

Burberry Spain (UK) Limited

Registered Number: 4868448

Directors' report and Accounts

For the year to 31 March 2005



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Burberry Spain (UK) Limited

Directors' report for the year to 31 March 2005

The directors submit their report and the audited financial statements for the year to 31 March 2005. The company was incorporated on 15 August 2003. Therefore the prior period comparatives cover the period from 15 August 2003 to 31 March 2004.

Principal activities

The company's principal activity is to act as an investment company.

Results and dividends

The company's result for the period was £nil (2004(restated, see note 2): £nil). The directors do not recommend the payment of a final dividend (2004: £nil).

The company intends to continue to act as an investment company for the foreseeable future.

Directors and their interests

The directors who held office during the year were as follows:

S L Cartwright
C A Gibbons (Resigned 9 February 2006)
R J H Kessell

The interests of S L Cartwright, who is also a director of Burberry Group plc, are shown in the annual report of that company.

The interests of C A Gibbons and R J H Kessell, who are also directors of Burberry Limited, are shown in the annual report of that company.

Burberry Spain (UK) Limited

Directors' report for the year to 31 March 2005 (Continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. In preparing those financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

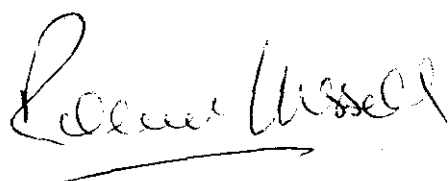
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company has passed elective resolutions dispensing with the need to hold an Annual General Meeting and annually reappoint auditors. Accordingly, PricewaterhouseCoopers LLP are deemed to have been re-appointed as auditors for the forthcoming year.

By order of the board

22 February 2006

A handwritten signature in black ink, appearing to read 'R J H Kessell', with a horizontal line underneath.

R J H Kessell
Director

Burberry Spain (UK) Limited

Independent auditors' report to the members of Burberry Spain (UK) Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

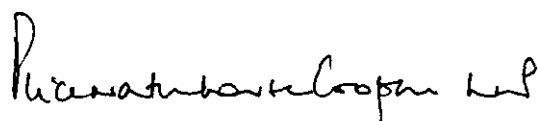
Basis of audit opinion

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 March 2005 and of its result for the year then ended and has been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

22 February 2006

Burberry Spain (UK) Limited

Profit and loss account for the year to 31 March 2005

		2005	2004
	Note	£	(Restated)* £
Dividend receivable from subsidiary undertaking		-	-
Profit on ordinary activities before and after taxation and retained profit for the year	3,4,8,9	-	-

*Restated to reflect prior period adjustments see note 2.

The above activities relate to continuing operations.

The company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

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

Burberry Spain (UK) Limited

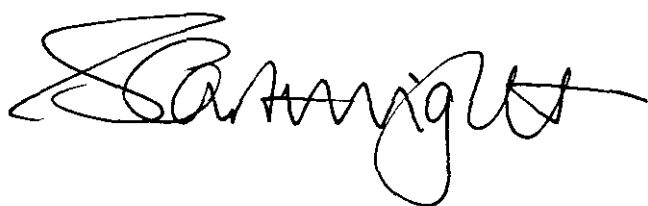
Balance sheet as at 31 March 2005

		2005	2004
			(Restated)*
	Note	£	£
Fixed assets			
Investment	5	469,414,215	469,414,215
Current assets			
Cash at bank		100	100
Debtors	6	-	-
Net assets		469,414,315	469,414,315
Capital and reserves			
Called up share capital	7	400	400
Share premium	8	469,413,915	469,413,915
Profit and loss account	8	-	-
Equity Shareholders' Funds	9	469,414,315	469,414,315

*Restated to reflect prior period adjustments see note 2.

The notes on pages 6 to 9 form part of these financial statements.

Approved by the board on 22 February 2006



S L Cartwright
Director

Burberry Spain (UK) Limited

Notes to the financial statements for the year to 31 March 2005

1. Accounting policies

The principal accounting policies of the company are:

(a) Basis of accounting

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, which have been applied on a consistent basis.

(b) Investments

Investments held by the company are carried at cost less amounts written off in respect of impairment.

