

Registered number: 00162636

BURBERRY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 1 APRIL 2023



BURBERRY LIMITED

STRATEGIC REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

The directors of Burberry Limited (the "Company", the "Board" and the "Directors") present their Strategic Report for the 52 weeks ended 1 April 2023.

Business review

The Company is a wholly owned subsidiary within the group of companies headed by Burberry Group plc (together the "Group"). Burberry is one of Britain's leading luxury brands offering men's and women's clothing, accessories, fragrance and beauty products to its customers all over the world. The Company's principal activities consist of design, product development, sourcing, brand management for the Group, wholesaling to third parties and fellow subsidiaries of the Group, operating retail stores within the United Kingdom, operating the digital sales platform for the EMEA and Asia Pacific (excluding China) regions and undertaking licensing activities for the Burberry brand. The Company also acts as the centre of excellence for marketing, merchandising, customer services, treasury services and other enabling business functions for the Group.

While the adverse impact of COVID-19 on American and European markets diminished during the year, there continued to be challenges in Asian markets important for Burberry due to prolonged COVID-19-related travel restrictions, which reduced footfall, subsequently impacting performance. Despite this challenge, and a macro-economic environment characterised by uncertainty and high inflation, the Group achieved strong financial performance.

The Company had net assets of £603,116,000 as at 1 April 2023 and earned profit after tax of £508,864,000 for the 52 weeks ended 1 April 2023. In the 52 weeks ended 1 April 2023, revenue increased by 16% (2022 - increase of 39%) and gross profit increased by 15% (2022 - increase of 53%).

In the 52 weeks ended 1 April 2023, operating profit increased by 10% (2022 – increase of 63%) from £586,301,000 in 2022 to £642,160,000 in 2023. This increase in operating profit was largely due to a £273,198,000 increase in sales for the period, driven by a £171,718,000 (15%) increase in intercompany sales to the Group, and by a £101,480,000 (18%) increase in external sales, due mainly to retail sales.

Cost of sales increased by 18% to £811,339,000 reflecting the increased volume of sales in the period. Net operating expenses increased 19% from £446,216,000 in 2022 to £533,049,000 in 2023. This movement was driven by an increase of £60,269,000 in administrative expenses during the year.

During the year, a review of retail cash generating units was carried out to identify any indication of impairment or reversal of impairments previously recorded. Given the macroeconomic and political uncertainty risk on the Company's retail operations and on the global economy, the potential impact of changes in assumptions on the impairment recorded against the Company's retail assets was also considered. As a result of this review, there was no impairment charge or reversal recognised against property, plant and equipment or against right-of-use assets.

In March 2023, the Directors approved a sale and purchase agreement ("SPA") with a long-term supplier, Pattern SpA ("Pattern"). This strategic investment will strengthen our technical outerwear capabilities, building on our strong manufacturing heritage in the UK. Pursuant to the SPA, Pattern would transfer a line of business specialised in the development, production and supply of products for the Burberry Group to a newly incorporated company ("Newco"). In June 2023, the Directors decided to designate a fellow Group company as purchaser. The purchase is expected to close in FY 2023/24.

Future developments

Despite a challenging macro-economic environment creating some near-term uncertainty, we continued to strengthen our brand, product and customer experience, while focusing on accelerating full-price performance

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STRATEGIC REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

after exiting markdowns in our mainline stores and our Burberry.com digital platform. We have strong foundations on which to build and accelerate growth in the next phase. The Group's strategy is clear and teams are united by a shared purpose and values. In the future, the Company will continue to seek opportunities to leverage our unique brand equity to deliver sustainable, high-quality growth.

Principal risks and uncertainties

The management of the business and the execution of the Company's growth strategies are subject to a number of risks.

The Company's principal risks and uncertainties, are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 118 to 148 of Burberry Group plc's 2022/23 Annual Report which does not form part of this report.

Financial risk management

The Company's financial risk management objectives and policies are set out within note 23 to the financial statements.

Key performance indicators

The directors of Burberry Group plc (the "Group Board") manage the Group's operations on a consolidated basis using key performance indicators. For this reason, the Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate on a standalone basis. The development, performance and position of the Group is discussed in the Financial Review section of Burberry Group plc's 2022/23 Annual Report which does not form part of this report.

Directors' Section 172(1) Statement

The Company is a wholly owned indirect subsidiary of Burberry Group plc, which is a premium listed company that applies the UK Corporate Governance Code. The Group Board sets the Group's strategic priorities and, through its committee framework reviews the opportunities and risks of the Group, defines all procedures and is responsible for the decision-making in relation to remuneration, stakeholder relationships and engagement. Refer to pages 20 to 29, 112 to 115, 118 to 148 and 200 to 213 of the Burberry Group plc's 2022/23 Annual Report for more information.

The Directors of the Company are also members of the Group's senior leadership team; through their operational roles they are involved in developing and implementing the Group's strategy and purpose, are in a position to challenge the appropriateness of that strategy with respect to the Company, and also ensure that decisions taken by the Company are aligned to the aims and strategic priorities of the Group. In all instances the Directors act in the best interests of the Company notwithstanding the Company's role in the Group. In particular, the Company has an important role in the Group's capital allocation and liquidity strategy, including making sure that the subsidiaries of the Group are adequately funded.

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Director decision making

The Directors identified the following strategic priorities for the 52 weeks ended 1 April 2023:

- capital allocation decisions, including the payment of dividends;
- simplification projects where the Company is impacted; and
- the provision of intercompany loans, facility agreements and guarantees to fellow subsidiaries.

(together the "Strategic Priorities")

The Directors acknowledge that any decisions in relation to the Strategic Priorities should consider all relevant stakeholder groups, and that not all stakeholders would be impacted by every decision. When taking decisions, the Directors have considered the policies and key decisions of Burberry, as outlined in the Burberry Group Annual Report 2022/23, to the extent they are applicable to the Company, and have had a view to promoting the long-term success of the Company.

In line with the Strategic Priorities, during the year the Directors made the decision to declare an interim dividend. The payment was considered to be in the best interests of the long term success of the Company and of its relevant stakeholders.

When making the decision to enter into the SPA with Pattern to purchase Newco, the Directors gave due consideration to the potential impact on the Company's stakeholders. For example, vertical integration offered an opportunity to further embed sustainability into the Company's supply chain, and it was deemed that the acquisition would present a material return on investment. The Directors deemed the decision was in the best interests of the Company and of the Group, aligning with the Strategic Priorities of the Company.

The Directors acknowledge their responsibilities under Section 172(1) of the Companies Act 2006 ("s172" and the "Act" respectively). The key processes and considerations that demonstrate how the Directors promote the success of the Company and discharge their duties are set out below:

(a) The likely consequences of any decision in the long term

The Directors meet on a quarterly basis with papers circulated in advance. This enables the Directors to fully understand the performance and position of the Company when making decisions of strategic importance. For more information about the items discussed at the quarterly meetings please see the Corporate Governance Statement on page 5. In addition to quarterly meetings, the Directors meet on an ad hoc basis to consider transactions that arise outside of the quarterly meeting cycle.

When the Directors are approving decisions of strategic importance, the Board considers the requirements of s172 and the potential outcome of the decisions in the long term, including their impact on relevant stakeholder groups.

Please refer to page 116 of Burberry Group plc's 2022/23 Annual Report for further information on the Group Board's s172 considerations.

(b) The interests of the Company's employees

Please refer to the Directors' Report on page 6 for the employee engagement statement.

Please refer to page 116 of Burberry Group plc's 2022/23 Annual Report for further information on the Group Board's s172 considerations.

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- (c) *The need to foster the Company's business relationships with suppliers, customers and others***
Please refer to the Directors' Report on page 7 for the statement on business relationships.

Please refer to page 116 of Burberry Group plc's 2022/23 Annual Report for further information on the Group Board's s172 considerations

- (d) *The impact of the Company's operations on the community and environment***
The communities and environments impacted by the Company form part of those impacted by the Group, and decisions regarding these relationships and related matters are made by the Group Board. More information can be found on pages 50 to 110, 112 and 128 of the Group's 2022/23 Annual Report, in addition to the responsibilities section published on the Burberry Group plc website.

