

**IKEA Wholesale Limited**  
**REPORT AND FINANCIAL STATEMENTS**

for the year ended  
31 August 2001



Company Registration No. 3568682

# IKEA Wholesale Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

PSM Rignell

LT Larsson

J-L Ouellette

### SECRETARY

Sisec Limited

### REGISTERED OFFICE

21 Holborn Viaduct

London EC1A 2DY

### AUDITORS

Baker Tilly

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

# IKEA Wholesale Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of IKEA Wholesale Limited for the year ended 31 August 2001.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of a wholesaler in the furniture trade.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are satisfied with the results of the company and will look for continued improvements in the future.

### DIVIDENDS

The directors do not recommend the payment of a final dividend, which leaves a profit of £6,607,132 to be retained.

### DIRECTORS

The following directors have held office during the year:

GN Nilsson	(resigned 5 October 2000)
A Nash	(resigned 5 October 2000)
PSM Rignell	
KL Lonskov	(resigned 14 September 2000)
LC Nygren	(resigned 2 November 2001)
LT Larsson	(appointed 14 September 2000)
D Hood	(appointed 5 October 2000, resigned 2 November 2001)
J-L Ouellette	(appointed 31 October 2001)

### DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

The directors had no beneficial interest in the shares of the company or the immediate parent company, IKEA Limited, during the year.

### AUDITORS

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

By order of the Board



J-L Ouellette

3 December 2001

# IKEA Wholesale Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires the directors to prepare financial statements for each financial period 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:

- 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 WHOLESALE LIMITED

We have audited the financial statements on pages 5 to 11.

### **Respective responsibilities of directors and auditors**

As described on page 3 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.

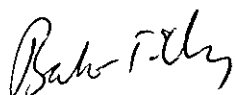
### **Basis of opinion**

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 August 2001 and of its 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

3 December 2001

# IKEA Wholesale Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2001

	<i>Notes</i>	2001 £	2000 £
TURNOVER	1	444,620,804	424,823,559
Cost of sales		(402,861,657)	(399,573,539)
Gross profit		<u>41,759,147</u>	<u>25,250,020</u>
Administrative expenses (net)	2	(28,914,892)	(21,989,847)
OPERATING PROFIT		<u>12,844,255</u>	<u>3,260,173</u>
Interest payable	3	(3,536,654)	(3,260,173)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>9,307,601</u>	<u>-</u>
Taxation	6	(2,700,469)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>6,607,132</u></u>	<u><u>-</u></u>

The operating profit for the year arises from the company'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.

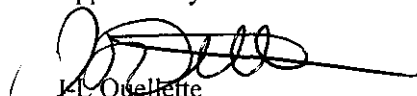
# IKEA Wholesale Limited

## BALANCE SHEET

31 August 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	5,547,112	1,421,235
CURRENT ASSETS			
Stocks	8	102,214,213	62,536,894
Debtors	9	121,925,069	39,934,423
		224,139,282	102,471,317
CREDITORS: Amounts falling due within one year	10	(218,371,776)	(99,185,066)
NET CURRENT ASSETS		5,767,506	3,286,251
TOTAL ASSETS LESS CURRENT LIABILITIES		11,314,618	4,707,486
CAPITAL AND RESERVES			
Called up share capital	11	5,000,000	5,000,000
Profit and loss account	12	6,314,618	(292,514)
EQUITY SHAREHOLDERS' FUNDS	13	11,314,618	4,707,486

Approved by the Board on 3 December 2001

  
J-L Ouellette  
Director

# IKEA Wholesale Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	5 years
Fixtures, fittings and equipment	5 years
Motor vehicles	5 years

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving 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.

### PENSIONS CONTRIBUTIONS

The company contributes to a defined contribution pension scheme operated by the group. Payments made to the scheme are charged annually in these accounts as part of employment costs. The funds are independently administered by insurance companies. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

### TURNOVER

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

### FOREIGN CURRENCY

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 rate 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.

