

IKEA Limited

FINANCIAL STATEMENTS

for the year ended

31 August 1999



IKEA Limited

DIRECTORS AND OFFICERS

DIRECTORS

T Blomqvist
LEB Larsson
HE Gydell
C Thordson
GN Nilsson
A Nash

SECRETARY

Sisec Limited

COMPANY NUMBER

01986283 (England and Wales)

REGISTERED OFFICE

21 Holborn Viaduct
London EC1A 2DY

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

IKEA Limited

DIRECTORS' REPORT

The directors submit their report and the group financial statements of IKEA Limited for the year ended 31 August 1999.

PRINCIPAL ACTIVITIES

The company operates as a retailer in the furniture trade. There were nine stores trading at 31 August 1999 and turnover increased by 21%.

REVIEW OF THE BUSINESS

The very strong sales development shown by existing stores in recent years continued and total sales were boosted by the opening in March 1999 of a store in Bristol. This gave better access to IKEA for customers in the South West of England and South Wales who previously had to travel long distances to our Birmingham or London stores.

Our offer of good quality home furnishings at prices that the majority of people can afford was strengthened by new articles in our range and, once again, reducing the average price of our products. The value for money is emphasised by our policy on comparable products being substantially below the local competition.

We have maintained a cautious outlook on Sterling and foresee volatility with the possible entry to the Euro single currency. In the meantime the strength of Sterling has given benefits where we purchase overseas, this, combined with tight cost control gave a very positive result.

Ongoing investment in the United Kingdom has stayed at very high levels with a new store development in Edinburgh and a new call centre for the Northern region. Both became operational after the 31 August and together have created over 500 new jobs. In addition significant investments have been made on an ongoing basis in existing stores.

The total number on the payroll as at 31 August 1999 was 4,746.

OUTLOOK

In the new financial year to 31 August 2000 we have once again made a reduction in average prices and strong demand and growth are expected to be maintained.

Our establishment plan for the next 5 to 10 years is based on a doubling of the number of stores giving better availability to many people.

DIVIDENDS

During the year the directors paid interim dividends of £11.667 per ordinary share, amounting to £70,000,000 (1998: £6.939 per share, amounting to £41,634,000). They do not recommend a final dividend, leaving a profit of £35,081,000 to be retained.

IKEA Limited

DIRECTORS' REPORT

DIRECTORS

The following directors have held office during the year:

T Blomqvist
LEB Larsson
HE Gydell
C Thordson
J Rasmussen (resigned 3 September 1999)
GN Nilsson
A Nash (appointed 3 September 1999)

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

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the value of the group's land and buildings is not significantly different from their net book value shown in these financial statements.

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.

INTRODUCTION OF THE EURO

All relevant parts of the Group will be able to handle euro transactions when required.

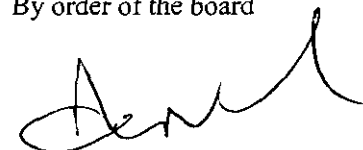
CHARITABLE CONTRIBUTIONS

During the year the group made charitable contributions totalling £11,131.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



A Nash
Director

IKEA Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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 the group and of the profit or loss of the group for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 the group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF IKEA LIMITED

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

As described on page 4 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 of 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 affairs of the company and group at 31 August 1999 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

16 May 2000

IKEA Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 August 1999

	<i>Notes</i>	1999 £'000	1998 £'000
TURNOVER	1	585,155	481,178
Cost of sales		(345,829)	(302,924)
Gross profit		239,326	178,254
Other operating income	2	1,657	
Administrative expenses		(123,175)	(92,015)
OPERATING PROFIT		116,153	87,896
Interest receivable	2	1,176	2,985
Interest payable	3	(6,513)	(5,060)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	110,816	85,821
Taxation	6	(35,419)	(25,707)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		75,397	60,114
Retained profit brought forward		29,513	14,228
		104,910	74,342
Dividends paid	7	(70,000)	(45,000)
Transferred from revaluation reserve	17	171	171
RETAINED PROFIT CARRIED FORWARD	17	35,081	29,513

The operating profit for the year arises from the group's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation	110,816	85,821
Difference between an historical cost depreciation charge for the year and the actual depreciation charge for the year calculated on the revalued amount	171	171
Historical cost profit on ordinary activities before taxation	110,987	85,992
Historical cost profit for the year retained after taxation and dividends	5,568	15,285

