

Registrar Of Companies

IKEA Limited
FINANCIAL STATEMENTS
for the year ended
31 August 2000



Company Registration No. 01986283

IKEA Limited

DIRECTORS AND OFFICERS

DIRECTORS

H E Gydell
C Thordson
J Rasmussen
G N Nilsson
A Nash
M Ohlsson

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 2000.

PRINCIPAL ACTIVITIES

The group operates as a retailer in the furniture trade. There were 10 stores at 31 August 2000 and turnover increased by over 27%.

REVIEW OF THE BUSINESS

In the period to 31 August 2000, we opened in Edinburgh our first store in Scotland, and it has had both a very good start and continued development in both visitors and sales.

The company continues to work with environmental issues and is pleased to note that the new Edinburgh store has resulted in a sustainable reduction in the car miles driven by Scottish customers who previously drove to our Gateshead store.

Sales development in existing stores remains very strong. Customer surveys have shown an increase in perception of IKEA giving value for money which reflects the continued price reductions made. On average, prices were lowered by over 3% in this period ensuring that on comparable products, prices are substantially below the local competition.

The positive net result achieved reflects the benefits of the strong sterling when buying from overseas and a close control of costs. However purchases from UK suppliers have increased during the period.

Our strong focus on investment has continued in both existing stores and new sites. The total number on the payroll has increased from 4,746 last year to 5,669 at 31 August 2000.

OUTLOOK

Growth in demand for IKEA products is expected to be maintained. Once again prices have been reduced, in the financial year starting 31 August 2000 the average price reduction being 5 %.

A new store will be opened in Glasgow in Autumn 2001 creating 600 new jobs and our ongoing establishment plan will mean that we are more easily available to as many people as possible .

DIVIDENDS

During the year the group paid interim dividends of £13.333 per ordinary share, amounting to £80,000,000 (1999: £11.667 per share, amounting to £70,000,000). The directors do not recommend a final dividend, leaving a profit of £55,592,000 to be retained.

IKEA Limited

DIRECTORS' REPORT (continued)

DIRECTORS

The following directors have held office during the year:

T Blomqvist	(resigned 15 May 2000)
LEB Larsson	(resigned 15 May 2000)
HE Gydell	
C Thordson	
J Rasmussen	(resigned 3 September 1999, re-appointed 16 May 2000)
GN Nilsson	
A Nash	(appointed 3 September 1999)
M Ohlsson	(appointed 16 May 2000)

The directors 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.

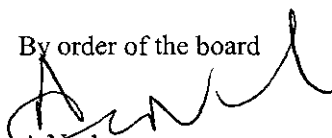
CHARITABLE CONTRIBUTIONS

During the year the group made charitable contributions totalling £332,906

AUDITORS

The company passed an elective resolution during the year to dispense with the laying of accounts, holding an AGM and the appointment of auditors annually.

By order of the board



A Nash
6 December 2000

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, the 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 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 21.

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 the group at 31 August 2000 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

6 December 2000

IKEA Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2000

	<i>Notes</i>	2000 £'000	1999 £'000
TURNOVER	1	744,562	585,155
Cost of sales		(454,287)	(345,829)
Gross profit		<u>290,275</u>	<u>239,326</u>
Other operating income		1	2
Administrative expenses		(141,257)	(123,175)
OPERATING PROFIT		<u>149,019</u>	<u>116,153</u>
Interest receivable	2	2,522	1,176
Interest payable	3	(9,192)	(6,513)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>142,349</u>	<u>110,816</u>
Taxation	6	(42,009)	(35,419)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>100,340</u>	<u>75,397</u>
Retained profit brought forward		35,081	29,513
		<u>135,421</u>	<u>104,910</u>
Dividends paid	7	(80,000)	(70,000)
Transferred from revaluation reserve	17	171	171
RETAINED PROFIT CARRIED FORWARD	17	<u>55,592</u>	<u>35,081</u>

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.

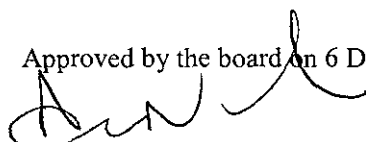
**NOTE OF HISTORICAL COST PROFITS AND
LOSSES**

	2000 £'000	1999 £'000
Reported profit on ordinary activities before taxation	142,349	110,816
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	<u>142,520</u>	<u>110,987</u>
Historical cost profit for the year retained after taxation and dividends	<u>20,511</u>	<u>5,568</u>

