

[REDACTED]

IKEA PROPERTIES LIMITED  
Report and Accounts  
August 31, 1992  
19 FEB 1993  
12

Company Registration No: 1986283

[REDACTED]

 ERNST & YOUNG

[REDACTED]

DIRECTOR'S REPORT

The directors submit their report and group accounts for the year ended August 31, 1992.

Results and dividends

The loss of the Group for year amounted to £2,083,000 (1991 Loss - £632,000). The directors do not recommend the payment of a dividend.

Principal activity and review of the business

The company's principal activity is to acquire and invest in properties suitable for the retailing of IKEA goods through its subsidiary companies. Four stores were trading at August 31, 1992 and one more is under construction.

Events since the end of the year and future developments

The company remains in the market for commercial opportunities which may arise.

Fixed Assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Directors and their interests

The directors of the company, during the year were:-

B H V Lund (resigned 12 May 1992)  
T Blomqvist  
J I Dolin  
P R Jacobs  
L E B Larsson (appointed April 9, 1992)  
S I Strandh (appointed April 9, 1992)

The directors of the company had no beneficial interest in the share capital of the company during the year.

Employees and employee policies

It is the Group's policy that employees should be kept as fully informed as is practicable about the group's progress through, for example, its team briefings and newsletters.

It is also the Group's policy to give full consideration to applications for employment by disabled persons.

DIRECTORS' REPORT (continued)

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

ON BEHALF OF THE BOARD

J I DOLIN  
Director

13th January 1993

REPORT OF THE AUDITORS TO THE MEMBERS OF  
IKEA PROPERTIES LIMITED

3.

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at August 31, 1992 and of the loss and cash flows for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

ERNST & YOUNG  
Chartered Accountants  
Registered Auditor

London

13th January 1993

IKEA PROPERTIES LIMITED

4.

GROUP PROFIT AND LOSS ACCOUNT FOR  
THE YEAR ENDED AUGUST 31, 1992

	<u>Notes</u>	<u>1992</u> £'000	<u>1991</u> £'000
Turnover	2	113,769	92,154
Cost of sales		<u>(76,558)</u>	<u>(65,193)</u>
Gross Profit		37,211	26,961
Administrative expenses		<u>(33,060)</u>	<u>(22,014)</u>
		4,151	4,947
Interest receivable	3	401	259
Interest payable	4	<u>(6,635)</u>	<u>(5,838)</u>
		<u>(6,234)</u>	<u>(5,579)</u>
Loss on ordinary activities	5	(2,083)	(632)
Retained loss brought forward		<u>(2,713)</u>	<u>(2,252)</u>
		(4,796)	(2,884)
Transferred from revaluation reserve		<u>171</u>	<u>171</u>
Retained loss carried forward		<u>(4,625)</u>	<u>(2,713)</u>

The notes on pages 8 to 16 form part of these accounts

IKEA PROPERTIES LIMITED

5.

GROUP BALANCE SHEET AT AUGUST 31, 1992

	<u>Notes</u>	<u>1992</u> £'000	<u>1991</u> £'000
Fixed assets:			
Tangible assets	8	84,585	73,506
Current assets:			
Stocks	10	13,766	10,131
Debtors	11	2,859	9,363
Cash at bank and in hand		<u>2,894</u>	<u>3,725</u>
		19,519	23,219
Creditors: amounts falling due within one year	12	(22,760)	(25,776)
Net current liabilities		<u>(3,241)</u>	<u>(2,557)</u>
Total assets less current liabilities		81,344	70,949
Creditors: amounts falling due after more than one year	13	(71,992)	(62,514)
		<u>9,352</u>	<u>8,435</u>
Capital and reserves:			
Share Capital	16	6,000	3,000
Revaluation Reserve	17	7,977	8,148
Profit and loss account		<u>(4,625)</u>	<u>(2,713)</u>
		<u>9,352</u>	<u>8,435</u>

J. I. DOLIN  
Director

13th January 1993

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IKEA PROPERTIES LIMITED

6.