IKEA Limited
GROUP BALANCE SHEET
31 August 1999

	<i>Notes</i>	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	8	186,087	151,850
Investments	9	480	480
		<u>186,567</u>	<u>152,330</u>
CURRENT ASSETS			
Stocks	10	92,113	19,119
Debtors	11	5,353	10,569
Cash at bank and in hand		3,416	10,694
		<u>100,882</u>	<u>40,382</u>
CREDITORS: Amounts falling due within one year	12	(201,588)	(109,248)
NET CURRENT LIABILITIES		<u>(100,706)</u>	<u>(68,866)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		85,861	83,464
CREDITORS: Amounts falling due after more than one year	13	(35,000)	(38,000)
PROVISION FOR LIABILITIES AND CHARGES	15/16	(3,000)	(3,000)
		<u>47,861</u>	<u>42,464</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Revaluation reserve	17	6,780	6,951
Profit and loss account	17	35,081	29,513
EQUITY SHAREHOLDERS' FUNDS	17	<u>47,861</u>	<u>42,464</u>

Approved by the board on 16th May 2000

A Nash


 Director

IKEA Limited
BALANCE SHEET
31 August 1999

	<i>Notes</i>	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	8	12,504	11,046
Investments	9	76,090	71,090
		<u>88,594</u>	<u>82,136</u>
CURRENT ASSETS			
Stocks	10	21,494	19,119
Debtors	11	42,701	55,323
Cash at bank and in hand		8,637	10,769
		<u>72,832</u>	<u>85,211</u>
CREDITORS: Amounts falling due within one year	12	(96,877)	(99,179)
NET CURRENT LIABILITIES		<u>(24,045)</u>	<u>(13,968)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		64,549	68,168
CREDITORS: Amounts falling due after more than one year	13	(35,000)	(38,000)
PROVISION FOR LIABILITIES AND CHARGES	15	-	-
		<u>29,549</u>	<u>30,168</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Profit and loss account	17	23,549	24,168
EQUITY SHAREHOLDERS' FUNDS	17	<u>29,549</u>	<u>30,168</u>

Approved by the board on 16th May 2000

A Nash

 Director

IKEA Limited
CASH FLOW STATEMENT
for the year ended 31 August 1999

	<i>Notes</i>	1999 £'000	1998 £'000
Cash flow from operating activities	19a	70,939	107,437
Returns on investments and servicing of finance	19b	(5,337)	(2,075)
Taxation	19b	(47,066)	(9,358)
Capital expenditure and financial investment	19b	(43,695)	(25,528)
Equity dividends paid		(70,000)	(45,000)
Cash inflow before financing		(95,159)	25,476
Financing:			
Increase/(decrease) in debt	19b	87,881	(26,243)
Decrease in cash in the year		(7,278)	(767)
Reconciliation of net cash flow to movement in net debt			
		£'000	£'000
Decrease in cash in the year		(7,278)	(767)
Cash inflow from increase in debt		(87,881)	26,243
Movement in net debt in the year		(95,159)	25,476
Net debt at 1 September 1998	19c	(42,306)	(67,782)
Net debt at 31 August 1999	19c	(137,465)	(42,306)

IKEA Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been 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 consolidates the accounts of IKEA Limited and its subsidiaries, made up to 31 August 1999, using the acquisition method.

TANGIBLE FIXED ASSETS

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 over its expected useful life, as follows:-

Buildings	50 years when completed
Building installation	10 years
Plant, machinery and equipment	5 years.

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets.

Participating interests are stated at cost. Provision is made for any permanent diminution in the value of fixed asset investments.

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 upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

PENSION CONTRIBUTIONS

The group operates defined money purchase pension schemes. Payments made to the funds are charged annually in these accounts as part of employment costs. The funds are independently administered by insurance companies.

FOREIGN CURRENCIES

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

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.

OPERATING LEASES

Annual rentals for operating leases are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers outside the group.

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity in the United Kingdom.

