balance sheet at 31 December 1998 was presented to show the equal amounts of agency assets and liabilities gross. The agency agreement ceased with effect from 31st May 1999.

The Company is exempt from the requirement to disclose related party transactions with other group companies under FRS8 as it is a wholly owned subsidiary as detailed below.

Profit and Loss account

The Company has not traded during the year to 31 December 1999, 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 FRS1 (Revised) to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of Artémis S.A. 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.

	1999 £000	1998 £000
Emoluments in respect of services as Directors of the Company	<u>75</u>	<u>277</u>

	1999 Number of Directors	1998 Number of Directors
Retirement benefits are accruing to the following number of directors under defined benefit schemes:	<u>6</u>	<u>5</u>

CHRISTIE'S SCOTLAND LIMITED

Notes (continued)

3 Share capital

	1999 £	1998 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

4 Reconciliation of movements in shareholder's funds

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

	£000
At the beginning and end of year	<u>842</u>

5 Contingent liability

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

6 Ultimate parent undertaking

The smallest and largest group in which the results of Christie's Scotland Limited are consolidated is Artémis S.A., a company incorporated in France. Those financial statements are filed with the Tribunal de Commerce de Paris, 1, Quai de Corse, 75004, Paris. The ultimate parent company is Financière Pinault, also incorporated in France.