Please refer to page 116 of the Burberry Group plc's 2022/23 Annual Report for further information on the Group Board's s172 considerations.

- (e) *The desirability of the company maintaining a reputation for high standards of business conduct***

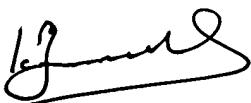
As an indirect subsidiary of Burberry Group plc, the Company applies the Group's policies and standards in relation to business conduct and the Directors are committed to adhering to these in their decision-making process. More details on the Group's policies and standards can be found on pages 44 to 115, 141 to 144, 164 to 165, and 157 to 172 of the Burberry Group plc's 2022/23 Annual Report and in the Group's Modern Slavery Statement published on the Burberry Group plc website. As a qualifying entity, the Company also adopts the Group's Modern Slavery statement in accordance with the requirements laid out in the Modern Slavery Act 2015.

Please refer to page 116 of the Burberry Group plc's 2022/23 Annual Report for further information on the Group Board's s172 considerations.

- (f) *The need to act fairly between members of the Company***

When making decisions, the Board has regard to its sole shareholder Burberry (UK) Limited.

Signed on behalf of the board by:



Ian Brimicombe
Director
26 July 2023

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DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

The Directors present their report and the audited financial statements for the 52 weeks ended 1 April 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 comprising FRS 101 'Reduced Disclosure Framework', 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 the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; 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.

Corporate governance statement

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to make a statement of corporate governance arrangements, which the below constitutes.

The Company is a wholly owned indirect subsidiary of Burberry Group plc, which is a premium listed company on the London Stock Exchange. Burberry Group plc applies the UK Corporate Governance Code, and the Group Board sets the purpose, values and strategy, and monitors culture, for the whole Group. An overview of Burberry Group plc's corporate governance arrangements, as applicable to the Company, is available on pages 164 and 178 of Burberry Group plc's Annual Report 2022/23.

The Directors have not chosen to apply a separate governance framework to the Company, such as the UK Corporate Governance Code or the Wates Principles, as Burberry Group plc's governance practices are embedded throughout the Group. The Company has, however, adopted and implemented its own corporate governance code (the "Code"), which sets out policies and practices to govern the internal affairs of the Company, within the Group's wider governance framework.

All Group policies, including those relating to remuneration, risk, delegation of authority and stakeholder relationships, apply automatically to the Company under the Code. The Code sets out requirements for Board composition, induction and training of new Company directors and recommends that the Board undertakes an annual evaluation of its effectiveness. The Code is also reviewed by the Board regularly to ensure it remains

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DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

fit for purpose. The next review will take place in September 2023.

Corporate Culture

The Group Board establishes the Group's purpose and values and ensures alignment of the Group's strategy and culture. In accordance with the Code, the Company applies the corporate practices and policies of the Group, which includes the Group's Code of Conduct.

Board composition, role and responsibility

During the year, the Board comprised of four Directors. As part of the FY23 effectiveness review, the Directors undertook a review of the size, structure, diversity and skillset of the Board, as recommended by the Company's Appointment Policy and it was confirmed that these remained appropriate. The Board also considers the size, structure, diversity and skill-set of the Board when making decisions on Board appointments, in accordance with the Appointment Policy.

In accordance with the Code, there were four scheduled meetings of the Directors during the year, to inform the Directors' decisions in relation to matters of strategic importance. Papers were circulated in advance and included the following:

- reports on the matters of the Risk and Ethics Committee of the Group Board that are relevant to the Company;
- half-yearly reports on the Company's payment practices;
- trading updates, to demonstrate the financial position of the Company and support capital allocation decisions;
- Group Treasury Committee updates, to show the liquidity of the Company (net cash position, outstanding borrowings, facilities, and guarantees);
- Modern Slavery Act matters;
- Gender and Ethnicity Pay Gap Reports; and
- an overview of the Company's material contracts.

These meetings were supplemental to other, ad hoc, meetings during the year, at which the Directors met to consider transactions falling outside the quarterly reporting cycle.

Director Induction and Training

In accordance with the Code, a formal induction plan was developed for Helen Green. Opportunities for additional Director training are considered throughout the year and as part of the Board's effectiveness review process. During FY 2023, the Directors received an update on governance topics including The Economic and Crime and Corporate Transparency Bill and the BEIS proposals on restoring trust in audit and corporate governance.

Annual Review of Board Effectiveness

In accordance with the Code, the Board undertook a review of its effectiveness during FY23. The review took the form of an anonymous questionnaire and was designed to help identify what the Board does well and any areas for improvements, and to provide feedback for the Board to assess its overall performance. The Board discussed the results of the questionnaire and confirmed that the Board continues to operate effectively, with meetings characterised by high quality debate, and clear decisions being made on the basis of quality information. Areas for improvement were identified and an action plan was developed to address these.

Employee engagement statement

As a result of the Group's governance structure, employee engagement matters are addressed at Group level. An explanation of the Group's approach to employee engagement is set out on page 113 of Burberry Group

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DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

plc's 2022/23 Annual Report. The Company's employees participate in the Group's engagement processes. The Board do not consider that there were any matters specific to the Company during the year which required separate engagement with its employees.

Disabled employees

The Company supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

Statement on business relationships

The Directors acknowledge the need for the Company to foster business relationships with suppliers, customers, and other key stakeholders. All policies, practices and procedures adopted by the Group in regards to stakeholder relationships and engagement are applied by the Company. Refer to pages 113 to 115 of Burberry Group plc's 2022/23 Annual Report for more details.

The Company identifies its key business relationships as being the same as the Group as described on pages 113 to 115 of Burberry Group plc's 2022/23 Annual Report, other than having a more limited number of relationships than the Group. These include the Company's relationships with its suppliers and its intercompany, wholesale and licensing customers.

Company's policy for payment of creditors

The Company is required to publicly report its payment policies, practices, and performance.

For all trade creditors, it is Company policy to:

- agree and confirm terms of payment at the commencement of business with that supplier;
- pay in accordance with contractual and other legal obligations; and
- continually review the payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining a good working relationship.

Trade creditor days as at 1 April 2023 were 58 days (2022 - 57 days) based on the ratio of average company trade creditors during the year to the amounts recorded as expense during the year attributable to trade creditors.

Energy and Carbon report

The Company is a participant in the Group's responsibility agenda. The Company is exempt from providing information on its Energy and Carbon emissions because the parent, Burberry Group plc, has provided the relevant reporting information on pages 50 to 67 of the Burberry Group plc's 2022/23 Annual Report.

Going concern

The Directors are required to satisfy themselves that it is appropriate to prepare financial statements on a going concern basis. In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the Directors have assessed the potential cash generation of the Company. This assessment covers the period of a minimum of 12 months from the date of signing the financial statements. The Directors have also considered the forecast for the period up to September 2024 for any indicators that the going concern basis of preparation is not appropriate.

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DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

During the year, the Company was profit making with significant total assets at the balance sheet date and was also in a net current asset position.

As an indirect subsidiary of Burberry Group plc, the Company and the Group's cash and cashflows are managed centrally. Consequently, the Company has obtained a letter of support from Burberry Group plc to assist in meeting its liabilities as they fall due until September 2024.

The Group forecasts, for the period up to September 2024, include a severe but plausible downside reflecting the Group's principal risks and included an increased macro-economic and political uncertainty and foreign exchange risks. In all the scenarios assessed, taking into account current liquidity and availability facilities, the Group and Company were able to maintain sufficient liquidity to continue trading.

These Group forecasts and uncertainties considered within have been considered by the Directors of the Company and cause the Directors to be satisfied that Burberry Group plc as a whole has adequate resources to provide any financial support required and committed to during the period up to 28 September 2024.

On the basis of the assessment performed, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the financial statements for the Company.