BALANCE SHEET AT AUGUST 31, 1992

	<u>Notes</u>	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
Fixed assets:			
Tangible assets	8	79,327	70,656
Investments	9	<u>82</u>	<u>82</u>
		79,409	70,738
Current assets:			
Debtors	11	3,779	6,780
Cash at bank and in hand		<u>9</u>	<u>14,519</u>
		3,788	21,299
Creditors: amounts falling due within one year	12	<u>5,234</u>	<u>25,896</u>
Net current liabilities		<u>(1,446)</u>	<u>(4,597)</u>
Total assets less current liabilities		77,963	66,141
Creditors: amounts falling due after more than one year	13	<u>(71,607)</u>	<u>(62,514)</u>
		6,356	3,627
Capital and reserves:		=====	=====
Share capital	16	6,000	3,000
Revaluation Reserve	17	7,977	8,148
Profit and loss account		<u>(7,621)</u>	<u>(7,521)</u>
		<u>6,356</u>	<u>3,627</u>
		=====	=====



J. T. Dolin  
Director

13th January 1993

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IKEA PROPERTIES LIMITED

7.

GROUP CASH FLOW STATEMENT FOR THE YEAR  
ENDED AUGUST 31, 1992

	<u>1992</u> £'000	<u>1992</u> £'000	<u>1991</u> £'000
<u>Operating Profit</u>	4,151		4,947
Depreciation	3,154		2,135
Loss/(Profit) on Fixed Assets	53		34
(Increase)/Decrease in Debtors	6,504		(5,589)
Increase/(Decrease) in Creditors	(3,478)		8,741
(Increase)/Decrease in Stock	(3,635)		(4,164)
<u>Net Cash Inflow/(Outflow) from Operating Activities</u>		6,749	6,104
<u>Returns on Investment and Servicing of Finance</u>			
Interest Received	401		259
Interest Paid	(6,173)		(5,971)
<u>Net Cash Outflow from Returns on Investment and Servicing of Finance</u>		(5,772)	(5,712)
<u>Taxation Paid</u>			
Corporation Tax	Nil		(200)
Tax Paid		Nil	(200)
<u>Investing Activities</u>			
Payments to acquire tangible fixed assets	(14,569)		(48,607)
Receipts from sales of tangible fixed assets	283		24,181
<u>Net Cash Outflow from investing activities</u>		(14,286)	(24,426)
<u>Net Cash outflow before financing</u>		(13,309)	(24,234)
<u>Financing</u>			
Issue of Ordinary Share Capital	3,000		Nil
Loans repaid	(5,111)		(14,999)
Loans taken	14,589		39,958
<u>Net Cash Inflow from Financing</u>		12,478	24,959
<u>Decrease (Increase) in Cash and Cash Equivalent</u>		831	(725)
Cash and Cash Equivalents at 31/8/91 (31/8/90)		13,309 3,725	24,234 3,000
Cash and Cash Equivalents at 31/8/92 (31/8/91)		2,894 =====	3,725 =====

The notes on pages 8 to 16 form part of these accounts.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1992

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are prepared in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of IKEA Properties Limited and its subsidiaries IKEA Limited and IKEA Hanim U.K. Limited made up to August 31, 1992.

No profit and loss account is presented for IKEA Properties Limited as provided by Section 230 of the Companies Act 1985. The loss dealt with in the accounts of the Holding Company was £100,000 (1991 loss, £1,169,000).

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	- 25 years when completed
Building installation	- 10 years
Plant, machinery & equipment	- 5 years

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is determined under the FIFO method and includes all costs of bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolescent, slow moving and defective stocks.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension scheme arrangements

The companies in the Group operate defined money purchase pension schemes. Payments made to the funds are charged annually in these accounts as part of employment costs. The funds are valued by the managers of the Pension Scheme.

NOTES TO THE ACCOUNTS AT AUGUST 31, 19921. Accounting policies (continued)Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

2. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the group's ordinary activities, stated net of value added tax. Turnover was generated solely within the United Kingdom.

