

BURBERRY (NO. 1) UNLIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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BURBERRY (NO. 1) UNLIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their Strategic Report for the year ended 31 March 2016.

Business review

Burberry (No. 1) Unlimited (the "Company") is a wholly owned subsidiary of Burberry Group plc (the "Group"). Its principal activity is to act as a financing company.

The balance sheet on page 7 of the financial statements shows that the Company is in a net asset position at the year end consistent with the prior year.

Future developments

At the date of this report the directors do not anticipate any major changes in the Company's activities in the next year.

First time application of FRS 100 and FRS 101

In the current year the Company has adopted Financial Reporting Standard 100 (FRS 100) and Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In previous years the financial statements were reported in accordance with applicable UK accounting standards.

The change in the basis of preparation has not materially altered the recognition or measurement requirements previously applied in accordance with UK GAAP.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Burberry Group plc and are not managed separately. Accordingly, the principal risk and uncertainties of Burberry Group plc, which include those of the Company, are discussed on pages 56 to 61 of the Group's 2015/16 Annual Report which does not form part of this report.

Financial risk management

From the perspective of the Company, the financial risk management is integrated with the financial risk management of Burberry Group plc and is not managed separately. Accordingly, the financial risk management of Burberry Group plc, which includes that of the Company, is discussed on pages 155 to 157 of the Group's 2015/16 Annual Report which does not form part of this report.

Key performance indicators

The directors of Burberry Group plc manage the Group's operations on a consolidated basis using key performance indicators. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate. The development, performance and position of Burberry Group plc is discussed in the Group Financial Review section of the Group's 2015/16 Annual Report which does not form part of this report.

By order of the board



N P Jones

Director

30 September 2016

BURBERRY (NO. 1) UNLIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Dividends paid

There were no dividends paid during the year (2015 - £nil).

Results and dividends

The Company's profit for the year, after taxation, amounted to £2,304,849 (2015 - £2,176,147)

The directors do not recommend the payment of a final dividend (2015 - £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

C A Fairweather

N P Jones (appointed director on 2 November 2015, previously alternate director to C A Fairweather)

M N C Mahony (resigned 2 November 2015)

J B Smith

E C Rash (alternate director to M N C Mahony, resigned 2 November 2015)

B D Jackson (alternate director to J B Smith, appointed 7 April 2015)

R Djellas (alternate director to C A Fairweather, appointed 2 November 2015)

BURBERRY (NO. 1) UNLIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

Future developments

Please refer to the Strategic Report on page 1 for the future developments of the Company.

Financial risk management

Please refer to the Strategic Report on page 1 for the financial risk management of the Company.

Qualifying third-party indemnity provision

Carol Fairweather and John Smith have the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. Each such indemnity was put in place by the Company's parent company Burberry Group plc, and covers their duties as Directors of the parent company and its subsidiaries. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. Burberry group plc also purchased and maintained throughout the financial year Director's and Officer's liability insurance in respect of itself and its Group Directors, including the directors of its subsidiaries.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board



N P Jones
Director
30 September 2016

BURBERRY (NO. 1) UNLIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY (NO. 1) UNLIMITED

Report on the financial statements***Our opinion***

In our opinion, Burberry (No. 1) Unlimited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception***Adequacy of accounting records and information and explanations received***

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this

BURBERRY (NO. 1) UNLIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY (NO. 1) UNLIMITED

responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

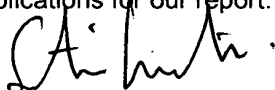
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sotiris Kroustis (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 September 2016

BURBERRY (NO. 1) UNLIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Finance income	4	2,304,849	2,176,147
Profit on ordinary activities before taxation		2,304,849	2,176,147
Taxation	5	-	-
Profit for the year		2,304,849	2,176,147

The Company had no other comprehensive income during the year other than that included in the Income Statement, and therefore no separate Statement of Comprehensive Income has been presented.

The above results are derived from continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

BURBERRY (NO. 1) UNLIMITED
REGISTERED NUMBER: 04452028

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 £	2015 £
Current assets			
Trade and other receivables - amounts falling due after more than one year	6	124,834,475	122,529,626
Net assets		<u>124,834,475</u>	<u>122,529,626</u>
Capital and reserves			
Ordinary share capital	7	1,000	1,000
Profit and loss account		124,833,475	122,528,626
Total equity		<u>124,834,475</u>	<u>122,529,626</u>

The notes on pages 9 to 13 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C A Fairweather
 Director
 30 September 2016

BURBERRY (NO. 1) UNLIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Ordinary share capital £	Profit and loss account £	Total equity £
At 31 March 2015	1,000	122,528,626	122,529,626
Comprehensive income for the year			
Profit for the year	-	2,304,849	2,304,849
At 31 March 2016	<u>1,000</u>	<u>124,833,475</u>	<u>124,834,475</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Ordinary share capital £	Profit and loss account £	Total equity £
At 31 March 2014	1,000	120,352,479	120,353,479
Comprehensive income for the year			
Profit for the year	-	2,176,147	2,176,147
At 31 March 2015	<u>1,000</u>	<u>122,528,626</u>	<u>122,529,626</u>

The notes on pages 9 to 13 form part of these financial statements.