	1999 £'000	1998 £'000
2 INTEREST RECEIVABLE		
Bank deposit interest	843	618
Interest receivable from group undertakings	333	2,367
	<u>1,176</u>	<u>2,985</u>

	1999 £'000	1998 £'000
3 INTEREST PAYABLE		
Interest on loans wholly repayable within 5 years	57	1,574
Interest on loans payable to group undertakings	6,456	3,486
	<u>6,513</u>	<u>5,060</u>

	1999 £'000	1998 £'000
4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration		
- Audit services	41	39
- Non audit services	80	59
Depreciation and amounts written off owned tangible fixed assets	9,127	8,531
Loss/(profit) on sale of tangible fixed assets	330	(1,193)
Exchange loss/(gain)	280	(303)
Operating lease rentals:		
Land and buildings	3,060	3,053
	<u></u>	<u></u>

	1999 £'000	1998 £'000
5 STAFF COSTS		
Wages and salaries	41,127	29,935
Social security costs	2,977	2,225
Other pension costs	890	699
	<u>44,994</u>	<u>32,859</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

5	STAFF COSTS (<i>continued</i>)	1999 No.	1998 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Stores	3,858	3,000
	Country management and co-ordination	133	81
		<u>3,991</u>	<u>3,081</u>
		1999	1998
	DIRECTORS' REMUNERATION	£	£
	Aggregate emoluments	129,217	99,108
	Company pension contributions to money purchase schemes	-	-
		<u>129,217</u>	<u>99,108</u>
		1999	1998
		£'000	£'000
6	TAXATION		
	Group taxation based on the profit for the year:		
	UK corporation tax at 31% (1998: 31%)	35,532	25,700
	(Over)/underprovided in earlier years	(113)	7
		<u>35,419</u>	<u>25,707</u>
		1999	1998
		£'000	£'000
7	DIVIDENDS		
	Ordinary:		
	Interim paid - £11.667 per share (1998: £6.939)	70,000	41,634
	Unsecured participating loan stock:		
	Distribution paid	-	3,366
		<u>70,000</u>	<u>45,000</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

8	TANGIBLE FIXED ASSETS	<i>Assets in the course of construction £'000</i>	<i>Freehold land and buildings £'000</i>	<i>Building installation £'000</i>	<i>Plant and machinery £'000</i>	<i>Total £'000</i>
	GROUP					
	Cost or valuation					
	1 September 1998	203	136,837	30,026	25,913	192,979
	Additions	-	33,060	4,266	7,339	44,665
	Disposals	-	(1,208)	-	(267)	(1,475)
	31 August 1999	203	168,689	34,292	32,985	236,169
	Depreciation					
	1 September 1998	-	12,518	13,744	14,867	41,129
	Charged in the year	-	1,708	3,215	4,204	9,127
	Disposals	-	-	-	(174)	(174)
	31 August 1999	-	14,226	16,959	18,897	50,082
	Net book value					
	31 August 1999	203	154,463	17,333	14,088	186,087
	31 August 1998	203	124,319	16,282	11,046	151,850
	Cost or valuation at 31 August 1999 is represented by:					
	Cost	203	160,370	34,292	33,313	228,178
	Valuation	-	8,319	-	-	8,319
		203	168,689	34,292	33,313	236,497

Freehold land and buildings were revalued on an existing use basis on 31 August 1990 by Havill Sparks, Chartered Surveyors.

The difference between the actual depreciation charge for the year calculated on the revalued amount and a historical depreciation charge for the year would be £171,000 (1998: £171,000).

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

8	TANGIBLE FIXED ASSETS (<i>continued</i>)			<i>Plant and machinery £'000</i>
	COMPANY			
	Cost or valuation			
	1 September 1998			25,913
	Additions			6,556
	Disposals			(267)
	Transfers			(1,256)
	31 August 1999			30,946
	Depreciation			
	1 September 1998			14,867
	Charged in the year			3,874
	Disposals			(174)
	Transfers			(125)
	31 August 1999			18,442
	Net book value			
	31 August 1999			12,504
	31 August 1998			11,046
9	FIXED ASSET INVESTMENTS			<i>Associated undertaking £'000</i>
	GROUP			
	Cost at 1 September 1998 and 31 August 1999			480
	COMPANY	<i>Subsidiary undertakings</i>	<i>Associated undertaking</i>	<i>Total</i>
		£	£	£
	Cost at 1 September 1998	70,609,706	480,000	71,089,706
	Additions	5,000,000	-	5,000,000
	Cost at 31 August 1999	75,609,706	480,000	76,089,706

