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**Burberry Jersey (No. 2) Limited**

**Registered Number: FC023938**

**Directors' Report and Accounts**

**For the year to 31 March 2007**

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# **Burberry Jersey (No. 2) Limited**

## **Directors' report for the year to 31 March 2007**

The directors submit their report and the financial statements for the year to 31 March 2007

### **Principal activities and business review**

The company is a wholly owned subsidiary of Burberry Group plc, its principal activity is to act as a financing company. There have been no significant changes in the company's principal activity in the year under review. The directors do not intend, at the date of this report, that there will be any major changes in the company's activities in the next year.

The balance sheet on page 5 of the financial statements shows that the company's financial position at the year end is, in net assets, consistent with the prior year.

The Group manages its operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the financing companies of Burberry Group plc, which includes the company, is discussed in the Group's Annual Report which does not form part of this report.

### **Principal risk and uncertainties**

The directors of Burberry Group plc manage the risks of the Burberry Group (the Group) at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2007 Annual Report which does not form part of this report.

### **Results and dividends**

The company's profit for the year is £2,878,058 (2006: £1,630,707) and this has been transferred to reserves. No dividends have been declared for the period (2006: £nil).

### **Policy in relation to payment of suppliers**

The company has no external suppliers and therefore there are no trade creditors at the year end from which to calculate creditor days.

### **Provision of information to auditors**

In accordance with The Companies (Audit, Investigations and Community Enterprise) Act 2004 amending the Companies Act 1985, each of the Company's directors in office as at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware,
- 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.

# **Burberry Jersey (No. 2) Limited**

## **Directors' report for the year to 31 March 2007 (continued)**

### **Directors**

The directors who held office during the period were as follows

|                 |                            |
|-----------------|----------------------------|
| S L Cartwright  |                            |
| R J H Kessell   | (resigned 21 August 2006)  |
| E G Foa         | (resigned 13 April 2007)   |
| C A Fairweather | (appointed 21 August 2006) |

### **Statement of directors' responsibilities**

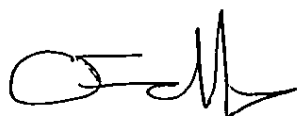
The directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 28 January 2008**



**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 year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other 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

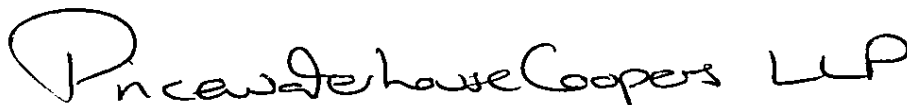
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

29 January 2008

## Burberry Jersey (No. 2) Limited

### Profit and loss account for the year to 31 March 2007

|  | <i>Note</i> | 2007<br>£        | 2006<br>£        |
|--|-------------|------------------|------------------|
| Administrative expenses  |             | (4,050)          | (2,860)          |
| <b>Operating loss</b>  |             | <b>(4,050)</b>   | <b>(2,860)</b>   |
| Interest income  | 3           | 4,114,597        | 4,095,201        |
| <b>Profit on ordinary activities</b>   |             | <b>4,110,547</b> | <b>4,092,341</b> |
| Taxation on profit on ordinary activities  | 4           | (1,232,489)      | (2,461,634)      |
| <b>Profit on ordinary activities after taxation and retained profit for the financial year</b> | <b>8, 9</b> | <b>2,878,058</b> | <b>1,630,707</b> |

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

The above activities relate to continuing operations

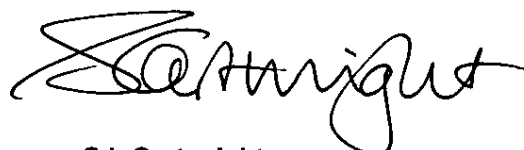
# Burberry Jersey (No. 2) Limited

## Balance sheet as at 31 March 2007

|   | Note | 2007<br>£          | 2006<br>£         |
|---|------|--------------------|-------------------|
| <b>Non current assets</b>                       |      |                    |                   |
| Debtors - amounts falling due after one year    | 5    | 86,328,396         | 78,138,373        |
| <b>Current assets</b>                           |      |                    |                   |
| Cash at bank                                    |      | 25,358             | 25,358            |
| Debtors - amounts falling due within one year   | 5    | 91                 | 4,077,212         |
|   |      | 25,449             | 4,102,570         |
| <b>Non current liabilities</b>                  |      |                    |                   |
| Creditors – amounts falling due within one year | 6    | (3,692,594)        | (2,457,750)       |
| <b>Net current (liabilities)/assets</b>         |      | <b>(3,667,145)</b> | <b>1,644,820</b>  |
| <b>Net assets</b>                               |      | <b>82,661,251</b>  | <b>79,783,193</b> |
| <b>Capital and reserves</b>                     |      |                    |                   |
| Called up share capital                         | 7    | 100,000            | 100,000           |
| Share premium                                   | 8    | 63,492,371         | 63,492,371        |
| Profit and loss account                         | 8    | 19,068,880         | 16,190,822        |
| <b>Equity Shareholders' Funds</b>               | 9    | <b>82,661,251</b>  | <b>79,783,193</b> |