3. Interest receivable

	<u>1992</u> £'000	<u>1991</u> £'000
Bank deposit interest	401	259
	====	===

4. Interest payable

	<u>1992</u> £'000	<u>1991</u> £'000
Bank overdraft interest	16	7
Interest on loans wholly repayable within 5 years	-	1,336
Interest on loans not wholly repayable within 5 years	1,790	1,665
Interest on loans payable to group undertakings	<u>4,829</u>	<u>2,830</u>
	<u>6,635</u>	<u>5,838</u>
	=====	=====

NOTES TO THE ACCOUNTS AT AUGUST 31, 19915. Loss on ordinary activities

	<u>1992</u> £'000	<u>1991</u> £'000
(a) This is stated after charging:-		
Auditors' remuneration - Audit Services	51	34
- Non Audit Services	57	75
Depreciation	3,154	2,135
Directors' remuneration (see below)	209	178
	=====	=====
(b) Directors' remuneration:		
Fees	-	1
Pensions	29	28
Other emoluments	180	149
	=====	=====
	209	178

The emoluments of the chairman (excluding pension contributions), were £ Nil (1991 - £75,000). The emoluments of the highest paid director were £95,000 (1991 - £75,000).

The emoluments (excluding pension contribution) of the other directors fell within the following range

	<u>1992</u>	<u>1991</u>
£nil - £5,000	2	1
£40,001 - £45,000	-	1
£45,001 - £50,000	-	1
£55,000 - £60,000	2	-

6. Staff costs

	<u>1992</u> £'000	<u>1991</u> £'000
Wages and salaries	9,436	6,493
Social security costs	787	523
Other pension costs	246	154
	=====	=====
	10,469	7,170

The average weekly number of employees was 837 (1991 - 698).

7. Tax on loss on ordinary activities

No liability to corporation tax arises in view of the loss for the year. Tax losses available to be carried forward in the company amount to approximately £2,000,000, of which £351,000 has been offset against deferred taxation liabilities.

NOTES TO THE ACCOUNTS AT AUGUST 31, 19929. Tangible assets

	<u>Freehold Land and Buildings</u>	<u>Building Installation</u>	<u>Plant Machinery &amp; Equipment</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
<u>Group</u>				
Cost:				
At August 31, 1991	66,022	3,544	4,015	78,581
Additions	8,373	2,320	3,876	14,569
Disposals	<u>(298)</u>	<u>(8)</u>	<u>(74)</u>	<u>(380)</u>
At August 31, 1992	<u>74,097</u>	<u>10,856</u>	<u>7,817</u>	<u>92,770</u>
Depreciation:				
At August 31, 1991	1,649	1,820	1,606	5,075
Charge for the year	1,042	974	1,138	3,154
Disposals	<u>-</u>	<u>(2)</u>	<u>(42)</u>	<u>(44)</u>
At August 31, 1992	<u>2,691</u>	<u>2,792</u>	<u>2,702</u>	<u>8,185</u>
Net Book Value:				
At August 31, 1992	<u>71,406</u>	<u>8,064</u>	<u>5,115</u>	<u>84,585</u>
At August 31, 1991	<u>64,373</u>	<u>6,724</u>	<u>2,409</u>	<u>73,506</u>

NOTES TO THE ACCOUNTS AT AUGUST 31, 1992

8. Tangible assets (continued)

	<u>Freehold Land and Buildings</u>	<u>Building Installation</u>	<u>Total</u>
	£'000	£'000	£'000
<u>Company</u>			
Cost:			
At August 31, 1991	65,581	8,544	74,125
Additions	8,373	2,320	10,693
Disposals	<u>0</u>	<u>(8)</u>	<u>(8)</u>
At August 31, 1992	<u>73,954</u>	<u>10,856</u>	<u>84,810</u>
Depreciation:			
At August 31, 1991	1,649	1,820	3,469
Charge for the year	1,042	974	2,016
Disposals	<u>0</u>	<u>(2)</u>	<u>(2)</u>
At August 31, 1992	<u>2,691</u>	<u>2,792</u>	<u>5,483</u>
Net book value:			
At August 31, 1992	<u>71,263</u>	<u>8,064</u>	<u>79,327</u>
At August 31, 1991	<u>63,932</u>	<u>6,724</u>	<u>70,656</u>

Freehold land and buildings includes an amount of £2,588,687 being construction in progress at August 31, 1992.