(c) Cash flow statement and related party disclosures

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 ("FRS 1") (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 ("FRS 8") from disclosing related party transactions with entities that are part of the Burberry Group.

2. Prior year adjustment

The prior year comparators have been restated to reflect a correction to the accounting for preference dividends receivable from Burberry Haymarket Limited as this company currently has insufficient reserves to declare a preference dividend.

3. Profit for the year

The company's profit for the year to 31 March 2005 is £nil (2004 (restated): £nil). The prior year comparative has been restated to correct the accounting for preference dividends receivable from Burberry Haymarket Limited.

No directors received any remuneration from the company during the year to 31 March 2005 (2004: £nil).

No employee costs are included in these financial statements. The auditors received remuneration of £750 (2004: £700), which was paid by Burberry Limited, a fellow subsidiary.

Burberry Spain (UK) Limited

Notes to the financial statements for the year to 31 March 2005 (continued)

4. Taxation on profit on ordinary activities

Factors affecting tax charge for year

The tax assessed for the year differs to the standard rate of corporation tax in the UK (30%) (2004: 30%). The difference is explained below:

	2005	2004 (Restated)*
	£	£
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	-	-
Total current tax	-	-

*Restated to reflect prior period adjustments see note 2.

5. Investment

	£
As at 1 April 2004 and 31 March 2005	469,414,215

The investment is held at cost.

Investment in preference shares	Place of registration and incorporation	Percentage of holding of preference share capital	Nature of business
Burberry Haymarket Ltd	UK	100%	Holding company

Burberry Haymarket Limited has the right to redeem the whole or any part of the preference shares at any time until 18 December 2008. On this date any preference shares outstanding will be redeemed in full for their face value together with any dividends accruing to that date.

On a return of capital on winding-up or otherwise (other than on redemption or purchase of shares), the holders of the preference shares shall be entitled to a sum equal to the nominal capital paid up or credited as paid up on the preference shares held by them respectively, together with a sum equal to all arrears and accruals of any dividends. This payment will rank in priority to any payment to the holders of any other class of shares.

Burberry Spain (UK) Limited

Notes to the financial statements for the year to 31 March 2005 (continued)

6. Debtors

	2005 £	2004 (Restated)* £
Amounts due from group undertakings	-	-

*Restated to reflect prior period adjustments see note 2.

7. Called up share capital

	2005 Number	2004 Number	2005 £	2004 £
Authorised				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted, issued and fully paid				
Ordinary shares of £1 each				
As at 1 April	400	-	400	-
Issued on incorporation	-	1	-	1
Issued on 11 November 2003	-	99	-	99
Issued on 18 December 2003	-	300	-	300
As at 31 March	400	400	400	400

On incorporation 1 ordinary share was issued for cash at par. On 11 November 2003 a further 99 ordinary shares were issued for cash at par. On 18 December 2003, 300 ordinary shares were issued for £469,414,215. No expenses were incurred in issuing these ordinary shares.

8. Reserves

	Share premium account £	Profit and loss account (Restated)* £
As at 1 April 2004	469,413,915	-
Retained profit for the year	-	-
As at 31 March 2005	469,413,915	-

*Restated to reflect prior period adjustments see note 2.

Burberry Spain (UK) Limited

Notes to the financial statements for the year to 31 March 2005 (continued)

9. Reconciliation of movements in Shareholders' Funds

	£
As at 1 April 2004 (Restated)* and 31 March 2005	469,414,315

*Restated to reflect prior period adjustments see note 2.

10. Immediate and ultimate parent company

The immediate parent undertaking is Burberry (Spain) Holdings SL, which is registered in Spain.

The parent undertaking of the smallest group to consolidate these financial statements is Burberry Group plc which is registered in England and Wales. Copies of the consolidated accounts can be obtained from the Company Secretary at Burberry Group plc, 18-22 Haymarket, London SW1Y 4DQ.

The ultimate parent undertaking and controlling party was GUS plc, which was the parent company of the largest group to consolidate these financial statements. Copies of GUS plc consolidated financial statements can be obtained from the Company Secretary at GUS plc, One Stanhope Gate, London, W1K 1AF.

On 13 December the Burberry Group was demerged from GUS plc and from this date the ultimate parent company of the Group became Burberry Group plc.