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

9 FIXED ASSET INVESTMENTS (*continued*)

	Country of incorporation	Class of holding	Proportion held	Nature of business
Subsidiary undertakings:				
IKEA Properties Investments Limited	United Kingdom	Ordinary	100%	Property Investment
IKEA Wholesale Limited	United Kingdom	Ordinary	100%	Wholesale
IKEA Distribution Limited	United Kingdom	Ordinary	100%	Distribution
Associated undertaking:				
Morus Investments Limited	United Kingdom	Ordinary	48%	Property Investment

Morus Investments Limited had capital and reserves of £5,768,258 at 31 December 1998 and made a loss of £255,371 for the period ended 31 December 1998.

		1999 £'000	1998 £'000
10	STOCKS		
	GROUP		
	Finished goods and goods for resale	92,113	19,119
		<hr/>	<hr/>
	COMPANY		
	Finished goods and goods for resale	21,494	19,119
		<hr/>	<hr/>
		1999 £'000	1998 £'000
11	DEBTORS		
	GROUP		
	Trade debtors	1,419	1,661
	Amounts due from group undertakings	-	374
	Other debtors	596	6,864
	Prepayments and accrued income	3,338	1,670
		<hr/>	<hr/>
		5,353	10,569
		<hr/>	<hr/>
	COMPANY		
	Due within one year:		
	Amounts due from group undertakings	16,660	45,142
	Trade debtors	1,419	1,661
	Other debtors	23,775	6,850
	Prepayments and accrued income	847	1,670
		<hr/>	<hr/>
		42,701	55,323
		<hr/>	<hr/>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

12	CREDITORS: Amounts falling due within one year	1999 £'000	1998 £'000
	GROUP		
	Loans (see note 14)	75,000	12,000
	Amounts owed to group undertakings	50,183	26,598
	Trade creditors	21,711	8,950
	Corporation tax	11,046	22,693
	Other taxation and social security costs	11,082	13,318
	Other creditors	4,754	3,459
	Accruals and deferred income	27,812	22,230
		<u>201,588</u>	<u>109,248</u>
	COMPANY		
	Bank overdraft	3,570	-
	Loans (see note 14)	23,340	12,000
	Amounts owed to group undertakings	19,824	26,598
	Trade creditors	5,349	8,870
	Corporation tax	7,863	21,643
	Other taxation and social security costs	14,399	13,318
	Other creditors	4,747	3,459
	Accruals and deferred income	17,785	13,291
		<u>96,877</u>	<u>99,179</u>
		1999	1998
		£'000	£'000
13	CREDITORS: Amounts falling due in more than one year		
	GROUP		
	Amounts owed to group undertakings	35,000	38,000
		<u>35,000</u>	<u>38,000</u>
	COMPANY		
	Amounts owed to group undertakings	35,000	38,000
		<u>35,000</u>	<u>38,000</u>

Included in amounts owed to group undertakings is the following:

£35,000,000 loan repayable on 31 August 2001.

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

14	LOANS	GROUP		COMPANY	
		1999 £'000	1998 £'000	1999 £'000	1998 £'000
	Repayable in instalments				
	Bank loans:				
	within one year	75,000	-	23,340	-
	Loan from related company:				
	within one year	-	12,000	-	12,000
		<u>75,000</u>	<u>12,000</u>	<u>23,340</u>	<u>12,000</u>
	Included in:				
	Amounts falling due within one year	75,000	12,000	23,340	12,000
	Amounts falling due in more than one year	-	-	-	-
		<u>75,000</u>	<u>12,000</u>	<u>23,340</u>	<u>12,000</u>
The bank loans are secured on the assets of the group.					
15	PROVISIONS FOR LIABILITIES AND CHARGES	GROUP		COMPANY	
		Deferred taxation 1999 £'000	Deferred taxation 1998 £'000	Deferred taxation 1999 £'000	Deferred taxation 1998 £'000
	Balance at 1 September	3,000	3,000	-	-
	Transfer to profit and loss account	-	-	-	-
	Balance at 31 August	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
16	DEFERRED TAX	Unprovided		Provided	
		1999 £'000	1998 £'000	1999 £'000	1998 £'000
	GROUP				
	Accelerated capital allowances	<u>55</u>	<u>275</u>	<u>3,000</u>	<u>3,000</u>
	COMPANY				
	Accelerated capital allowances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