# IKEA Wholesale Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and result were all derived from its principal activity. Sales were made in the following geographical markets:

	2001 £	2000 £
United Kingdom	437,542,044	416,538,881
Europe	7,078,760	8,284,678
	<u>444,620,804</u>	<u>424,823,559</u>

### 2 ADMINISTRATIVE EXPENSES (NET)

	2001 £	2000 £
Administration expenses	28,994,835	21,989,847
Rental income	(79,943)	-
	<u>28,914,892</u>	<u>21,989,847</u>

### 3 INTEREST PAYABLE

	2001 £	2000 £
Interest on loans payable to parent company	<u>3,536,654</u>	<u>3,260,173</u>

### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off owned tangible fixed assets	970,058	435,593
Exchange losses/(gains)	179,006	(1,306,357)
Auditors' remuneration	17,500	18,000
Loss/(gain) on sale of fixed assets	1,291	(155)
	<u></u>	<u></u>

### 5 EMPLOYEES

	2001 No.	2000 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Office and management	48	30

	2001 £	2000 £
Staff costs for the above persons:		
Wages and salaries	983,769	984,592
Social security costs	92,196	64,314
Other pension costs	29,389	23,266
	<u>1,105,354</u>	<u>1,072,172</u>

**IKEA Wholesale Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2001**

	DIRECTOR'S REMUNERATION	2001 £	2000 £
	Emoluments for qualifying services	80,000	67,750
		<u>          </u>	<u>          </u>
6	TAXATION	2001 £	2000 £
	Based on the profit for the year:		
	UK corporation tax at 30% (2000: Nil)	2,800,000	-
	Prior year over provision	(99,531)	-
		<u>2,700,469</u>	<u>-</u>
7	TANGIBLE FIXED ASSETS		<i>Plant and Machinery</i> £
	Cost		
	1 September 2000		2,311,253
	Additions		5,104,726
	Disposals		(17,582)
	31 August 2001		<u>7,398,397</u>
	Depreciation		
	1 September 2000		890,018
	Charged in the year		970,058
	Disposals		(8,791)
	31 August 2001		<u>1,851,285</u>
	Net book value		
	31 August 2001		<u>5,547,112</u>
	31 August 2000		<u>1,421,235</u>
8	STOCKS	2001 £	2000 £
	Finished goods and goods for resale	102,214,213	62,536,894
		<u>          </u>	<u>          </u>

**IKEA Wholesale Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2001**

9	DEBTORS	2001 £	2000 £
	Due within one year:		
	Trade Debtors	1,171	-
	Amounts owed from group companies	103,275,639	35,807,362
	Other debtors	15,844,624	199,623
	Prepayments and accrued income	2,803,635	1,631,772
	Other taxes and social security	-	20,115
	Corporation tax	-	2,275,551
		<u>121,925,069</u>	<u>39,934,423</u>
10	CREDITORS: Amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	39,374,227	3,789,193
	Trade creditors	16,765,166	12,858,491
	Amounts owed to group companies	70,482,781	25,019,020
	Amounts owed to related companies	89,393,408	57,074,167
	Corporation tax	1,296,851	-
	Accruals and deferred income	1,059,343	444,195
		<u>218,371,776</u>	<u>99,185,066</u>
	The bank loans and overdrafts are unsecured and bear interest at a rate of 6.42%.		
11	SHARE CAPITAL	2001 £	2000 £
	Authorised:		
	5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
	Allotted, issued and fully paid:		
	5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
12	PROFIT AND LOSS ACCOUNT	2001 £	2000 £
	1 September 2000	(292,514)	(292,514)
	Profit for the financial period	6,607,132	-
	31 August 2001	<u>6,314,618</u>	<u>(292,514)</u>

# IKEA Wholesale Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2001

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13	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2001 £	2000 £
	Profit for the financial period	6,607,132	-
	Opening shareholders' funds	4,707,486	4,707,486
	Closing shareholders' funds	<u>11,314,618</u>	<u>4,707,486</u>

### 14 CONTINGENT LIABILITIES

IKEA Wholesale Limited is registered under a group registration for Value Added Tax and is jointly liable for the amount payable of £4 million at 31 August 2001 (2000: £17 million) in respect of certain UK companies.

### 15 PENSION COMMITMENTS

The company contributes to a defined contribution scheme operated by the group. 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 company to the fund during the year and amounts to £29,389 (2000: £23,266). No contributions were outstanding at the year end.

### 16 ULTIMATE PARENT UNDERTAKING

The immediate parent company is IKEA Limited. The directors consider the ultimate parent undertaking to be Skandia AG, a company registered in Switzerland. Accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ in respect of IKEA Limited and Eiweg 10, CH-4460 Gelterkinden, Switzerland in respect of Skandia AG.

### 17 RELATED PARTY TRANSACTIONS

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