Dividends paid

A dividend of £450,000,000 was paid during the year (2022 - £450,000,000). In making this decision the Directors had regard to the relevant stakeholder groups. The dividend was made from the Company's distributable reserves.

Results and dividends

The Company's profit for the year, after taxation, amounted to £508,864,000 (2022 - £456,933,000).

The Directors do not recommend the payment of a final dividend (2022 - £nil).

Political and charitable donations

During the year, the Company donated £4,359,000 (2022 - £4,324,000) for the benefit of charitable causes. These donations principally comprised cash. The Company made no political donations in line with its policy (2022 - £nil).

Directors

The Directors who served during the year were as follows:

E Rash
I Brimicombe
R Kessell
E Bourne (resigned on 24 January 2023)
H Green (appointed 24 January 2023)

Branches outside of the UK

The Company has branches in Hong Kong and the Republic of Korea.

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DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 1 APRIL 2023

Future developments

Please refer to the Strategic Report on page 1 for the future developments of the Company.

Financial risk management

Please refer to note 23 for the financial risk management of the Company.

Qualifying third-party indemnity provision

The Group purchased and maintained throughout the financial year and up to the date of signing the financial statements Directors' and Officers' liability insurance in respect of itself and its Group directors, including the directors of its subsidiaries.

Disclosure of information to auditors

In the case of each Director in office at the time the Directors' Report is approved:

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

In June 2023, the Board agreed to designate Burberry Italy s.r.l. ("Burberry Italy"), another subsidiary within the Burberry Group, as the designated purchaser of Newco, pursuant to the SPA. The Board considered this to be in the best interest of the Company as it would promote operational efficiencies within the Burberry Group and the benefits of this would accrue to the Company through its ownership of the Burberry brand and intellectual property. Further, ownership of Newco under a Burberry Group company registered in Italy would drive greater operational efficiencies for Newco, due to proximity to existing manufacturing and administrative capabilities owned and operated by Burberry Italy.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the board by



Ian Brimicombe
Director
26 July 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY LIMITED

Opinion

We have audited the financial statements of Burberry Limited for the 52 week period ended 1 April 2023 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 1 April 2023 and of its profit for the 52 week period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the risk around going concern at the planning and year end phases of the audit.
- In conjunction with our walkthrough of the Company's financial statement close process, we confirmed our understanding of management's going concern assessment process and engaged with management early to assess the key assumptions made in their assessment.
- The assessment is based upon the Company receiving a formal letter of support from Burberry Group plc (the 'Group'); the Company has obtained this formal letter of support and the directors have considered the ability of the Group to provide support.
- We inspected the formal letter of support which provides support to the company for the period up to 28 September 2024, noting that support is not restricted in any manner.
- To assess the ability of the Group to offer the support we obtained management's going concern assessment, which covers the period up to 28 September 2024, being the same period as the support letter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY LIMITED (CONTINUED)

- We evaluated this assessment, including the ability of the Group to provide support by performing the following procedures:
 - We checked the logic and arithmetical integrity of management's going concern model that includes the cash forecasts for the going concern assessment period covering the period up to 28 September 2024.
 - We considered the appropriateness of the assumptions used to calculate the cash forecasts under base and plausible downside case scenario and that the downside scenario utilised was sufficiently severe for a going concern assessment.
 - We reviewed the debt agreements to check the covenant requirements and tested to check that no covenants have been breached and there is no forecasted covenant breach in either the base or plausible downside case scenarios during the going concern assessment period.
 - We agreed the 1 April 2023 cash and cash equivalents balance included in the going concern assessment to the Group's year end cash and cash equivalent balances.
 - We assessed the reasonableness of the cashflow forecasts included in the going concern assessment by analysing management's historical forecasting accuracy and understanding the potential impact of principal risks such as macroeconomic and political instability, global consumer demand and the impact of climate change have been reflected in the forecasts.
 - We evaluated the key assumptions by searching for contrary evidence to challenge these assumptions, including third party sector forecasts and analyst expectations. Further, we ensured these assumptions were consistent with the budget approved by the Group's Board.
 - We also challenged the measurement and completeness of the downside scenario modelled by management, whether the risks considered are sufficiently severe, and how these compare with the principal risks and uncertainties of the Group.
 - We considered the mitigating factors included in the severe but plausible downside scenario that are within control of the Group. This includes review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
 - We considered whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including goodwill impairment, retail store impairment and deferred tax asset recognition.
 - We performed reverse stress testing to identify the magnitude of decline in revenue that would lead to the Group utilising all liquidity during the going concern assessment period and we have considered the likelihood of such a decline.
- We reviewed the Company's going concern disclosures included in the Annual Report to assess that they were accurate, sufficiently detailed and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period up to 28 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101, the Companies Act 2006 and Miscellaneous Reporting Regulation 2018) and the relevant tax laws. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to health and safety and employee matters, environmental and bribery and corruption practices.
- We understood how the Company is complying with those frameworks by making enquiries of management, including internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of Board minutes as well as consideration of the results of our audit procedures across the Company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and met with finance and operational management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their potential to influence management to manage earnings or influence the perceptions of analysts. We have determined there is a risk of fraud associated to inventory provisions and a risk of management override in manual revenue journals that do not follow the expected process. We considered the policies, processes and controls that the Company has established to address the risks identified, including the design of controls over inventory provisions and each significant revenue stream. We also considered the controls that the Company has that otherwise prevent, deter and detect fraud, and how senior management monitors those controls. We performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations, including where necessary using our forensic and other relevant specialists. In addition, where necessary we read correspondence with relevant authorities and external advisors to inform our assessment. Our procedures included journal entry testing, with a focus on manual journal entries and journal entries indicating large or unusual transactions using data analytics. We based this testing on our understanding of the business, enquiries of management, including internal audit, legal and other advisors, the company secretary and reading relevant reports. We performed specific searches derived from forensic investigations experience and leveraged our data analytics platform in performing our testing. We have also reviewed the whistleblowing reports issued during the year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY LIMITED (CONTINUED)

- In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Michael Rudberg (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 27 July 2023

BURBERRY LIMITED

**INCOME STATEMENT
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

	Note	2023 £000	2022 £000
Revenue	3	1,990,656	1,717,458
Cost of sales		<u>(811,339)</u>	<u>(689,786)</u>
Gross profit		1,179,317	1,027,672
Net operating expenses	4	(533,049)	(446,216)
Net (impairment)/ impairment reversal of right of use the assets	13	(3,240)	(983)
Net (impairment)/ impairment reversal of financial assets	16	<u>(868)</u>	<u>5,828</u>
Operating profit		642,160	586,301
Finance income	8	24,173	2,012
Finance expenses	9	<u>(22,035)</u>	<u>(14,713)</u>
Profit before taxation	5	644,298	573,600
Taxation	10	<u>(135,434)</u>	<u>(116,667)</u>
Profit for the financial year		<u>508,864</u>	<u>456,933</u>

The Company had no other comprehensive income during the year other than that reflected in the Income Statement above, and therefore no separate Statement of Comprehensive Income has been presented.

The above results are derived from continuing operations.

The notes on pages 18 to 63 form part of these financial statements.

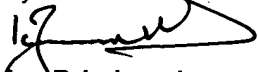
BURBERRY LIMITED
REGISTERED NUMBER: 00162636

BALANCE SHEET
AS AT 1 APRIL 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	11	132,936	123,940
Property, plant and equipment	12	66,413	54,474
Right-of-use assets	13	281,412	257,104
Investments in subsidiaries	14	<u>11,832</u>	<u>12,985</u>
		492,593	448,503
Current assets			
Inventories	15	141,529	138,678
Trade and other receivables – amounts falling due after more than one year	16	87,719	75,405
Trade and other receivables – amounts falling due within one year	16	479,949	295,027
Cash and cash equivalents	17	<u>840,555</u>	<u>1,083,293</u>
		1,549,752	1,592,403
Current liabilities			
Creditors – amounts falling due within one year	18	(681,247)	(463,836)
Lease liabilities – amounts falling due within one year	20	<u>(50,853)</u>	<u>(42,629)</u>
Net current assets		817,652	1,085,938
Total assets less current liabilities		1,310,245	1,534,441
Creditors – amounts falling due after more than one year	19	(392,715)	(710,538)
Lease liabilities – amounts falling due after more than one year	20	(301,091)	(282,978)
Provisions for liabilities	22	<u>(13,323)</u>	<u>(14,959)</u>
Net assets		603,116	525,966
Capital and reserves			
Called up share capital	25	20,547	20,547
Capital reserve		2,387	2,387
Profit and loss account		<u>580,182</u>	<u>503,032</u>
Total equity		603,116	525,966

The notes on pages 18 to 63 form part of these financial statements.

