

Registered number: 06505504

**BURBERRY (SPAIN) FINANCE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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

### **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 (Spain) Finance Limited (the "Company") is a wholly owned subsidiary of Burberry Group plc (the "Group"). The Company's principal activity is to act as a holding 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 prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in note 1.1.

#### **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 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, 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 include those 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 Financial Review section of the Group's 2015/16 Annual Report which does not form part of this report.

By order of the board

  
**J B Smith**  
Director

19 January 2017

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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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 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**

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

**Results**

The Company's profit for the year, after taxation, amounted to £557,000 (2015 - £nil).

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 were:

C A Fairweather

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

<b>BURBERRY (SPAIN) FINANCE LIMITED</b>
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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**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**

C A Fairweather and J B Smith have the benefit of 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.

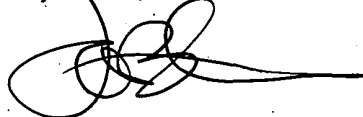
**Post balance sheet events**

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



**J B Smith**  
Director  
19 January 2017

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

In our opinion, Burberry (Spain) Finance Limited'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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 (SPAIN) FINANCE LIMITED

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

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

19 January 2017

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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	Note	2016 £000	2015 £000
Impairment reversal		557	-
<b>Profit on ordinary activities before taxation</b>		<b>557</b>	<b>-</b>
Tax on profit on ordinary activities	4	-	-
<b>Profit on ordinary activities after taxation</b>		<b>557</b>	<b>-</b>

The notes on pages 9 to 14 form part of these financial statements.

The above results are derived from continuing operations.

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.

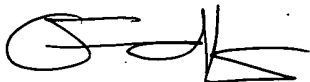
**BURBERRY (SPAIN) FINANCE LIMITED**  
**REGISTERED NUMBER:06505504**

**BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments in subsidiaries	5	555,859	555,302
<b>Net assets</b>		<u>555,859</u>	<u>555,302</u>
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Share premium account		477,517	477,517
Profit and loss account		78,342	77,785
<b>Total equity</b>		<u>555,859</u>	<u>555,302</u>

The notes on pages 9 to 14 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  
 19 January 2017



**BURBERRY (SPAIN) FINANCE LIMITED**

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 March 2015	-	477,517	77,785	555,302
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	557	557
<b>At 31 March 2016</b>	<b>-</b>	<b>477,517</b>	<b>78,342</b>	<b>555,859</b>

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 31 March 2014	-	477,517	77,785	555,302
<b>At 31 March 2015</b>	<b>-</b>	<b>477,517</b>	<b>77,785</b>	<b>555,302</b>

The notes on pages 9 to 14 form part of these financial statements.

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Burberry (Spain) Finance Limited is a holding company. The Company is a limited 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. 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 7).

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, the most significant of 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);
- 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; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'.

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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**1. Accounting policies (continued)**

**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 and therefore the application of International Accounting Standard 21 'The Effects of Changes in Foreign Exchange Rates' has led to a change in the functional and presentational currency of the Company from Euro to Sterling. This change has materially altered the recognition, measurement and disclosure requirements previously applied in accordance with UK GAAP. No other changes resulted from the adoption of FRS 100 and FRS 101.

**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 Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.4 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 fair value less costs to sell and value in use. Investments for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

**1.5 Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sterling which, following the transition to FRS 101, is the Company's functional and presentation currency.

*Transactions in foreign currencies*

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

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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**1. Accounting policies (continued)**

**1.6 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.

**1.7 Called up 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 investments*

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on the higher of an asset's fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates. Refer to note 10 for further details of investments.

**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.

# BURBERRY (SPAIN) FINANCE LIMITED

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

### 4. Taxation

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

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current 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 (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 does not differ from the standard rate of corporation tax in the UK of 20% (2015 - 21%).

	2016 £000	2015 £000
Profit on ordinary activities before taxation	557	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	111	-
<b>Effects of:</b>		
Impairment reversal not taxable	(111)	-
<b>Total tax charge for the year</b>	-	-

#### Factors that may affect future tax charges

There were a number of changes in the UK corporation tax system announced in the July 2015 Budget Statement and later in the March 2016 Budget. The main rate of corporation tax will change to 19% from 1 April 2017 and will further change to 17% from 1 April 2020. These changes were substantively enacted on 26 October 2015 and 6 September 2016 respectively.

**BURBERRY (SPAIN) FINANCE LIMITED**

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

**5. Investments in subsidiaries**

	<b>Investments in subsidiaries £000</b>
<b>Cost</b>	
At 1 April 2015	555,859
At 31 March 2016	<u>555,859</u>
<b>Accumulated impairment</b>	
At 1 April 2015	557
Impairment reversal	(557)
At 31 March 2016	<u>-</u>
<b>Net book value</b>	
At 31 March 2016	<u><u>555,859</u></u>
At 31 March 2015	<u><u>555,302</u></u>

In accordance with section 409 of the Companies Act 2006 the Company's only related undertaking as at 31 March 2016, including its country of incorporation and percentage share ownership, is disclosed below. The subsidiary undertaking is directly owned by the Company and operates in the country of incorporation.

<b>Company name</b>	<b>Country of incorporation</b>	<b>Interest</b>	<b>Holding (%)</b>
Burberry Spain (UK) Limited	UK	Ordinary shares	100%
Burberry (No.1) Unlimited	UK	Ordinary shares	57.6%

The directors consider the carrying value of the investments to be supported by their underlying assets.

**6. Called up share capital**

	<b>2016 £</b>	<b>2015 £</b>
<b>Allotted, called up and fully paid</b>		
100 (2015 - 100) ordinary shares of €1 (2015 - €1) each	<u>80</u>	<u>80</u>

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**BURBERRY (SPAIN) FINANCE LIMITED**

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

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**7. 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.