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**BURBERRY (NO. 1) UNLIMITED**

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**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

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**BURBERRY (NO. 1) UNLIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their strategic report for the year ended 31 March 2014.

**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.

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

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.

**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 risks and uncertainties of Burberry Group plc, which include those of the Company, are discussed on pages 61 to 63 of the Group's 2013/14 Annual Report which does not form part of this report.

**Financial risk management**

From the perspective of the Company, financial risk management is integrated with the financial risk management of Burberry Group plc and is not managed separately. Accordingly, financial risk management of Burberry Group plc, which includes that of the Company, is discussed on pages 148 to 150 of the Group's 2013/14 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 Performance section of the Group's 2013/14 Annual Report which does not form part of this report.

By order of the board



**M N C Mahony**  
Director

24 June 2014

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## BURBERRY (NO. 1) UNLIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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The directors present their report and the audited financial statements for the year ended 31 March 2014.

#### 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.

#### Results and dividends

The Company's result for the year is £nil (2013: £nil). The directors do not recommend the payment of a final dividend (2013: £nil).

#### Directors

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

S L Cartwright (resigned 1 June 2013)  
C A Fairweather  
N P Jones (alternate director to C A Fairweather)  
M N C Mahony  
J B Smith (appointed 1 June 2013)  
E C Rash (alternate director to M N C Mahony, appointed 15 November 2013)

#### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in 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.

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**BURBERRY (NO. 1) UNLIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Statement of disclosure of information to auditors**

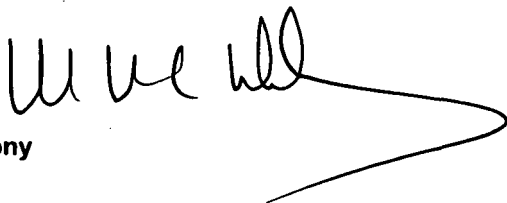
In accordance with the provisions of section 418 of the Companies Act 2006 each of the Company's directors in office as at the date of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent auditors**

The Company has passed elective resolutions dispensing with the need to hold an Annual General Meeting and annually appoint an auditor. Accordingly, PricewaterhouseCoopers LLP, are deemed to be reappointed as auditor for the forthcoming year.

By order of the board

A handwritten signature in black ink, appearing to read 'M N C Mahony', followed by a long horizontal line extending to the right.

**M N C Mahony**  
Director

24 June 2014

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## BURBERRY (NO. 1) UNLIMITED

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

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#### Report on the financial statements

##### *Our opinion*

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its result 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.

This opinion is to be read in the context of what we say in the remainder of this report.

##### *What we have audited*

The financial statements, which are prepared by Burberry (No. 1) Unlimited, comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit and Loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

##### *What an audit of financial statements involves*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (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.

In addition, we read all the financial and non-financial information in the strategic report, directors' report and financial statements 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.

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**BURBERRY (NO. 1) UNLIMITED**

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

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and 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 responsibility.

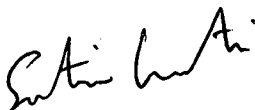
**Responsibilities for the financial statements and the audit**

***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 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.



Sotiris Kroustis (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

24 June 2014

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**BURBERRY (NO. 1) UNLIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

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	Note	2014 £	2013 £
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	-
		<hr/>	<hr/>

The notes on pages 8 to 10 form part of these financial statements.

The above results derive from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The Company had no recognised gains and losses during the year other than those reflected in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

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**BURBERRY (NO. 1) UNLIMITED**  
**REGISTERED NUMBER: 04452028**

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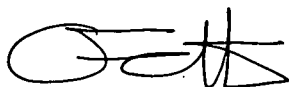
**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

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	Note	2014 £	2013 £
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	4	<u>120,353,479</u>	<u>120,353,479</u>
<b>Net current assets</b>		<u><u>120,353,479</u></u>	<u><u>120,353,479</u></u>
<b>Capital and reserves</b>			
Called up share capital	5	1,000	1,000
Profit and loss account		<u>120,352,479</u>	<u>120,352,479</u>
<b>Total shareholders' funds</b>	6	<u><u>120,353,479</u></u>	<u><u>120,353,479</u></u>

The notes on pages 8 to 10 form part of these financial statements.

The financial statements of Burberry (No. 1) Unlimited (registered number 04452028) were approved by the board of directors on 24 June 2014. They were signed on its behalf by:



**C A Fairweather**  
Director

24 June 2014



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## BURBERRY (NO. 1) UNLIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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#### **1. Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **1.1 Basis of preparation**

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

##### **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 Dividend distribution**

Dividend distributions are recognised as a liability in the year in which the dividends are approved by the shareholders in the case of final dividends or when they are paid in respect of interim dividends.

##### **1.4 Foreign currency transactions**

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at year end, are translated into Sterling at the exchange rate ruling at the balance sheet date. Exchange differences on monetary items are recognised in the profit and loss account in the period in which they arise.

##### **1.5 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **1.6 Related party transactions**

Financial Reporting Standard ("FRS") 8, 'Related party disclosures' requires the disclosure of the details of material transactions and balances between the reporting entity and related parties. The Company has taken advantage of the exemption under the terms of FRS 8, not to disclose details of transactions with entities that are wholly owned subsidiaries.

##### **1.7 Cash flow statement**

The Company is a wholly owned subsidiary of Burberry Group plc and is included in the consolidated financial statements of Burberry Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1, "Cash flow statements" (revised 1996).

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**BURBERRY (NO. 1) UNLIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**2. Profit on ordinary activities before taxation**

The directors did not receive any emoluments in respect of their services to the Company (2013: £nil).

The Company has no employees and therefore no employee costs are included in these financial statements (2013: £nil). The Company has not been recharged audit fees of £1,300 (2013: £1,300) as these were all paid for by Burberry Limited.

**3. Tax on profit on ordinary activities**

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

	2014 £	2013 £
Corporation tax at 23% (2013: 24%)	-	-

**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 23% (2013: 24%).

The difference is explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	-	-
<b>Adjusted for the impact of:</b>		
Debt cap adjustment	(744,626)	(1,054,871)
Transfer pricing adjustment - imputed interest	744,626	1,054,871
<b>Total current tax</b>	-	-

**Factors that may affect future tax charges**

There were a number of changes to the UK corporation tax system announced in the March 2013 Budget Statement. The main rate of corporation tax changes to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. These changes were substantively enacted on 2 July 2013.

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**BURBERRY (NO. 1) UNLIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**4. Debtors: amounts falling due after more than one year**

	2014 £	2013 £
Amounts owed by Group undertakings	<u>120,353,479</u>	<u>120,353,479</u>

Amounts owed by Group undertakings are interest bearing (2013: £nil). The interest rate earned is based on LIBOR plus 0.9%. These loans are unsecured and receivable on 17 June 2019.

**5. Called up share capital**

	2014 £	2013 £
<b>Allotted, issued and fully paid</b>		
115,099,985 (2013: 115,099,985) ordinary shares of £0.000008688 (2013: £0.000008688) each	<u>1,000</u>	<u>1,000</u>

**6. Reconciliation of movement in shareholders' funds**

	2014 £	2013 £
Shareholders' funds at 1 April 2013 and 31 March 2014	<u>120,353,479</u>	<u>120,353,479</u>

**7. 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.