IKEA Limited
GROUP BALANCE SHEET
31 August 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	8	195,285	186,087
Investments	9	480	480
		<u>195,765</u>	<u>186,567</u>
CURRENT ASSETS			
Stocks	10	84,873	92,113
Debtors	11	16,197	5,353
Investments – short term money market deposits		21,705	-
Cash at bank and in hand		6,394	3,416
		<u>129,169</u>	<u>100,882</u>
CREDITORS: Amounts falling due within one year	12	(253,733)	(201,588)
NET CURRENT LIABILITIES		<u>(124,564)</u>	<u>(100,706)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		71,201	85,861
CREDITORS: Amounts falling due after more than one year	13	-	(35,000)
PROVISION FOR LIABILITIES AND CHARGES	15/16	(3,000)	(3,000)
		<u>68,201</u>	<u>47,861</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Revaluation reserve	17	6,609	6,780
Profit and loss account	17	55,592	35,081
EQUITY SHAREHOLDERS' FUNDS	17	<u>68,201</u>	<u>47,861</u>

Approved by the board on 6 December 2000

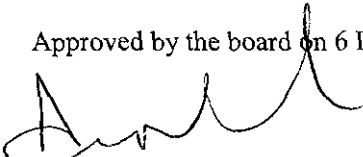

A Nash

Director

IKEA Limited
COMPANY BALANCE SHEET
31 August 2000

	<i>Notes</i>	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	8	15,186	12,504
Investments	9	76,090	76,090
		<u>91,276</u>	<u>88,594</u>
CURRENT ASSETS			
Stocks	10	22,336	21,494
Debtors	11	52,303	42,701
Investments – short term money market deposits		21,705	-
Cash at bank and in hand		24,111	8,637
		<u>120,455</u>	<u>72,832</u>
CREDITORS: Amounts falling due within one year	12	(159,336)	(96,877)
NET CURRENT LIABILITIES		<u>(38,881)</u>	<u>(24,045)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		52,395	64,549
CREDITORS: Amounts falling due after more than one year	13	-	(35,000)
PROVISION FOR LIABILITIES AND CHARGES	15 / 16	-	-
		<u>52,395</u>	<u>29,549</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,000	6,000
Profit and loss account	17	46,395	23,549
EQUITY SHAREHOLDERS' FUNDS	17	<u>52,395</u>	<u>29,549</u>

Approved by the board on 6 December 2000


A Nash Director

IKEA Limited
GROUP CASH FLOW STATEMENT
For the year ended 31 August 2000

	<i>Notes</i>	2000 £'000	1999 £'000
Net Cash inflow from operating activities	19a	163,063	70,939
Returns on investments and servicing of finance	19b	(6,670)	(5,337)
Taxation	19b	(28,939)	(47,066)
Capital expenditure and financial investment	19b	(24,372)	(43,695)
Equity dividends paid		(80,000)	(70,000)
Cash inflow/(outflow) before use of liquid resources and financing		<u>23,082</u>	<u>(95,159)</u>
Management of liquid resources:			
Purchase of current asset investments		(21,705)	-
Financing:			
Increase in debt	19b	1,601	87,881
Increase/(decrease) in cash in the year		<u>2,978</u>	<u>(7,278)</u>
Reconciliation of net cash flow to movement in net debt			
		£'000	£'000
Increase/(decrease) in cash in the year		2,978	(7,278)
Cash inflow from increase in debt		(1,601)	(87,881)
Cash outflow from increase in liquid resources		21,705	-
Movement in net debt in the year		<u>23,082</u>	<u>(95,159)</u>
Net debt at 1 September 1999	19c	(137,465)	(42,306)
Net debt at 31 August 2000	19c	<u>(114,383)</u>	<u>(137,465)</u>

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 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 2000, 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 and machinery	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 contribution 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 unless a hedge contract exists and then the applicable contract is used.

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 2000

1 GROUP TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2000 £'000	1999 £'000
2 INTEREST RECEIVABLE		
Bank deposit interest	806	843
Interest receivable from group undertakings	1,716	333
	<u>2,522</u>	<u>1,176</u>
3 INTEREST PAYABLE		
Interest on loans wholly repayable within 5 years	1,300	57
Interest on loans payable to group undertakings	7,892	6,456
	<u>9,192</u>	<u>6,513</u>
4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration		
- Audit services	48	41
- Non audit services	94	80
Depreciation and amounts written off owned tangible fixed assets	10,489	9,127
Loss on sale of tangible fixed assets	45	330
Exchange (gain)/loss	(1,288)	280
Operating lease rentals:		
Land and buildings	3,053	3,060
	<u></u>	<u></u>
5 STAFF COSTS		
Wages and salaries	46,802	41,127
Social security costs	3,467	2,977
Other pension costs	955	890
	<u>51,224</u>	<u>44,994</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