The financial statements on pages 15 to 63 were approved by the board on 26 July 2023 and signed on its behalf by:



Ian Brimicombe
Director

BURBERRY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

	Called up share capital £000	Capital reserve £000	Profit and loss account £000	Total equity £000
At 2 April 2022	20,547	2,387	503,032	525,966
Profit for the year	-	-	508,864	508,864
Total comprehensive income for the year	-	-	508,864	508,864
Dividends paid in the year	-	-	(450,000)	(450,000)
Equity share awards	-	-	15,336	15,336
Tax on share awards	-	-	2,950	2,950
Total transactions with owners	-	-	(431,714)	(431,714)
At 1 April 2023	20,547	2,387	580,182	603,116

**STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEKS ENDED 2 April 2022**

	Called up share capital £000	Capital reserve £000	Profit and loss account £000	Total equity £000
At 27 March 2021	20,547	2,387	485,930	508,864
Profit for the year	-	-	456,933	456,933
Total comprehensive income for the year	-	-	456,933	456,933
Dividends paid in the year	-	-	(450,000)	(450,000)
Equity share awards	-	-	9,961	9,961
Tax on share awards	-	-	208	208
Total transactions with owners	-	-	(439,831)	(439,831)
At 2 April 2022	20,547	2,387	503,032	525,966

The notes on pages 18 to 63 form part of these financial statements.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

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 years presented, unless otherwise stated.

1.1 Basis of preparation

Burberry Limited is a global luxury goods manufacturer, retailer and wholesaler. It also licences third parties to manufacture and distribute products using 'Burberry' trademarks. The Company which is private and limited by shares, is incorporated and domiciled in the UK. The Company is registered in England and Wales and 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, as modified by derivative financial assets and derivative financial liabilities measured at fair value through profit and loss, 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 32).

The preparation of financial statements in conformity 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).

Consideration of climate-related matters

The incurred costs and investments associated with our sustainability strategy are reflected in the Company's financial statements, including within inventories, property, plant and equipment, and operating profit. The impact of climate-related risks on the Company's financial statements for the 52 weeks to 1 April 2023 is not material. The committed future financial investments associated with the Group's sustainability strategy are included within the budget and three-year forward-looking financial plans. These financial plans have been used to support our impairment reviews and going concern and viability assessment. Future plans may incur additional investment on research and development and higher expenditure on raw materials and other as yet unidentified costs.

Going concern

The Directors are required to satisfy themselves that it is appropriate to prepare financial statements on a going concern basis. In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the Directors have assessed the potential cash generation of the Company. This assessment covers the period of a minimum of 12 months from the date of signing the financial statements. The Directors have also considered the forecast for the period up to the subsequent financial year end, September 2024 for any indicators that the going concern basis of preparation is not appropriate.

During the year, the Company was profit making with significant total assets at the balance sheet date and was also in a net current asset position. As a subsidiary of Burberry Group plc, the Company and the Group's cash and cashflows are managed centrally. Consequently, the Company has obtained a letter of support from Burberry Group plc to assist in meeting its liabilities as they fall due until September 2024.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Going concern (continued)

The Group forecasts, for the period up to the subsequent financial year end, September 2024, include a severe but plausible downside reflecting the Group's principal risks and included an increased macro-economic and political uncertainty and foreign exchange risks. In all the scenarios assessed, taking into account current liquidity and availability facilities, the Group and Company were able to maintain sufficient liquidity to continue trading.

These Group forecasts and uncertainties considered within have been considered by the Directors of the Company and cause the Directors to be satisfied that Burberry Group plc as a whole has adequate resources to continue in operational existence for the foreseeable future.

On the basis of the assessment performed, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the financial statements for the Company.

Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, which are summarised below.

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share based payment' (details on the movement in the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- the requirements of IFRS 7, 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- 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;
 - paragraph 73(e) of IAS 16, 'Property, Plant and Equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- 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);

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- 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'.

1.2 New standards adopted in the period

There have been no new standards or interpretations issued and made effective for the year ended 1 April 2023 that have had a material impact on the Company's financial statements.

Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 52 weeks to 1 April 2023 and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Revenue

The Company obtains revenue from contracts relating to sales of luxury goods to retail and wholesale customers. Retail purchases are paid at time of purchase while wholesale and licensing purchases are paid on short-term credit terms. The Company also obtains revenue through licences issued to third parties to produce and sell goods carrying 'Burberry' trademarks. Revenue is stated excluding Value Added Tax and other sales related taxes.

Retail and wholesale revenue

For retail and wholesale revenue, the primary performance obligation is the transfer of luxury goods to the customer. For retail revenue this is considered to occur when control of the goods passes to the customer. For in-store retail revenue control transfers when the customer takes possession of the goods in store and pays for the goods. For digital retail revenue, control is considered to transfer when the goods are delivered to the customer. The timing of transfer of control of the goods in wholesale transactions depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are collected by the customer from the Company's premises, or when the Company has delivered the goods to the location specified in the contract. Provision for returns and other allowances are reflected in revenue when revenue from the customer is first recognised. A sales return liability and a corresponding return asset within gross inventory are recognised. Retail customers typically have the right to return product within a limited time frame while wholesale customers typically have the right to return damaged and, under agreement, certain current season products. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

Some wholesale contracts may require the Company to make payments to the wholesale customer, for services directly relating to the sale of the Company's goods, such as the cost of staff handling the Company's goods at the wholesaler. Payments to the customer directly relating to the sale of goods

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.3 Revenue (continued)

Retail and wholesale revenue (continued)

to the customer are recognised as a reduction in revenue, unless in exchange for a distinct good or service. These charges are recognised in revenue at the later of when the sale of the related goods to the customer is recognised or when the customer is paid, or promised to be paid, for the service. Payments to the customer relating to a service which is distinct from the sale of goods to the customer are recognised in operating costs.

The Company sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the Company does not expect to have significant unredeemed amounts arising on its gift cards.

Licensing revenue

The Company's licences entitle the licensee to access the Company's trademarks over the term of the licence. Hence revenue from licensing is recognised over the term of access to the licence. Royalties payable under licence agreements are usually based on production or sales volumes and are accrued in revenue as the subsequent production or sale occurs. Any amounts received which have not been recognised in revenue are classified as contract liabilities.

1.4 Share schemes

The Company operates a number of equity-settled share based compensation schemes, under which services are received from employees (including Executive Directors) as consideration for equity instruments of the Company. The cost of the share-based incentives is measured with reference to the fair value of the equity instruments awarded at the date of grant, including share awards and options. Appropriate option pricing models, including Black-Scholes, are used to determine the fair value of the option awards made. The fair value takes into account the impact of any market performance conditions, but the impact of non-market performance conditions is not considered in determining the fair value on the date of grant. Vesting conditions which relate to non-market conditions are allowed for in the assumptions used for the number of share awards or options expected to vest. The estimate of the number of share awards or options expected to vest is revised at each balance sheet date.

In some circumstances, employees may provide services in advance of the grant date. The grant date fair value is estimated for the purposes of recognising the expense during the period between the service commencement period and the grant date.

The cost of the share based incentives is recognised as an expense over the vesting period of the share awards, or options, with a corresponding increase in equity.

