



IKEA Centres

**IKEA Centres A/S**  
Amager Strandvej 390  
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**IKEA Centres A/S**

**ANNUAL REPORT**

**1 September 2015 – 31 August 2016**

**16th FINANCIAL YEAR**

The annual report has been discussed and approved at the Company's annual general assembly on 25/11 2017

Chairman of AGM

**CVR NO. 25 92 99 34**



**CONTENTS**

	Page
<b>Company Information</b>	
Company Details .....	3
<b>Statement and Report</b>	
Statement by Board of Directors and Board of Executives .....	4
Independent Auditors' Report .....	5
<b>Financial Statements 1 September 2015 - 31 August 2016</b>	
Accounting Policies .....	6-8
Income Statement .....	9
Balance Sheet.....	10-11
Notes.....	12-15

**COMPANY INFORMATION**

Company	IKEA Centres A/S Amager Strandvej 390 2770 Kastrup Denmark
Board of Directors	Gerardus Groener Eva Bång Monica Östberg
Board of Executives	Tord Andersson Patrik Melin
Shareholders	IKEA Centres Asia B.V. Bargelaan 20 NL-2333 CT Leiden The Netherlands
Auditors	Ernst & Young Godkendt revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg Denmark
Principal activities	The company's principal activities are trade, investment and financing and any other related business.



**STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD**

The Board of Directors and the Executive Board have today discussed and approved the annual report of IKEA Centres A/S for the financial year 1 September 2015 - 31 August 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 August 2016 and of the results of the Company's operations for the financial year 1 September 2015 - 31 August 2016.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 13 January 2017

Board of Executives:

Tord Andersson

Patrik Melin

Board of Directors:

Gerardus Groener

Eva Bång

Monica Östberg

**Independent auditors' report**

To the shareholder of IKEA Centres A/S

**Independent auditors' report on the financial statements**

We have audited the financial statements of IKEA Centres A/S for the financial year 1 September 2015 – 31 August 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

**Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 August 2016 and of the results of the company's operations for the financial year 1 September 2015 – 31 August 2016 in accordance with the Danish Financial Statements Act.

Copenhagen 13 January 2017

**Ernst & Young**

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Henrik Reedtz  
State Authorised Public Accountant

Kaare Kristensen Lendorf  
State Authorised Public Accountant

## **ACCOUNTING POLICIES**

### **Change in reporting currency**

The Financial statements of IKEA Centres Group A/S for 1 September 2015 - 31 August 2016 have been prepared in accordance with the Danish Financial Statements Act as regards reporting class B enterprises.

As the company have changed the functional and presentation currency from EUR to DKK, the presentation currency have been changed to DKK. The comparative figures have also been changed to DKK.

Other accounting policies are consistent with those of last year, cf. below:

### **Reporting currency**

The financial statements are presented in DKK, which is the functional currency of the company.

### **Principal accounting policies**

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

**Consolidated financial statements**

In accordance with section 112(1) of the Danish Financial Statements Act, consolidated financial statements have not been prepared.

**INCOME STATEMENT****Net revenue**

Net revenue is measured net of VAT and other indirect taxes charged on behalf of third parties. Revenue consists of management fee from group enterprises.

**Other operating income and expenses**

Other operating income and expenses include items of a secondary nature relative to the enterprise's core business.

**Other external expenses**

Other external expenses include expenses related to administration, etc.

**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, the items "Net revenue", "Other operating income and expenses" and "Other external expenses" are consolidated into one item designated "Gross profit".

**Staff costs**

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

**Amortisation/depreciation and write-downs**

Amortisation/depreciation includes amortisation/depreciation and write-downs, intangible assets and property, plant and equipment. Fixed assets are amortised/depreciated using the straight-line method, based on the cost measured by reference to the below assessments of the useful lives and residual values of the assets.

**Financial income and expenses**

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

**Tax on profit for the year**

The tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

**BALANCE SHEET****Tangible fixed assets**

Land and buildings, machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.



The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Other tangible assets.....	5-10 years	0%

**Investment in group enterprises**

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Dividends from subsidiaries are recognized in the income statement for that accounting year, in which the dividend is declared. However, if the distributed dividend exceeds the accumulated earnings after the acquisition, the cost of the investment is reduced by the exceeding amount.

**Impairment of non-current assets**

The carrying amount of investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

**Receivables from group enterprises**

Receivables from group enterprises are measured at amortised cost which usually corresponds to nominal value. Write-downs are provided to meet expected losses.

**Financial liabilities**

Financial liabilities are measured at amortised cost which usually corresponds to nominal value.



**INCOME STATEMENT**

		<b>1 Sept 2015 - 31 Note Aug 2016 DKK '000</b>	<b>1 Jan - 31 Aug 2015 DKK '000</b>
<b>GROSS PROFIT</b>		<b>15 348</b>	<b>5 051</b>
Staff costs	1	-31 080	-19 036
Depreciation/ amortisation and write downs		-604	-887
<b>OPERATING PROFIT</b>		<b>-16 336</b>	<b>-14 871</b>
Income from investments in subsidiary enterprises		93 477	226 192
Other financial income	2	56	14 566
Other financial expense	3	-2 419	0
<b>PROFIT BEFORE TAX</b>		<b>74 778</b>	<b>225 886</b>
Tax on profit		-716	-805
<b>PROFIT FOR THE YEAR</b>		<b>74 062</b>	<b>225 082</b>
<b>APPROPRIATION OF RESULT</b>			
Retained profit		74 062	225 082
Total appropriation		<b>74 062</b>	<b>225 082</b>

**BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>31 Aug 2016 DKK '000</b>	<b>31 Aug 2015 DKK '000</b>
<b>Tangible fixed assets</b>			
Fixtures and equipment		666	6 779
		<b>666</b>	<b>6 779</b>
<b>Financial assets</b>			
Investments in group enterprises	4	4 790 921	4 696 744
		<b>4 790 921</b>	<b>4 696 744</b>
<b>TOTAL FIXED ASSETS</b>		<b>4 791 587</b>	<b>4 703 523</b>
<b>Current assets</b>			
Receivables from group enterprises		544 564	536 121
Other receivables		78	253
Prepayments		1 778	0
Cash and short-term deposits		227 301	252 479
		<b>773 721</b>	<b>788 854</b>
<b>TOTAL ASSETS</b>		<b>5 565 308</b>	<b>5 492 376</b>



## BALANCE SHEET

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31 Aug 2016 DKK '000</b>	<b>31 Aug 2015 DKK '000</b>
<b>Equity</b>	5		
Share capital		94 035	94 035
Share premium		4 912 551	4 912 551
Retained profit		503 728	426 776
		<b>5 510 314</b>	<b>5 433 362</b>
<b>Provisions</b>			
Deferred tax		34	112
Other provisions		26 043	26 043
		<b>26 077</b>	<b>26 155</b>
<b>Short-term liabilities</b>			
Liabilities to group enterprises		23 093	22 501
Trade payables		1 672	878
Other short-term liabilities		0	9 353
Accrued expense		4 152	126
		<b>28 917</b>	<b>32 859</b>
<b>TOTAL LIABILITIES</b>		<b>28 917</b>	<b>32 859</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 565 308</b>	<b>5 492 376</b>
Ownership	6		
Transactions with related parties	7		



<b>NOTES</b>	<b>1 Sept 2015 - 31 Aug 2016 DKK '000</b>	<b>1 Jan - 31 Aug 2015 DKK '000</b>
<b>Note 1</b>		
<b>Staff costs</b>		
Average number of employees	15	11
Total staff costs:		
Wages and salaries	24 450	16 749
Pension costs	5 378	1 885
Other social security costs	36	37
Other staff costs	1 216	365
	<b>31 080</b>	<b>19 036</b>
<b>Note 2</b>		
<b>Other financial income</b>		
Interest from group enterprises	0	313
Other interest income including foreign exchange gains	56	14 253
	<b>56</b>	<b>14 566</b>
<b>Note 3</b>		
<b>Other financial expenses</b>		
Other interest expense including foreign exchange losses	-2 419	0
	<b>-2 419</b>	<b>0</b>



IKEA Centres

## NOTES

	<b>31 Aug 2016</b>	<b>31 Aug 2015</b>
	DKK '000	DKK '000
<b>Note 4</b>		
<b>Investments in group enterprises</b>		
Cost beginning of year	4 857 900	4 886 994
New equity	692	0
Currency adjustments	8	-29 094
<b>Cost 31 August 2016</b>	<b>4 858 600</b>	<b>4 857 900</b>
Impairments beginning of year	161 156	372 078
Impairments this year	-93 477	-210 922
<b>Impairments 31 August 2016</b>	<b>67 679</b>	<b>161 156</b>
<b>Cost price value 31 August 2016</b>	<b>4 790 921</b>	<b>4 696 744</b>
	<b>Equity 31 August 2016</b>	<b>Result 1 Sep 2015 - 31 Aug 2016</b>
<b>Name of subsidiary</b>	<b>Ownership</b>	
IKEA Centres Investments A/S	100%	2 345 743 -1
IKEA Centres Investments II A/S	100%	1 038 105 0
IKEA Centres Investments III A/S	100%	1 339 458 -1
IKEA Centres Investments IV A/S	100%	691 -388
IKEA Centres China Co Ltd	100%	44 636 -31 701



## NOTES

	<b>Share capital</b>	<b>Share premium account</b>	<b>Retained profit</b>	<b>Total</b>
Note 5	DKK '000	DKK '000	DKK '000	DKK '000
<b>Equity</b>				
Equity 1 September 2015	93 905	4 912 681	426 776	5 433 362
Proposed distribution, profit for the year	0	0	74 062	74 062
Other equity movements	130	-130	0	0
Exchange adjustment	0	0	2 890	2 890
<b>Equity 31 August 2016</b>	<b>94 035</b>	<b>4 912 551</b>	<b>503 728</b>	<b>5 510 314</b>

### Share capital increase in EUR '000

	<b>2016</b>
	EUR '000
<b>Share capital</b>	
The share capital is divided as follows:	
126.200 shares in the denomination of EUR 100	<b>12 620</b>

Movements in share capital:	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
1 September	94 035	94 035	91 775	65 700	54 800
Capital increase	0	0	2 260	26 075	10 900
31 August	<b>94 035</b>	<b>94 035</b>	<b>94 035</b>	<b>91 775</b>	<b>65 700</b>



IKEA Centres

## NOTES

### Note 6

#### **Ownership**

The following shareholders are recorded in the company's register of shareholders as owning minimum 5% of the votes or the share capital:

IKEA Centres Asia B.V., Leiden, The Netherlands

The largest and smallest group consolidated financial statements that the company is part of are prepared by:

Ingka Holding B.V., The Netherlands, commercial reg. no. 33773748

### Note 7

#### **Transactions with related parties**

All major transactions with related parties are made at arms-length principal.