5	STAFF COSTS (<i>continued</i>)	2000 No.	1999 No.
	The average monthly number of persons (including directors) Employed by the company during the year was:		
	Stores	5,085	3,858
	Country management and co-ordination	150	133
		<u>5,235</u>	<u>3,991</u>
	DIRECTORS' REMUNERATION	2000 £	1999 £
	Aggregate emoluments	235,357	129,217
		<u>235,357</u>	<u>129,217</u>
	Highest Paid Director G Nilsson	2000 £	1999 £
	Emoluments	129,292	129,217
		<u>129,292</u>	<u>129,217</u>
6	TAXATION	2000 £'000	1999 £'000
	Group taxation based on the profit for the year:		
	UK corporation tax at 30% (1999: 31%)	42,950	35,532
	Overprovided in earlier years	(941)	(113)
		<u>42,009</u>	<u>35,419</u>
		2000 £'000	1999 £'000
7	DIVIDENDS		
	Ordinary:		
	Interim paid - £13.333 per share (1999: £11.667)	80,000	70,000
		<u>80,000</u>	<u>70,000</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

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 1999	203	168,689	34,292	32,985	236,169
	Additions	65	11,404	533	7,862	19,864
	Disposals	-	-	-	(3,473)	(3,473)
	Transfers	(203)	203	-	-	-
	31 August 2000	65	180,296	34,825	37,374	252,560
	Depreciation					
	1 September 1999	-	14,226	16,959	18,897	50,082
	Charged in the year	-	1,912	3,412	5,165	10,489
	Disposals	-	-	-	(3,296)	(3,296)
	31 August 2000	-	16,138	20,371	20,766	57,275
	Net book value					
	31 August 2000	65	164,158	14,454	16,608	195,285
	31 August 1999	203	154,463	17,333	14,088	186,087
	Cost or valuation at 31 August 2000 is represented by:					
	Cost	65	171,977	34,825	37,374	244,241
	Valuation	-	8,319	-	-	8,319
		65	180,296	34,825	37,374	252,560

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 (1999: £171,000).

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

8	TANGIBLE FIXED ASSETS (<i>continued</i>)				<i>Plant and Machinery £'000</i>
	COMPANY				
	Cost or valuation				
	1 September 1999				30,946
	Additions				7,583
	Disposals				(3,467)
	31 August 2000				35,062
	Depreciation				
	1 September 1999				18,442
	Charged in the year				4,730
	Disposals				(3,296)
	31 August 2000				19,876
	Net book value				
	31 August 2000				15,186
	31 August 1999				12,504
9	FIXED ASSET INVESTMENTS				<i>Associated Undertaking £'000</i>
	GROUP				
	Cost at 1 September 1999 and 31 August 2000				480
	COMPANY	<i>Subsidiary undertakings</i>	<i>Associated undertaking</i>	<i>Total</i>	
		£	£	£	
	Cost at 1 September 1999 and at 31 August 2000	75,609,606	480,000	76,089,606	

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

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%	Dormant
Associated undertaking:				
Morus Investments Limited	United Kingdom	Ordinary	48%	Property Investment

Morus Investments Limited had capital and reserves of £6,212,817 at 31 December 1999 and made a profit of £444,559 for the period ended 31 December 1999.

		2000 £'000	1999 £'000
10	STOCKS		
	GROUP		
	Finished goods and goods for resale	84,873	92,113
		<hr/>	<hr/>
	COMPANY		
	Finished goods and goods for resale	22,336	21,494
		<hr/>	<hr/>
11	DEBTORS	2000 £'000	1999 £'000
	GROUP		
	Due within one year:		
	Trade debtors	1,721	1,419
	Amounts due from group undertakings	11,187	-
	Other debtors	651	596
	Prepayments and accrued income	2,638	3,338
		<hr/>	<hr/>
		16,197	5,353
		<hr/>	<hr/>
	COMPANY		
	Due within one year:		
	Amounts due from group undertakings	49,393	16,660
	Trade debtors	1,721	1,419
	Other debtors	452	23,775
	Prepayments and accrued income	737	847
		<hr/>	<hr/>
		52,303	42,701
		<hr/>	<hr/>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

12	CREDITORS: Amounts falling due within one year	2000 £'000	1999 £'000
	GROUP		
	Loans (see note 14)	75,000	75,000
	Amounts owed to group undertakings	100,682	50,183
	Trade creditors	19,510	21,711
	Corporation tax	24,116	11,046
	Other taxation and social security costs	17,910	11,082
	Other creditors	6,721	4,754
	Accruals and deferred income	9,794	27,812
		<u>253,733</u>	<u>201,588</u>
	COMPANY		
	Bank overdraft	-	3,570
	Loans (see note 14)	21,314	23,340
	Amounts owed to group undertakings	79,405	19,824
	Trade creditors	6,448	5,349
	Corporation tax	23,631	7,863
	Other taxation and social security costs	17,930	14,399
	Other creditors	6,718	4,747
	Accruals and deferred income	3,890	17,785
		<u>159,336</u>	<u>96,877</u>
13	CREDITORS: Amounts falling due in more than one year	2000 £'000	1999 £'000
	GROUP		
	Amounts owed to group undertakings	-	35,000
	COMPANY		
	Amounts owed to group undertakings	-	35,000