1.5 Leases

The Company is both a lessee and lessor of property, plant and equipment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be specifically or implicitly specified. Control exists when the lessee has both the right to direct the use of the identified asset and the right to obtain substantially all of the economic benefits from that use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.5 Leases (continued)

Lessee accounting

The Company's principal lease arrangements where the Company acts as the lessee are for property, most notably the lease of retail stores, corporate offices and warehouses. Other leases are for office equipment, vehicles, and supply chain equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company recognises all lease liabilities and the corresponding right-of-use assets on the Balance Sheet, with the exception of certain short-term leases (12 months or less) and leases of low value assets, which are expensed as incurred. Leases and the corresponding right-of-use assets are initially recognised when the Company obtains control of the underlying asset. Leases for new assets are presented as additions to lease liabilities and right-of-use assets.

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any incentives;
- Variable lease payments that are based on a future index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees; and,
- The cost of exercising a purchase option if the lessee is reasonably certain to exercise that option.

Where the lease contains an extension option or a termination option which is exercisable by the Company, as lessee, an assessment is made as to whether the Company is reasonably certain to exercise the extension option, or not exercise the termination option, considering all relevant facts and circumstances that create an economic incentive. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Company's operations.

Variable lease payments dependent upon a future index or rate are measured using the amounts payable at the commencement date until the index or rate is known. Variable lease payments not dependent on an index or rate, including lease payments based on a percentage of turnover, are excluded from the calculation of lease liabilities.

Payments are discounted at the incremental borrowing rate of the lessee, unless the interest rate implicit in the lease can be readily determined.

Right-of-use assets are classified as property or non-property. The Company has elected not to apply the short-term exemption to the property class of right-of-use assets. Where the exemption is applied to the non-property class of right-of-use assets, lease payments are expensed as incurred. The low value asset exemption has been applied to both the property and non-property class of assets on a lease-by-lease basis where applicable.

In circumstances where the Company is in possession of a property but there is no executed agreement or other binding obligation in relation to the property, rent is expensed until such time that the obligation becomes binding, at which point, a right-of-use asset and lease liability will be recognised prospectively. These lease costs are disclosed as lease in holdover expenses. Refer to note 20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.5 Leases (continued)

Lessee accounting (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs incurred in entering into the lease.

The Company recognises depreciation of right-of-use assets and interest on lease liabilities in the Income Statement over the lease term. Payments in relation to short-term leases and leases of low value assets which are not included on the Balance Sheet are included within operating expenses.

Modifications to lease agreements, extensions to existing lease agreements and changes to future lease payments relating to existing terms in the contract, including market rent reassessments and index based changes, are presented as remeasurements of the lease liabilities. The related right-of-use asset is also remeasured. If the modification results in a reduction in scope of the lease, either

through shortening the lease term or through disposing of part of the underlying asset, a gain or loss on disposal may arise relating to the difference between the lease liabilities and the right-of-use asset applicable to the reduction in scope.

Right-of-use assets are included in the review for impairment of property, plant and equipment and intangible assets with finite economic lives, if there is an indication that the carrying amount of the cash generating unit may not be recoverable.

COVID-19-Related Rent Concessions

The COVID-19-Related Rent Concessions amendment to IFRS 16 Leases was adopted by the IASB on 28 May 2020. The amendment was applied until 30 June 2022. The amendment allowed for a simplified approach to accounting for rent concessions occurring as a direct result of COVID-19 and for which the following criteria are met:

- The revised consideration is substantially the same, or less than, the consideration prior to the change
- The concessions affect only payments originally due on or before 30 June 2022 and
- There is no substantive change to other terms and conditions of the lease

From 1 July 2022, the Company has applied the principles of IFRS 9 Financial Instruments and continues to account for eligible rent forgiveness as negative variable lease payments where:

- The rent concessions are occurring as a direct result of COVID-19
- The revised consideration is substantially the same, or less than, the consideration prior to the change and
- There is no substantive change to other terms and conditions of the lease

Lessees are not required to assess whether eligible rent concessions are lease modifications, allowing the lessee to account for eligible rent concessions as if they were not lease modifications. The Company may agree rent concessions both in the form of rent forgiveness in which the landlord has agreed to forgive all or a portion of rents due with no obligation to be repaid in the future, and rent deferrals in which the landlord has agreed to forego rents in one period with a proportional increase in rents due in a future period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.5 Leases (continued)

COVID-19-Related Rent Concessions (continued)

The Company has chosen to account for eligible rent forgiveness as negative variable lease payments. Rent concessions are recognised once a legally binding agreement is made between both parties, by derecognising the portion of the lease liability that has been forgiven and recognising the benefit in the Income Statement. As a result, the Company has recognised £628,000 (last year: £1,438,000) in COVID-19-related rent concessions in the Income Statement within Net operating expenses in the current period (refer note 5).

Rent deferrals do not change the total consideration due over the life of the lease. Deferred rent payments are recognised as a payable until the period the original rent payment is due. Payments relating to rent deferrals are recognised as payments of lease principal when the payment is made.

1.6 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividend becomes a committed obligation. Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

1.7 Pension costs

Eligible employees participate in defined contribution pension schemes, the principal one being the Burberry Retirement Savings Plan, with its assets held in an independently administered fund. The cost of providing these benefits to participating employees is recognised in the Income Statement as they fall due and comprises the amount of contributions to the schemes.

1.8 Intangible assets

Trademarks, licences and other intangible assets

The cost of securing and renewing trademarks and licences and the cost of acquiring other intangible assets, is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue, typically ten years for trademarks, or the term of the licence. The useful life of trademarks and other intangible assets is determined on a case-by-case basis, in accordance with the terms of the underlying agreement and the nature of the asset.

Computer software

Computer software costs are capitalised during the development phase at the point at which there is sufficient certainty that the software will deliver future economic benefits to the Group. The cost of acquiring computer software (including licences and separately identifiable development costs) is capitalised as an intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software costs are amortised on a straight-line basis over their estimated useful lives, which may be up to seven years.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

1. Accounting policies (continued)**1.9 Property, plant and equipment**

Property, plant and equipment, with the exception of assets in the course of construction, is stated at cost or deemed cost, based on historical revalued amounts prior to the adoption of FRS 101, less accumulated depreciation and provision to reflect any impairment in value. Assets in the course of construction are stated at cost less any provision for impairment and transferred to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Type of asset	Category of property, plant and equipment	Useful life
Land	Freehold land and buildings	Not depreciated
Freehold buildings	Freehold land and buildings	Up to 50 years
Long life leasehold improvements	Leasehold improvements	Over the unexpired term of the lease
Short life leasehold improvements	Leasehold improvements	Up to 10 years
Plant and machinery	Fixtures, fittings and equipment	Up to 15 years
Retail fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Office fixtures and fittings	Fixtures, fittings and equipment	Up to 5 years
Computer equipment	Fixtures, fittings and equipment	Up to 7 years
Assets in the course of construction	Assets in the course of construction	Not depreciated

Profit / loss on disposal of property, plant and equipment and intangible assets

Profits and losses on the disposal of property, plant and equipment and intangible assets represent the difference between the net proceeds and net book value at the date of the sale. Disposals are accounted for when the relevant transaction becomes unconditional.

1.10 Investments in subsidiaries

Investments in subsidiaries are carried at cost, less any provisions to reflect impairment in value.

1.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets under construction are also tested annually. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. 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. For the purposes of assessing impairment, retail assets are grouped at the lowest levels for which there are separately identifiable cash flows, being individual stores (cash generating units). Non-financial assets for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost consists of all costs of purchase, costs of conversion, design costs and other costs incurred in bringing the inventories to their first point of sale location and condition. The cost of inventories is determined using a weighted average cost method, taking account of the fashion seasons for which the inventory was offered. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

1.13 Taxation

Tax expense represents the sum of the current tax expense and deferred tax charge.

Current tax 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 Company's liability for current tax is calculated using tax rates which have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax will be recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and where the amount of the obligation can be reliably estimated. When the effect of the time value of money is material, provision amounts are calculated based on the present value of the

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

1. Accounting policies (continued)**1.14 Provisions (continued)**

expenditures expected to be required to settle the obligation. The present value is calculated using forward market interest rates as measured at the balance sheet reporting date, which have been adjusted for risks specific to the future obligation.

