

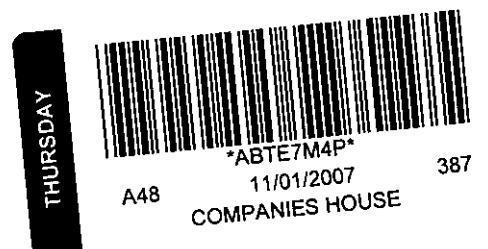
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Burberry Jersey (No. 2) Limited

Registered Number: FC23938

Directors' Report and Accounts

For the year to 31 March 2006



Burberry Jersey (No. 2) Limited

Directors' report for the year to 31 March 2006

The directors submit their report and the financial statements for the year to 31 March 2006.

Principal activities

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

Results and dividends

The company's profit for the year is £1,630,707 (2005: £14,528) and this has been transferred to reserves. No dividends have been declared for the period (2005: £nil).

Directors and their interests

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

S L Cartwright	
C A Gibbons	(resigned 9 February 2006)
R J H Kessell	(resigned 21 August 2006)
E G Foa	(appointed 10 February 2006)
C A Fairweather	(appointed 21 August 2006)

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, R J H Kessell and E G Foa, who were also directors of Burberry Limited during the year, are shown in the annual report of that company.

Burberry Jersey (No. 2) Limited

Directors' report for the year to 31 March 2006 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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:

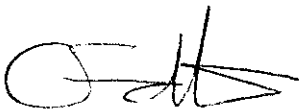
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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

14 December 2006



C A Fairweather
Director

Burberry Jersey (No. 2) Limited

Independent auditors' report to the members of Burberry Jersey (No. 2) Limited

We have audited the financial statements of Burberry Jersey (No.2) Limited for the period ended 31 March 2006, which comprise of the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibility of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 in to 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

14 December 2006

Burberry Jersey (No. 2) Limited

Profit and loss account for the year to 31 March 2006

	<i>Note</i>	2006 £	2005 £
Administrative expenses		(2,860)	(3,449)
Operating loss		(2,860)	(3,449)
Interest income	3	4,095,201	25,480
Profit on ordinary activities		4,092,341	22,031
Taxation on profit on ordinary activities	4	(2,461,634)	(7,503)
Profit on ordinary activities after taxation and retained profit for the financial year	8, 9	1,630,707	14,528

The notes on pages 6 - 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.

Burberry Jersey (No. 2) Limited

Balance sheet as at 31 March 2006

	Note	2006 £	2005 £
Current assets			
Cash at bank		25,358	3
Debtors - amounts falling due within one year	5	4,077,212	34,336
- amounts falling due after one year	5	78,138,373	78,138,373
		82,240,943	78,172,712
Creditors – amounts falling due within one year	6	(2,457,750)	(20,226)
Net assets		79,783,193	78,152,486
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	16,190,822	14,560,115
Equity Shareholders' Funds	9	79,783,193	78,152,486

The notes on pages 6 - 8 form part of these financial statements.

Approved by the board on 14 December 2006



E G Foa
Director

Burberry Jersey (No. 2) Limited

Notes to the financial statements for the year to 31 March 2006

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. Monetary assets and liabilities denominated in foreign currencies, which are held at period end are translated into sterling 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 2006 (2005: £nil).

No employee costs are included in these financial statements. The auditors received remuneration of £nil (2005: £700). In the prior year audit fees were both charged and paid by Burberry Limited.

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 2006 (continued)

4 Taxation on profit on ordinary activities

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

	2006 £	2005 £
Corporation tax at 30% (2005: 30%)	2,461,634	7,503

Factors affecting tax charge for period

The tax assessed for the year differs to the standard rate of corporation tax in the UK (30%) (2005: 30%). The differences are explained below:

	2006 £	2005 £
Profit on ordinary activities before tax	4,092,341	22,031
Tax at 30% on profit on ordinary activities	1,227,702	6,609
Effects of:		
Expenses not deductible for tax purposes	675	894
Tax adjustments in respect of prior years	1,233,257	-
Total current tax charge	2,461,634	7,503

The prior year adjustments in 2006 relate to interest charged for tax purposes on previously interest-free loans with other UK group companies.

5 Debtors

	2006 £	2005 £
Amounts falling due within one year		
Prepayments	1,787	1,787
Amounts due from group undertakings	4,075,425	32,549
	4,077,212	34,336
Amounts falling due after one year		
Amounts due from group undertakings	78,138,373	78,138,373
Total	82,215,585	78,172,709

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 incurs interest at LIBOR plus 0.325%.

Burberry Jersey (No. 2) Limited

Notes to the financial statements for the year to 31 March 2006 (continued)

6 Creditors - amounts falling due within one year

	2006 £	2005 £
Amounts payable to fellow subsidiaries in respect of group tax relief	2,457,750	4,087
Amounts due to group undertakings	-	16,139
	2,457,750	20,226

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

7 Called up share capital

	2006 Number	2005 Number	2006 £	2005 £
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 2005	63,492,371	14,560,115
Retained profit for the year	-	1,630,707
As at 31 March 2006	63,492,371	16,190,822

9 Reconciliation of movement in Shareholders' Funds

	2006 £	2005 £
Profit for the year	1,630,707	14,528
Net addition to Shareholders' Funds	1,630,707	14,528
Opening Shareholders' Funds	78,152,486	78,137,958
Closing Shareholders' Funds	79,783,193	78,152,486

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 largest 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.