Land and Buildings were revalued on an existing use basis on August 31, 1990 by Havill Sparks, Chartered Surveyors.

9. Investments

	<u>1992</u>	<u>1991</u>
	£'000	£'000
<u>Company</u>		
Investment in subsidiary undertakings	<u>82</u>	<u>82</u>

The company owns 100% of the issued ordinary share capital of IKEA Limited, and IKEA Hanim U.K. Limited, both incorporated in the United Kingdom. IKEA Limited is a home furnishings retailer selling goods purchased through IKEA Hanim U.K. Limited.

IKEA PROPERTIES LIMITED

13.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1992

10. Stocks

	<u>1992</u>	<u>1991</u>
<u>Group</u>	<u>£'000</u>	<u>£'000</u>
Finished goods and goods for resale	13,766	10,131
	=====	=====

11. Debtors

<u>Group</u>		
Trade debtors	210	280
Amounts due from group undertakings	243	5,020
Other debtors	133	99
Prepayments and accrued income	<u>2,273</u>	<u>3,964</u>
	2,859	2,363
	=====	=====
<u>Company</u>		
Amounts due from own subsidiary undertakings	3,376	4,814
Amounts due from parent and fellow subsidiary undertakings	-	1,679
Other debtors	402	1
Prepayments and accrued income	<u>1</u>	<u>286</u>
	3,779	6,780
	=====	=====

12. Creditors: amounts falling due within one year

	<u>1992</u>	<u>1991</u>
<u>Group</u>	<u>£'000</u>	<u>£'000</u>
Bank loans and overdrafts	147	447
Amounts owed to group undertakings	9,486	5,583
Trade creditors	2,609	2,090
Other creditors and accruals	8,644	15,656
Other taxes and social security	763	889
Loans (see note 14)	1,111	1,111
	<u>22,760</u>	<u>25,776</u>
	=====	=====
<u>Company</u>		
Amount owed to own subsidiary undertakings	296	19,554
Amounts owed to parent and fellow subsidiary undertakings	1,223	-
Trade creditors	624	630
Other creditors and accruals	1,980	4,601
Loans (see note 14)	1,111	1,111
	<u>5,234</u>	<u>25,896</u>
	=====	=====

NOTES TO THE ACCOUNTS AT AUGUST 31, 1991  
(continued)13. Creditors: amounts falling due after more than one year

	<u>1992</u> £'000	<u>1991</u> £'000
<u>Group</u>		
Other borrowings	71,992	62,514
	=====	=====
<u>Company</u>		
Other borrowings	71,607	62,514
	=====	=====

14. LoansGroup and Company

Loans are repayable as follows:

Wholly repayable within five years	50,547	39,958
Not wholly repayable within five years:		
Bank loan at 10.45% per annum, repayable in nine annual instalments of £1,111,111 and one final instalment of the balance remaining commencing November 20, 1988	15,556	16,667
Unsecured participating loan 1998, convertible at a rate of £1 nominal of ordinary share capital for every £1 nominal of loan commencing August 1, 1990	<u>7,000</u>	<u>7,000</u>
	73,103	63,625
	=====	=====
Included in:		
Amounts falling due within one year	1,111	1,111
Amounts falling due in more than one year	<u>71,992</u>	<u>62,514</u>
	73,103	63,625
	=====	=====

Bank loans amounting to £15,556,000 are secured upon the freehold land and buildings of the company.

The unsecured participating loan is non interest bearing but the holder is entitled to receive 7% net consolidated profit after tax for the relevant accounting period adjusted for losses carried forward from previous accounting periods.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1992

18. Capital commitments

Amounts authorised but not provided for in the accounts amount to £Nil (1991 - £13,000,000).

19. Charges

The company has a right of offset agreement with IKEA Limited and IKEA Hanim U.K. Limited. Any bank overdraft in either company is secured by funds in the name of the company.

20. Pension commitments

Group companies operate a defined contribution money purchase scheme. The assets and the Scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund during the year and amounts to £246,000 (1991, £154,000).

21. Ultimate parent undertaking

The parent undertaking of the group of undertakings for which group accounts are prepared and of which the undertaking is a member is INGKA Holdings BV, registered in the Netherlands.