Property obligations

A provision for the present value of future property reinstatement costs is recognised where there is an obligation to return the leased property to its original condition at the end of a lease term. The reinstatement cost at the end of a lease usually arises due to leasehold improvements and modifications carried out by the Company in order to customise the property during tenure of the lease. As a result, the cost of the reinstatement provision is recognised as a component of the cost of the leasehold improvements in property, plant and equipment when these are installed and amortised to the income statement over the expected life of the lease.

1.15 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.

1.16 Financial instruments

Financial instruments are initially recognised at fair value plus directly attributable transaction costs on the Balance Sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, all financial liabilities are stated at fair value. Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method except for derivatives, which are classified as held for trading, and are held at fair value. The fair value of the Company's financial assets and liabilities held at amortised cost mostly approximate their carrying amount due to the short maturity of these instruments. Where the fair value of any financial asset or liability held at amortised cost is materially different to the book value, the fair value is disclosed.

The Company classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement
Cash and cash equivalents	17	Amortised Cost	Amortised cost
Cash and cash equivalents	17	Fair value through profit and loss	Fair value through profit and loss
Trade and other receivables	16	Amortised Cost	Amortised cost
Trade and other payables	18-19	Other financial liabilities	Amortised cost
Borrowings	24	Other financial liabilities	Amortised cost
Leases	20	Lease liabilities	Amortised cost
Forward foreign exchange contracts (1)	23	Fair value through profit and loss	Fair value through profit and loss

(1) Cash flow hedge and net investment hedge accounting is not applied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.16 Financial instruments (continued)

The Company's primary categories of financial instruments are listed below:

Cash and cash equivalents

Cash and short-term deposits on the Balance Sheet comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

While cash at bank and in hand is classified as amortised cost, some short-term deposits are classified as fair value through profit and loss.

Cash and cash equivalents held at amortised cost are subject to impairment testing each period end.

Trade and other receivables

Trade and other receivables are included in current assets. Trade and other receivables with maturities greater than 12 months after the balance sheet date are classified in trade and other receivables falling due after more than one year. The assessment of maturities of loan receivables takes into consideration any intention to renew the loan, where the loan is provided under a facility which has a maturity of more than 12 months from the balance sheet date. The receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the movement in the provision is recognised in the Income Statement.

Trade and other payables

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, inclusive of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative instruments

The Company uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates arising on certain trading transactions. The principal derivative instruments used are forward foreign exchange contracts taken out to hedge highly probable cash flows in relation to future sales, and product purchases.

Derivatives are initially recognised at fair value at the trade date and are subsequently remeasured at their fair value. All derivatives are classified as held for trading with changes in the fair value of the derivatives recognised immediately in the Income Statement within 'net exchange gain/(loss) on derivatives held for trading'.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

1. Accounting policies (continued)

1.17 Government grants

Government grants related to assets are recognised as deferred income when there is reasonable certainty that any conditions attached to the grant will be met and the grant will be received. They are amortised to operating income over the useful life of the asset. Government grants related to income are presented as operating income when it is reasonably certain that any conditions attached will be met and that the grant will be received.

1.18 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured in Sterling which is the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Sterling which is the Company's 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 (closing rate). Exchange differences on monetary items are recognised in the Income Statement in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

2. Key sources of estimation uncertainty and judgements

2.1 Key sources of estimation uncertainty

Preparation of the financial statements in conformity with FRS 101 requires that management make certain estimates and assumptions that affect the measurement of 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 estimates at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates 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 areas where the estimates and assumptions applied have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below. Further details of the Company's accounting policies in relation to these areas are provided in note 1.

Impairment, or reversals of impairment, of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets 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 of an asset or a cash generating unit is determined based on value-in-use calculations prepared using management's best estimates and assumptions at the time. Refer to notes 12 and 13 for further details of retail property, plant and equipment and right-of-use assets and impairment reviews carried out in the period.

Inventory provisioning

The Company manufactures and sells luxury goods and is subject to changing consumer demands and fashion trends. The recoverability of the cost of inventories is assessed every reporting period, by considering the expected net realisable value of inventory compared to its carrying value. Where the net realisable value is lower than the carrying value, a provision is recorded. When calculating inventory provisions, management considers the nature and condition of the inventory, as well as applying assumptions in respect of anticipated saleability of finished goods and future usage of raw materials. Refer to note 15 for further details of the carrying value of inventory.

Uncertain tax positions

In common with many multinational companies, Burberry faces tax audits in jurisdictions around the world in relation to transfer pricing of goods and services between associated entities within the Group. These tax audits are often subject to inter-government negotiations. The matters under discussion are often complex and can take many years to resolve.

Tax liabilities are recorded based on management's estimate of either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. Given the inherent uncertainty in assessing tax outcomes, the Company could, in future periods, experience adjustments to these tax liabilities that have a material positive or negative effect on our results for a particular period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

2. Key sources of estimation uncertainty and judgements (continued)

2.1 Key sources of estimation uncertainty (continued)

Uncertain tax positions (continued)

At 1 April 2023 the Company had recognised provisions of £57,028,000 in respect of uncertain tax positions (increasing from £38,000,000 in 2022), being provisions of £63,357,000 net of expected reimbursements of £6,329,000. The majority of these provisions relate to the tax impact of intragroup transactions between the UK and the various jurisdictions in which the Group operates.

The Company believes that it has made adequate provision in respect of additional tax liabilities that may arise from open years, tax audits and disputes. However, the actual liability for any particular issue may be higher or lower than the amount provided, resulting in a negative or positive effect on the tax charge in any given year. A reduction in the tax charge may also arise for other reasons such as an expiry of the relevant statute of limitations. Depending on the final outcome of tax audits which are currently in progress, statute of limitations expiry, and other factors, an impact on the tax charge could arise.

The tax impact of intra-group transactions is a complex area with resolution of matters taking many years. Given the underlying nature of these uncertainties it is difficult to predict the timing of when these matters will be resolved and the quantum of the ultimate resolution. Management estimate that the outcome across all matters under dispute or in negotiation between governments could be a decrease of £33,000,000 to an increase of £30,000,000 in the uncertain tax positions over the next 12 months.

Impairment of trade and loan receivables

The Company is required to make an estimate of the recoverable value of trade and loan receivables. When assessing the expected loss on trade and loan receivables, management considers factors including any specific known problems or risks. Refer to note 16 for further details on the net carrying value of trade and loan receivables.

2.2 Key judgements in applying the Company's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Company's financial statements. Further details of the Company's accounting policies in relation to these areas are provided in note 1.

Key judgements that have a significant impact on the amounts recognised in the Company's financial statements for the 52 weeks to 1 April 2023 are as follows:

Where the Company is a lessee, judgement is required in determining the lease term at initial recognition, and throughout the lease term, where extension or termination options exist. In such instances, all facts and circumstances that may create an economic incentive to exercise an extension option, or not exercise a termination option, have been considered to determine the lease term. Considerations include, but are not limited to, the period assessed by management when approving initial investment, together with costs associated with any termination options or extension options. Extension periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Where the lease term has been extended by assuming an extension option will be recognised, this will result in the initial right-of-use assets and lease liabilities at inception of the lease being greater than if the option was not assumed to be exercised. Likewise, assuming a break option will be exercised will reduce the initial right-of-use assets and lease liabilities.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

3. Revenue

The Board considers the Company's business through its two channels to market, being retail/wholesale and licensing.

Retail/wholesale revenues are generated by the sale of luxury goods through Burberry mainline stores, concessions, outlets and digital commerce as well as Burberry franchisees, prestige department stores globally and multi-brand specialty accounts. The flow of product between retail and wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Company's inventory hubs situated in Europe.

Licensing revenues are generated through the receipt of royalties from global licensees of beauty products, eyewear and from licenses relating to the use of non-Burberry trademarks in Japan.

