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Burberry Jersey (No. 2) Limited

Registered Number: FC23938

Directors' report and Accounts

For the year to 31 March 2005



Burberry Jersey (No. 2) Limited

Directors' report for the year to 31 March 2005

The directors submit their report and the financial statements for the year to 31 March 2005.

Principal activities

The company's principal activity is to act as a holding company.

Results and dividends

The company's profit for the year is £14,258 (2004: £14,549,243) and this has been transferred to reserves. No dividends have been declared for the period (2004: £nil).

Directors and their interests

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

S L Cartwright
C A Gibbons
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 Jersey (No. 2) 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 period. 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 which 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.

By order of the board

26 January 2006



R J H Kessell
Director

Burberry Jersey (No. 2) Limited

Profit and loss account for the year to 31 March 2005

	<i>Note</i>	2005 £	2004 £
Administrative expenses		(3,449)	(1,861)
Operating loss	2	(3,449)	(1,861)
Profit on disposal of investments		-	26,237,939
Loss on disposal of investments		-	(11,691,934)
Interest income	3	25,480	7,070
Foreign currency gain		-	1,306,948
Profit on ordinary activities		22,031	14,551,214
Taxation on profit/(loss) on ordinary activities	4	(7,503)	(1,971)
Profit on ordinary activities after taxation and retained profit for the financial year	8,9	14,528	14,549,243

The notes on pages 5 to 8 form part of these financial statements.

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 Jersey (No. 2) Limited

Balance sheet as at 31 March 2005

	Note	2005 £	2004 £
Current assets			
Cash at bank		3	3
Debtors - amounts falling due within one year	5	34,336	7,070
- amounts falling due after one year		78,138,373	78,138,451
		78,172,712	78,145,524
Creditors – amounts falling due within one year	6	(20,226)	(7,566)
Net assets		78,152,486	78,137,958
Capital and reserves			
Called up share capital	7	100,000	100,000
Share premium	8	63,492,371	63,492,371
Profit and loss account	8	14,560,115	14,545,587
Equity Shareholders' Funds	9	78,152,486	78,137,958

The notes on pages 5 to 8 form part of these financial statements.

Approved by the board on 26 January 2006



C A Gibbons
Director

Burberry Jersey (No. 2) 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) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction or at the forward contract rate where hedged. Monetary assets and liabilities denominated in foreign currencies, which are held at period end are translated into Euros at the exchange rate ruling at the balance sheet date. Exchange differences on monetary items are taken to the profit and loss account.

(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 Result for the year

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

No employee costs are included in these financial statements. The auditors received remuneration of £700 (2004: £300), which was paid by Burberry Limited, a fellow subsidiary.

3 Interest income

Interest income represents interest on loans to fellow subsidiary companies.

Burberry Jersey (No. 2) Limited

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

4 Taxation on profit on ordinary activities

The corporation tax charge is based on the taxable profit for the period and comprises:

	2005 £	2004 £
Corporation tax at 30% (2004: 30%)	7,503	1,971

Factors affecting tax charge for period

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

	2005 £	2004 £
Profit on ordinary activities before tax	22,031	14,551,214
Tax at 30% on profit on ordinary activities	6,609	4,365,364
Effects of:		
Income not taxable	-	(4,363,802)
Expenses not deductible for tax purposes	894	409
Total current tax charge	7,503	1,971

5 Debtors

	2005 £	2004 £
Amounts falling due within one year		
Prepayments	1,787	-
Amounts due from group undertakings	32,549	7,070
	34,336	7,070
Amounts falling due after one year		
Amounts due from group undertakings	78,138,373	78,138,451
Total	78,172,709	78,145,521

Amounts falling due within one year from group undertakings, represents interest due on loan balances.

Amounts falling due after one year due from group undertakings represents two loans, which are both unsecured and repayable on 18 December 2008. The first loan of £500,000 incurs interest at LIBOR plus 0.55%. The second loan of £77,638,373 is interest free.

Burberry Jersey (No. 2) Limited

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

6 Creditors - amounts falling due within one year

	2005 £	2004 £
Corporation tax	4,087	2,232
Amounts due to group undertakings	16,139	5,334
	20,226	7,566

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

7 Called up share capital

	2005 Number	2004 Number	2005 £	2004 £
Authorised				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Allotted, issued and fully paid				
As at 1 April and 31 March	100,000	100,000	100,000	100,000

8 Reserves

	Share premium account £	Profit and loss account £
As at 1 April 2004	63,492,371	14,545,587
Retained profit for the year	-	14,528
As at 31 March 2005	63,492,371	14,560,115

9 Reconciliation of movement in Shareholders' Funds

	2005 £	2004 £
Profit for the year	14,528	14,549,243
Net addition to Shareholders' Funds	14,528	14,549,243
Opening Shareholders' Funds	78,137,958	63,588,715
Closing Shareholders' Funds	78,152,486	78,137,958

Burberry Jersey (No. 2) Limited

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

10 Immediate and ultimate parent company

The immediate parent undertaking is Burberry Group plc which is registered in England and Wales and is the parent undertaking of the smallest group to consolidate these financial statements. 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 is GUS plc, which is 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.