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

Approved by the board on 28 January 2008



**S L Cartwright**  
Director

# **Burberry Jersey (No. 2) Limited**

## **Notes to the financial statements for the year to 31 March 2007**

### **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 2007 (2006: £nil).

No employee costs are included in these financial statements. The auditors received remuneration of £1,300 (2006: £nil).

### **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 2007 (continued)

#### 4 Taxation on profit on ordinary activities

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

|                                   | 2007<br>£ | 2006<br>£ |
|-----------------------------------|-----------|-----------|
| Corporation tax at 30% (2006 30%) | 1,232,489 | 2,461,634 |

#### Factors affecting tax charge for period

The tax assessed for the year differs to the standard rate of corporation tax in the UK (30%) (2006 30%) The differences are explained below

|   | 2007<br>£        | 2006<br>£        |
|---|------------------|------------------|
| Profit on ordinary activities before tax    | 4,110,547        | 4,092,341        |
| Tax at 30% on profit on ordinary activities | 1,233,164        | 1,227,702        |
| Effects of                                  |                  |                  |
| Expenses not deductible for tax purposes    | -                | 675              |
| Tax adjustments in respect of prior years   | (675)            | 1,233,257        |
| <b>Total current tax charge</b>             | <b>1,232,489</b> | <b>2,461,634</b> |

The prior year adjustment in 2007 relates to the reversal of expenses allowable for deduction

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

#### 5 Debtors

|  | 2007<br>£         | 2006<br>£         |
|--|-------------------|-------------------|
| <b>Amounts falling due within one year</b> |                   |                   |
| Prepayments                                | 91                | 1,787             |
| Amounts due from group undertakings        | -                 | 4,075,425         |
|  | 91                | 4,077,212         |
| <b>Amounts falling due after one year</b>  |                   |                   |
| Amounts due from group undertakings        | 86,328,396        | 78,138,373        |
| <b>Total</b>                               | <b>86,328,487</b> | <b>82,215,585</b> |

In the prior year, 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 2007 (continued)

### 6 Creditors - amounts falling due within one year

|   | 2007<br>£        | 2006<br>£        |
|---|------------------|------------------|
| Accruals  | 1,300            | -                |
| Amounts payable to fellow subsidiaries in respect of group taxable profit | 616,301          | 2,457,750        |
| Amounts due to group undertakings   | 3,074,993        | -                |
| <b>Total</b>  | <b>3,692,594</b> | <b>2,457,750</b> |

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

### 7 Called up share capital

|  | 2007<br>Number | 2006<br>Number | 2007<br>£ | 2006<br>£ |
|--|----------------|----------------|-----------|-----------|
| <b>Authorised</b>                      |                |                |           |           |
| Ordinary shares of £1 each             | 100,000        | 100,000        | 100,000   | 100,000   |
| <b>Allotted, issued and fully paid</b> |                |                |           |           |
| As at 1 April and 31 March             | 100,000        | 100,000        | 100,000   | 100,000   |

### 8 Reserves

|                              | Share premium<br>account<br>£ | Profit and loss<br>account<br>£ |
|------------------------------|-------------------------------|---------------------------------|
| As at 1 April 2006           | 63,492,371                    | 16,190,822                      |
| Retained profit for the year | -                             | 2,878,058                       |
| <b>As at 31 March 2007</b>   | <b>63,492,371</b>             | <b>19,068,880</b>               |

### 9 Reconciliation of movement in Shareholders' Funds

|                                     | 2007<br>£         | 2006<br>£         |
|-------------------------------------|-------------------|-------------------|
| Profit for the year                 | 2,878,058         | 1,630,707         |
| Net addition to Shareholders' Funds | 2,878,058         | 1,630,707         |
| Opening Shareholders' Funds         | 79,783,193        | 78,152,486        |
| <b>Closing Shareholders' Funds</b>  | <b>82,661,251</b> | <b>79,783,193</b> |

### 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