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**BURBERRY (SPAIN) FINANCE LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**



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## **BURBERRY (SPAIN) FINANCE LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

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The directors present their report and the audited financial statements for the year ended 31 March 2012

#### **Principal activities and future developments**

Burberry (Spain) Finance Limited (the "Company") is a wholly owned subsidiary of Burberry Group plc (the "Group"). Its principal activity is to act as a holding 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 6 of the financial statements shows that the Company is in a net asset position at the year end consistent with the prior year.

#### **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 Financial review section of the Group's 2011/12 Annual report which does not form part of this report.

#### **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 56 to 59 of the Group's 2011/12 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 128 to 130 of the Group's 2011/12 Annual report which does not form part of this report.

#### **Results and dividends**

The Company's result for the year is €nil (2011: loss €643,133). The directors do not recommend the payment of a dividend (2011: €nil).

#### **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 auditors are 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 auditors are aware of that information.

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## BURBERRY (SPAIN) FINANCE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

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#### Directors

The directors who held office during the year were as follows

S L Cartwright

C A Fairweather

A G Janowski (resigned 23 April 2012)

V L Rainsford (alternate director to C A Fairweather, resigned 12 March 2012)

N P Jones (alternate director to C A Fairweather, appointed 12 March 2012)

M N C Mahony was appointed a director of the Company on 23 April 2012

#### Statement of directors' responsibilities

The directors are responsible for preparing 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

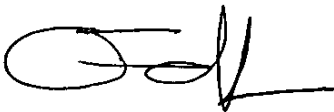
- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

#### Independent auditors

In accordance with section 487 of the Companies Act 2006 the auditors are deemed reappointed as auditors for the coming year, the Company having passed an elective resolution under the Companies Act 1985 to dispense with the annual appointment of auditors, which remained in force immediately before 1 October 2007.

By order of the board



**C A Fairweather**  
Director

16 July 2012

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## **BURBERRY (SPAIN) FINANCE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY (SPAIN) FINANCE LIMITED**

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We have audited the financial statements of Burberry (Spain) Finance Limited for the year ended 31 March 2012, which comprise the profit and loss account, the balance sheet and the related notes. 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).

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

As explained more fully in the statement of directors' responsibilities 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, 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 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.

#### **Scope of the audit of the financial statements**

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 directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its results 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.

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

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**BURBERRY (SPAIN) FINANCE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY (SPAIN) FINANCE LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Kemp (Senior statutory auditor)

**for and on behalf of PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

London

16 July 2012

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**BURBERRY (SPAIN) FINANCE LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

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	Note	2012 €	2011 €
Impairment charges	3	-	(643,133)
<b>Loss on ordinary activities before taxation</b>	2	-	(643,133)
Taxation on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after taxation</b>	7	-	(643,133)

The notes on pages 7 to 11 form part of these financial statements

The above results derive from continuing operations

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

The Company had no recognised gains and losses during the years 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 (SPAIN) FINANCE LIMITED**  
**REGISTERED NUMBER. 06505504**

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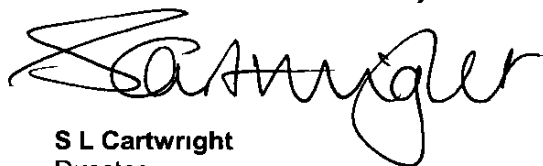
**BALANCE SHEET**  
**AS AT 31 MARCH 2012**

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	Note	2012 €	2011 €
<b>Fixed assets</b>			
Investments	5	<u>602,491,997</u>	<u>602,491,997</u>
<b>Total assets less current liabilities</b>		<u><u>602,491,997</u></u>	<u><u>602,491,997</u></u>
<b>Capital and reserves</b>			
Called up share capital	6	100	100
Share premium		<u>599,999,901</u>	<u>599,999,901</u>
Profit and loss reserve		<u>2,491,996</u>	<u>2,491,996</u>
<b>Equity shareholders' funds</b>	7	<u><u>602,491,997</u></u>	<u><u>602,491,997</u></u>

The notes on pages 7 to 11 form part of these financial statements

The financial statements of Burberry (Spain) Finance Limited (registered number 06505504) were approved by the board of directors on 16 July 2012. They were signed on its behalf by



**S L Cartwright**  
Director

16 July 2012

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## **BURBERRY (SPAIN) FINANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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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 periods 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. The functional currency of the Company is Euro, so therefore the financial statements have been prepared in Euro. The year-end GBP Euro exchange rate was £1 €1.19 (2011: £1 €1.13).