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

14	LOANS	GROUP		COMPANY	
		2000 £'000	1999 £'000	2000 £'000	1999 £'000
	Repayable in instalments				
	Bank loans:				
	within one year	75,000	75,000	21,314	23,340
	between one and two years	-	-	-	-
	between two and five years	-	-	-	-
		<u>75,000</u>	<u>75,000</u>	<u>21,314</u>	<u>23,340</u>
	Included in:				
	Amounts falling due within one year	75,000	75,000	21,314	23,340
	Amounts falling due in more than one year	-	-	-	-
		<u>75,000</u>	<u>75,000</u>	<u>21,314</u>	<u>23,340</u>
	The bank loans are secured on the assets of the group.				
15	PROVISIONS FOR LIABILITIES AND CHARGES	GROUP		COMPANY	
		Deferred taxation 2000 £'000	Deferred taxation 1999 £'000	Deferred taxation 2000 £'000	Deferred taxation 1999 £'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	
		2000 £'000	1999 £'000	2000 £'000	1999 £'000
	GROUP				
	Accelerated capital allowances	411	55	3,000	3,000
		<u>411</u>	<u>55</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 2000

17	SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Share Capital £'000	Profit and loss account £'000	Revaluation Reserve £'000	Total shareholders funds £'000
	GROUP				
	1 September 1999	6,000	35,081	6,780	47,861
	Profit for the year	-	100,340	-	100,340
	Dividends	-	(80,000)	-	(80,000)
	Transfer between profit and loss account and revaluation reserve	-	171	(171)	-
	31 August 2000	6,000	55,592	6,609	68,201
	COMPANY				
	1 September 1999	6,000	23,549	-	29,549
	Profit for the year	-	102,846	-	102,846
	Dividends	-	(80,000)	-	(80,000)
	31 August 2000	6,000	46,395	-	52,395

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 £22,845,580 (1999: loss £618,203.)

	Authorised 2000 and 1999 No.	Allotted, issued and fully paid 2000 £'000	1999 £'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 group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund during the year and amounts to £955,182. (1999: £870,971).

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

19	CASH FLOWS	2000 £'000	1999 £'000
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	149,019	116,153
	Depreciation	10,489	9,127
	Loss on sale of fixed assets	45	330
	Decrease/(increase) in stocks	7,240	(72,994)
	(Increase)/decrease in debtors	(10,843)	5,216
	Increase in creditors	7,113	13,107
		<u>163,063</u>	<u>70,939</u>
b	Analysis of cash flows for headings netted in the cash flow statement		
	Returns on investments and servicing of finance		
	Interest received	2,522	1,176
	Interest paid	(9,192)	(6,515)
	Net cash outflow from returns on investments and servicing of finance	<u>(6,670)</u>	<u>(5,337)</u>
	Taxation		
	Corporation tax paid (including advance corporation tax)	(28,939)	(47,066)
	Tax paid	<u>(28,939)</u>	<u>(47,066)</u>
	Capital expenditure and financial investment		
	Purchase of fixed assets	(24,503)	(44,665)
	Sale of fixed assets	131	970
	Net cash outflow from investing activities	<u>(24,372)</u>	<u>(43,695)</u>
	Financing		
	Repayment of loans	(3,000)	(15,000)
	Loans advanced	4,601	102,881
	Net cash inflow from financing	<u>1,601</u>	<u>87,881</u>

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

19 CASH FLOWS (*continued*)

c	Analysis of net debt	At 1 September 1999 £'000	Cashflows £'000	Other Movements £'000	At 31 August 2000 £'000
	Cash at bank and in hand	3,416	2,978	-	6,394
	Debt due after 1 year	(35,000)	-	35,000	-
	Debt due within 1 year	(105,881)	(1,601)	(35,000)	(142,482)
	Current asset investments	-	21,705	-	21,705
		<u>(137,465)</u>	<u>23,082</u>	<u>-</u>	<u>(114,383)</u>

20 CAPITAL COMMITMENTS

	2000 £'000	1999 £'000
GROUP		
Capital expenditure contracted for but not provided in the financial statements	9,915,000	2,300,000
COMPANY		
Capital expenditure contracted for but not provided in the financial statements	-	-

21 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2000, annual commitments under non-cancellable operating leases for land and buildings were as follows:

	2000 £'000	1999 £'000
Expiring within 5 years:		
GROUP	3,000	2,046
COMPANY	23,480	20,073

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 2000 this liability amounted to £Nil (1999: £Nil).

The company is registered under a group registration for value added tax and is jointly liable for the amount payable of £17 million at 31 August 2000 (1999: £13.5 million) in respect of certain UK companies.

IKEA Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2000

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.