17	SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS GROUP	Share capital £'000	Profit and loss account £'000	Revaluation reserve £'000	Total shareholders funds £'000
	1 September 1998	6,000	29,513	6,951	42,464
	Retained profit	-	5,397	-	5,397
	Transfer between profit and loss account and revaluation reserve	-	171	(171)	-
	31 August 1999	<u>6,000</u>	<u>35,081</u>	<u>6,780</u>	<u>47,861</u>
	COMPANY				
	1 September 1998	6,000	24,168	-	30,168
	Retained loss	-	(619)	-	(619)
	31 August 1999	<u>6,000</u>	<u>23,549</u>	<u>-</u>	<u>29,549</u>

No profit and loss account is presented for IKEA Limited as provided by Section 230 of the Companies Act 1985. The retained profit for the year dealt with in the financial statements of the holding company was £618,203 (1998: profit, £10,713,000).

The revaluation reserve of £6,780,000 realised within the company's profit and loss account is not distributable.

	Authorised 1999 and 1998 No.	Allotted, issued and fully paid 1999 £'000	1998 £'000
Ordinary shares of £1 each	20,000,000	6,000	6,000

18 PENSION COMMITMENTS

Group companies operate a defined contribution money purchase scheme. The assets of 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 £870,971 (1998: £699,000).

19	CASH FLOWS	1999 £'000	1998 £'000
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	116,153	87,896
	Depreciation	9,127	8,531
	Loss/(profit) on sale of fixed assets	330	(1,193)
	Increase in stocks	(72,994)	(112)
	Decrease/(increase) in debtors	5,216	(4,633)
	Increase in creditors	13,107	16,948
		<u>70,939</u>	<u>107,437</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 1999

19	CASH FLOWS (<i>continued</i>)	1999 £'000	1998 £'000
b	Analysis of cash flows for headings netted in the cash flow statement		
	Returns on investments and servicing of finance		
	Interest received	1,176	2,985
	Interest paid	(6,515)	(5,060)
	Net cash outflow from returns on investments and servicing of finance	(5,337)	(2,075)
	Taxation		
	Corporation tax paid (including advance corporation tax)	(47,066)	(9,358)
	Tax paid	(47,066)	(9,358)
	Capital expenditure and financial investment		
	Purchase of fixed assets	(44,665)	(35,246)
	Sale of fixed assets	970	9,718
	Net cash outflow from investing activities	(43,695)	(25,528)
	Financing		
	Repayment of loans	(15,000)	(38,243)
	Loans advanced	102,881	12,000
	Net cash inflow/(outflow) from financing	87,881	(26,243)

c	Analysis of net debt	At 1 September 1998 £'000	Cashflows £'000	Other movements £'000	At 31 August 1999 £'000
	Cash at bank and in hand	10,694	(7,278)	-	3,416
	Debt due after 1 year	(38,000)	-	3,000	(35,000)
	Debt due within 1 year	(15,000)	(87,881)	(3,000)	(105,881)
		(42,306)	(95,159)	-	(137,465)

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 1999

20	CAPITAL COMMITMENTS	1999 £'000	1998 £'000
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GROUP

Capital expenditure contracted for but not provided in the financial statements

2,300,000	2,300,000
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COMPANY

Capital expenditure contracted for but not provided in the financial statements

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21 COMMITMENTS UNDER OPERATING LEASES

At 31 August 1999 the company had annual commitments under non-cancellable operating leases for land and buildings as follows:

	1999 £'000	1998 £'000
Expiring within 5 years:		
GROUP	2,046	3,053
COMPANY	20,073	14,427

22 CONTINGENT LIABILITIES

The company has entered into an unlimited multilateral cross guarantee with its subsidiary undertakings to secure all present and future indebtedness and liabilities to its bankers howsoever arising. At 31 August 1999 this liability amounted to £Nil (1998: £Nil).

The company is registered under a group registration for value added tax and is jointly liable for the amount payable of £13.5 million at 31 August 1999 (1998: £12.5 million) in respect of certain UK companies.

23 ULTIMATE PARENT UNDERTAKING

The directors consider INGKA Holding BV, a company registered in the Netherlands, to be the parent and ultimate parent undertaking.

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 from disclosing details of transactions with other group companies within the 90% group.