##### **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 period 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 Investments**

Investments held by the Company are stated at cost, less any provisions to reflect impairment in value.

##### **1.5 Impairment**

Investments are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use.

##### **1.6 Foreign currency transactions**

Transactions denominated in foreign currencies are translated into Euro 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 Euro 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.

##### **1.7 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.



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## BURBERRY (SPAIN) FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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#### 1. Accounting policies (continued)

##### 1.8 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.

##### 1.9 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).

#### 2. Result for the year

The directors did not receive any emoluments in respect of their services to the Company (2011: €nil).

The Company has no employees and therefore no employee costs are included in these financial statements (2011: €nil). The Company has not been recharged audit fees of €1,600 (2011: €1,500) as these were all paid for by Burberry Limited.

#### 3. Impairment charges

In the prior year, the investment in Burberry (No. 1) Unlimited was impaired by €643,133 in accordance with FRS 11 "Impairment of fixed assets and goodwill."

#### 4. Taxation on loss on ordinary activities

Corporation tax is based on the taxable loss for the period and comprises

	2012 €	2011 €
Corporation tax at 26% (2011: 28%)	-	-

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**BURBERRY (SPAIN) FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**4. Taxation on loss on ordinary activities (continued)****Factors affecting tax charge for the period**

UK Group companies do not charge/pay for group tax relief from other UK Group companies. As such Burberry (Spain) Finance Limited 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 (Spain) Finance Limited's UK liability.

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26% (Period from 2011 - 28%)

The differences are explained below

	2012 €	2011 €
Loss on ordinary activities before taxation	-	(643,133)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	-	(180,077)
<b>Adjusted for the impact of:</b>		
Non-deductible impairment charges / (reversals)	-	180,077
<b>Total current tax</b>	-	-

There were a number of changes to the UK Corporation tax system announced in the March 2012 Budget Statement. In addition to the change in the main rate of Corporation tax to 24% with effect from 1 April 2012, which was substantively enacted on 26 March 2012, further reductions are proposed to reduce the rate by 1% per annum to 22% by 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

## BURBERRY (SPAIN) FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 5. Investments

	2012 €	2011 €
Burberry Spain (UK) Limited	527,311,403	527,311,403
Burberry (No 1) Limited	75,823,727	75,823,727
Investment at cost	603,135,130	603,135,130
Accumulated Impairment	(643,133)	(643,133)
Total carrying value of investments	<u>602,491,997</u>	<u>602,491,997</u>

In the prior year, the Company impaired its investment in Burberry (No 1) Unlimited by €643,133 in accordance with FRS 11 "Impairment of fixed assets and goodwill "

Subsidiary undertaking	Place of registration and incorporation	Percentage of holding of ordinary share capital	Nature of business
Burberry Spain (UK) Limited	UK	100 %	Financing company
Burberry (No 1) Unlimited	UK	57.6 %	Financing company

As permitted under Section 400, of the Companies Act 2006 Group financial statements have not been prepared as the Company is itself a wholly owned subsidiary of another company (see note 8)

#### 6. Called up share capital

	2012 €	2011 €
<b>Allotted, issued and fully paid</b>		
100 (2011: 100) ordinary shares of €1 each	<u>100</u>	<u>100</u>

As permitted by the Companies Act 2006 the Company no longer has an authorised share capital having adopted new Articles of Association by written resolution in 2010

#### 7. Reconciliation of movement in shareholders' funds

	2012 €	2011 €
Opening shareholders' funds	602,491,997	603,135,130
Loss for the year	-	(643,133)
Closing shareholders' funds	<u>602,491,997</u>	<u>602,491,997</u>

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## **BURBERRY (SPAIN) FINANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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#### **8. Immediate and ultimate parent company**

The immediate and 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.