All revenue is derived from contracts with customers. The Company derives retail and wholesale revenue from contracts with customers from the transfer of goods and related services at a point in time. Licensing revenue is derived over the period the license agreement gives the customer access to the Company's trademarks.

	2023 £000	2022 £000
Revenue by destination		
EMEIA (1)	890,505	651,241
Americas	399,231	399,934
Asia Pacific	700,920	666,283
Total	1,990,656	1,717,458

(1) EMEIA comprises Europe, Middle East, India and Africa.

	2023 £000	2022 £000
Revenue by channel		
Retail/Wholesale (1)	1,939,336	1,676,156
Licensing	51,320	41,302
Total	1,990,656	1,717,458

(1) Retail/Wholesale revenue includes £1,329,534,000 to other Group companies (2022 - £1,157,816,000)

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

4. Net operating expenses

	2023 £000	2022 £000
Operating income	(2,759)	(1,438)
Selling and distribution costs	276,439	248,554
Administrative expenses	259,369	199,100
Net operating expenses	533,049	446,216

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

5. Profit before taxation

The operating profit is stated after charging/(crediting):

	2023	2022
	£000	£000
Depreciation of property, plant and equipment		
- within cost of sales	1,304	1,340
- within selling and distribution costs	6,128	5,290
- within administrative expenses	7,737	8,385
Depreciation of right-of-use assets		
- within selling and distribution costs	33,251	30,833
- within administrative expenses	9,569	9,414
Amortisation of intangible assets		
- within selling and distribution costs	1,091	1,445
- within administrative expenses	33,642	35,986
Loss on disposal of property, plant and equipment and intangible assets	34	1,543
Gain on disposal of right-of-use assets	(6)	-
Net impairment charge of property, plant and equipment	-	39
Net impairment charge of right-of-use assets	3,240	983
Directors' and employees' costs (see note 7)*	232,094	228,165
Auditors' remuneration (see note 6)	2,532	2,281
Other lease expense		
- property lease variable lease expense	3,511	1,734
- property lease in holdover expense	937	320
- non-property short-term lease expense	1,552	938
Operating lease income		
- COVID-19-related rent concessions***	(628)	(1,438)
Net exchange loss/(gain) on revaluation of monetary assets and liabilities	7,774	(12,557)
Net exchange loss/(gain) on derivatives held for trading	(8,598)	8,531
Net impairment loss/(gain) on financial assets (see note 16)	868	(5,828)
Impairment charge relating to investments in subsidiaries (see note 14)	1,153	-
Restructuring costs**	5,668	3,867

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

5. Profit before taxation (continued)

*** Employee cost**

Employee costs for the 52 weeks to 1 April 2023 are presented excluding a charge of £5,540,000 (2022 - £3,626,000) arising as a result of the Group's restructuring programmes and are included within Restructuring costs.

**** Restructuring costs**

Restructuring costs of £5,668,000 were incurred in the 52 weeks to 1 April 2023 (2022 - £3,867,000).

These costs primarily relate to the organisational efficiency programme announced in July 2020, and completed in the current year, that included the creation of three new business units to enhance product focus, increase agility and elevate quality, and to further streamline office-based functions and facilities.

***** COVID-19-related rent concessions**

Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £628,000 in 52 weeks to 1 April 2023 (2022 - £1,438,000). The amendment to IFRS 16 expired on 30 June 2022; however the Company continues to apply the same accounting treatment applying the principles of IFRS 9 as described in note 1.5.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

6. Auditor remuneration

Fees incurred during the year in relation to audit and non-audit services are analysed below:

	2023 £000	2022 £000
Audit services in respect of the financial statements of the Company	358	241
Audit services in respect of the financial statements of other Group companies	1,919	1,735
Audit-related assurance services (1)	140	136
Other non-audit-related services (1)	115	169
Total	<u>2,532</u>	<u>2,281</u>

(1) These fees are primarily in respect of services provided to other Group companies but the fee is borne by the Company.

7. Employees and Directors

The average monthly number of full-time equivalent employees, including directors, during the year was as follows:

	2023 Number	2022 Number
Production and buying	992	1,013
Distribution and sales	887	949
Administration and other	1,214	1,209
Total	<u>3,093</u>	<u>3,171</u>

	2023 £000	2022 £000
Staff costs:		
Wages and salaries	184,181	184,288
Termination benefits	3,388	2,775
Social security costs	24,728	23,594
Share based compensation (all awards and options settled in shares)	14,761	11,227
Other pension costs	10,576	9,907
Total	<u>237,634</u>	<u>231,791</u>

	2023 £000	2022 £000
Staff costs include the following remuneration in respect of Directors:		
Aggregate emoluments	<u>2,216</u>	<u>3,479</u>

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

7. Employees and Directors (continued)

	2023 Number	2022 Number
The number of directors who:		
Exercised options over shares in the Company (1)	3	4
Had awards receivable in the form of shares under a long-term incentive scheme (2)	4	4
	2023 £000	2022 £000
The directors' remuneration disclosed above includes the amounts paid to the highest paid director as follows:	785	920
Aggregate emoluments	785	920

The highest paid director exercised share options during the year (2022 – exercised share options during the year).

- (1) This relates only to options granted under an LTIP over shares in Burberry Group plc (the Executive Share Plan and the Burberry Share Plan).
(2) This relates only to awards granted under an LTIP (the Burberry Share Plan).

8. Finance income

	2023 £000	2022 £000
Interest receivable from Group companies	4,519	1,233
Bank interest income – amortised cost	2,023	82
Finance income – amortised cost	6,542	1,315
Bank interest income – fair value through profit and loss	17,631	697
Total finance income	24,173	2,012

9. Finance expense

	2023 £000	2022 £000
Interest payable to Group companies	10,881	6,518
Interest expense on lease liabilities	8,302	7,856
Interest expense on borrowings	186	259
Other finance expense	2,666	80
Total finance expense	22,035	14,713

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

10. Taxation

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

Analysis of charge for the year recognised in the Income Statement:

	2023 £000	2022 £000
<u>Current tax</u>		
Corporation tax		
Current tax on profits for the year	121,087	109,761
Adjustments in respect of prior years (1)	<u>14,091</u>	<u>8,265</u>
	<u>135,178</u>	<u>118,026</u>
Double taxation relief	<u>(5,310)</u>	<u>(6,969)</u>
	<u>129,868</u>	<u>111,057</u>
 Foreign tax		
Overseas taxation	<u>5,613</u>	<u>7,867</u>
Total current tax	<u><u>135,481</u></u>	<u><u>118,924</u></u>
 <u>Deferred tax</u>		
UK deferred tax		
Origination and reversal of timing differences	(1,252)	704
Adjustments in respect of prior years	798	1,309
Impact of changes to tax rates	<u>407</u>	<u>(4,270)</u>
Total deferred tax	<u>(47)</u>	<u>(2,257)</u>
 Taxation on profit	<u><u>135,434</u></u>	<u><u>116,667</u></u>

(1) Adjustments in respect of prior years relate mainly to a net increase in provisions for tax contingencies and tax accruals to tax return adjustments.

Analysis of (credit)/charge for the year recognised directly in equity:

	2023 £000	2022 £000
<u>Current tax</u>		
Current tax credit on share options (income statement)	(115)	(443)
<u>Deferred tax</u>		
Deferred tax charge on share options (income statement)	<u>(2,835)</u>	<u>235</u>
	<u><u>(2,950)</u></u>	<u><u>(208)</u></u>

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

10. Taxation (continued)

UK Group companies do not charge/pay for group tax relief from other UK companies. As such, the Company 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 the Company's UK liability.

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022 – 19%). The differences are explained below:

	2023 £000	2022 £000
Profit before taxation	<u>644,298</u>	<u>573,600</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2022 – 19%)	122,417	108,984
Effect of:		
Permanent differences	(2,376)	1,961
Overseas tax	303	898
Group relief received for nil consideration	(206)	(480)
Adjustments in respect of prior years	14,889	9,574
Adjustments to deferred tax relating to changes in tax rates	407	(4,270)
Total tax charge for the year	<u>135,434</u>	<u>116,667</u>

Factors that may affect future tax charges

The standard rate of corporation tax in the UK at the balance sheet date is 25% (applicable from 1 April 2023). The rate applicable until 31st of March was 19%. This gives a corporation tax rate for the full period of 19% (2022: 19%).