BURBERRY (NO. 1) UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Burberry (No. 1) Unlimited (the "Company") is a financing company. The Company is an unlimited company incorporated and domiciled in the UK. The address of its registered office is Horseferry House, Horseferry Road, London, SW1P 2AW.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

Financial Reporting Standard 101 - reduced disclosure exemptions

The change in basis of preparation has enabled the Company to take advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, which are summarised below:

- the requirements of IFRS 7, 'Financial Instruments: Disclosures';
- the requirement in paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of the following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);- 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation); and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

BURBERRY (NO. 1) UNLIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition or measurement requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated:

1.2 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Financial instruments

A financial instrument is initially recognised at fair value on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Subsequent to initial recognition, all financial assets and liabilities are stated at amortised cost using the effective interest rate method. The fair value of the financial assets and liabilities held at amortised cost approximate their carrying amount due to the use of market interest rates.

The Company's primary category of financial instruments is listed below:

Trade and other receivables

Trade and other receivables are included in current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the movement in the provision is recognised in the Income Statement.

1.4 Taxation

Tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense which are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The liability for current tax is calculated using tax rates which have been enacted or substantively enacted by the balance sheet date.

BURBERRY (NO. 1) UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1.5 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements in conformity with FRS 101 requires that management make certain judgements, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgements at the date of the financial statements, deviate from actual circumstances, the original estimate and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key area where the estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities is discussed below:

Impairment of loan receivables

The Company is required to make an estimate of the recoverable value of loan receivables. When assessing impairment of loan receivables, management considers factors including any specific known problems or risks. Refer to note 6 for further details on the net carrying value of trade and loan receivables.

3. Profit on ordinary activities before taxation

The directors did not receive any emoluments in respect of their services to the Company (2015 - £nil).

The Company has no employees and therefore no employee costs are included in these financial statements (2015 - £nil). The Company has not been recharged audit fees of £1,300 (2015 - £1,300) as these were paid by Burberry Limited.

4. Finance income

	2016 £	2015 £
Interest receivable from ultimate parent	1,739,767	1,642,619
Interest receivable from fellow subsidiary	565,082	533,528
	<u>2,304,849</u>	<u>2,176,147</u>

BURBERRY (NO. 1) UNLIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. Taxation

Corporation tax is based on the profit for the year and comprises:

	2016 £	2015 £
Corporation tax		
Corporation tax at 20% (2015 - 21%)	-	-

Factors affecting tax charge for the year

UK Group companies do not charge/pay for group tax relief from other UK companies. As such, Burberry (No.1) Unlimited does not recognise a tax (credit)/charge for any (losses)/profits to the extent that there are sufficient profits/(losses) within the UK Group companies to fully offset Burberry No.1 Unlimited's UK liability.

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	2,304,849	2,176,147
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	460,970	456,991
Effects of:		
Debt cap adjustment	(460,970)	(456,991)
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were a number of changes to the UK corporation tax system announced in the July 2015 Budget Statement. The main rate of corporation tax will change to 19% from 1 April 2017 and further change to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015.

6. Trade and other receivables

	2016 £	2015 £
Amounts falling due after more than one year		
Due from ultimate parent	94,228,695	92,488,928
Due from fellow subsidiary	30,605,780	30,040,698
	124,834,475	122,529,626

BURBERRY (NO. 1) UNLIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

6. Trade and other receivables (continued)

Amounts falling due after more than one year are interest bearing (2015 - £122,529,626). The interest rate earned is based on LIBOR plus 0.5-0.9% (2015 - 0.9%). These balances are unsecured and repayable between 17 June 2019 and 17 June 2020.

7. Ordinary share capital

	2016 £	2015 £
Allotted, called up and fully paid		
115,099,985 (2015 - 115,099,985) ordinary shares of £0.00000869 (2015 - £0.00000869) each	<u>1,000</u>	<u>1,000</u>

8. Immediate and ultimate parent company

The immediate parent undertakings are Burberry (Spain) Finance Limited and Burberrys Limited which are registered in England and Wales.

The ultimate parent undertaking and controlling party is Burberry Group plc which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Burberry Group plc is registered in England and Wales and copies of the consolidated financial statements can be obtained from the Company Secretary at Burberry Group plc, Horseferry House, Horseferry Road, London SW1P 2AW.

9. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have had no impact on equity or profit or loss.