An increase in the UK's main corporation tax rate from 19% to 25% took effect from 1 April 2023. As the change to the main UK corporation tax rate took effect on the balance sheet date, the impact is included in these financial statements with temporary differences remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset is realised.

Legislative changes

The UK corporation tax rate increased from 19% to 25% on 1 April 2023; consequently we expect an increase in the Company's effective tax rate to around 27% for FY 2023/24.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

11. Intangible assets

	Computer software £000	Trademarks, licences and other intangible assets £000	Assets in the course of construction £000	Total £000
Cost				
At 2 April 2022	224,605	10,172	54,584	289,361
Additions	10,942	550	32,237	43,729
Disposals	(41,574)	-	-	(41,574)
Reclassifications from assets in the course of construction	17,804	1	(17,805)	-
At 1 April 2023	211,777	10,723	69,016	291,516
Accumulated amortisation and impairment				
At 2 April 2022	(141,237)	(4,940)	(19,244)	(165,421)
Charge for the year	(34,083)	(650)	-	(34,733)
Disposals	41,574	-	-	41,574
At 1 April 2023	(133,746)	(5,590)	(19,244)	(158,580)
Net book value				
At 1 April 2023	78,031	5,133	49,772	132,936
At 2 April 2022	83,368	5,232	35,340	123,940

There were no impairment charges or releases in the 52 weeks to 1 April 2023 (2022 - £nil).

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

12. Property, plant and equipment

	Freehold land and buildings £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Cost					
At 2 April 2022	3,794	70,629	93,751	7,556	175,730
Additions	-	1,715	4,318	21,522	27,555
Disposals	(197)	(806)	(2,858)	(447)	(4,308)
Reclassifications from assets in the course of construction	-	147	2,092	(2,239)	-
At 1 April 2023	<u>3,597</u>	<u>71,685</u>	<u>97,303</u>	<u>26,392</u>	<u>198,977</u>
Accumulated depreciation and impairment					
At 2 April 2022	(1,378)	(48,804)	(71,074)	-	(121,256)
Charge for the year	(86)	(5,238)	(9,845)	-	(15,169)
Disposals	197	806	2,858	-	3,861
At 1 April 2023	<u>(1,267)</u>	<u>(53,236)</u>	<u>(78,061)</u>	<u>-</u>	<u>(132,564)</u>
Net book value					
At 1 April 2023	<u>2,330</u>	<u>18,449</u>	<u>19,242</u>	<u>26,392</u>	<u>66,413</u>
At 2 April 2022	<u>2,416</u>	<u>21,825</u>	<u>22,677</u>	<u>7,556</u>	<u>54,474</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

12. Property, plant and equipment (continued)

During the year, management carried out a review of retail cash generating units for any indication of impairment or reversal of impairments previously recorded. Where indications of impairment charges or reversals were identified, the impairment review compared the value-in-use of the cash generating units to their net book values at 1 April 2023. The pre-tax cash flow projections used for this review were based on financial plans of expected revenues and costs of each retail cash generating unit, approved by management, reflecting their latest plans over the next three years to 28 March 2026, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location. The pre-tax discount rate used in these calculations was 9.2% (2022 - 8.1%), based on the Company's weighted average cost of capital. Where indicators of impairment have been identified and the value-in-use was less than the carrying value of the cash generating unit, an impairment of property, plant and equipment and right-of-use asset is recorded. Where the value-in-use was greater than the net book value, and the cash generating unit had been previously impaired, the impairment was reversed, to the extent that could be supported by the value-in use and allowing for any depreciation that would have been incurred during the period the impairment was recorded. The fair value less cost to sell of the cash generating units was also considered, taking into account potential alternative uses for property, such as subletting of leasehold or sale of freehold. A review for any other indicators of impairment charges or reversals across the retail portfolio was also carried out.

For the year ended 1 April 2023 there was no impairment charge or reversal (2022 - £39,000 impairment charge) recognised against property, plant and equipment. The impairment in the prior year related to one retail cash generating unit for which the total recoverable amount at the balance sheet date was £77,000. There was also no impairment charge or reversal recorded against right-of-use assets of retail cash generating units as part of this review (2022 - £983,000 impairment charge) (see note 13).

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Company's retail assets. Given the macroeconomic and political uncertainty risk on the Company's retail operations and on the global economy, management has considered sensitivities to the impairment charge as a result of changes to the estimate of future revenues achieved by the retail stores. The sensitivities applied are an increase or decrease in revenue of 10% from the estimate used to determine the impairment charge or reversal. It is estimated that a 10% decrease/increase in revenue assumptions for the 52 weeks to 30 March 2024, with no change to subsequent forecast revenue growth rate assumptions, would still result in no impairment charge of retail store assets for the 52 weeks to 1 April 2023.

Refer to note 2.1 for further details on the key sources of estimation uncertainty associated with the impairment of property, plant and equipment and right-of use assets.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

13. Right-of-use assets

	Property right- of-use assets £000	Non-property right-of-use assets £000	Total £000
Net book value			
At 27 March 2021	285,635	135	285,770
Additions	4,495	-	4,495
Remeasurements (1)	8,069	-	8,069
Depreciation for the year	(40,112)	(135)	(40,247)
Impairment charge on assets	(983)	-	(983)
At 2 April 2022	257,104	-	257,104
Additions	14,194	-	14,194
Remeasurements (1)	56,174	-	56,174
Depreciation for the year	(42,820)	-	(42,820)
Impairment charge on assets	(3,240)	-	(3,240)
At 1 April 2023	281,412	-	281,412

- (1) Remeasurements of lease liabilities include COVID-19-related rent forgiveness of £628,000 (2022 - £1,438,000) which have been recognised as a credit in the Income Statement at 1 April 2023 (refer to note 20).

The net impairment charge for the period was £3,240,000 related to non-retail right-of-use assets (2022 – net impairment charge of £983,000 related to impairments on retail cash generating units).

Non-Retail Right-of-Use Assets

During the year, a net impairment charge of £3,240,000 was recognised in relation to right-of-use assets. This impairment arose as a result of the Group's restructuring programmes and comprises an impairment charge of £4,068,000 and an impairment reversal of £828,000. There was no impairment recognised for non-retail right-of-use assets in the prior year.

Retail Cash Generating Units

For the year ended 1 April 2023, there was no impairment charge or reversal recognised against right-of-use assets on retail cash generating units.

In the prior year, an impairment charge of £983,000 was recorded due to the impact of reduced footfall on the value-in-use of retail cash generating units. This charge related to one retail cash generating unit for which the total recoverable amount at the balance sheet date was £1,702,000.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

14. Investments in subsidiaries

	Investments in subsidiary companies £000
Cost	
At 2 April 2022	<u>30,913</u>
At 1 April 2023	<u>30,913</u>
Impairment	
At 2 April 2022	(17,928)
Impairment charge	<u>(1,153)</u>
At 1 April 2023	<u>(19,081)</u>
Net book value	
At 1 April 2023	<u>11,832</u>
At 2 April 2022	<u>12,985</u>

The Company has reviewed the recoverable value of its investments to identify if there is any indication of impairment of the carrying value. Where applicable, the recoverable amount has been estimated using management's best estimates of future cash generation of its investments.

During the year the Company's investment in Sweet Street Developments Limited was impaired by £1,153,000 (2022 – £nil).

There were no further impairments to the carrying value of the Company's investments in the current year, other than as noted above, nor in the prior year, as their cash generation in the long term is considered sufficient to support the carrying value.

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings as at 1 April 2023, including country of incorporation and percentage share ownership, is disclosed below. Unless otherwise stated, all undertakings are directly owned by the Company and operate in the country of incorporation.

Company name	Country of incorporation	Interest	Holding (%)
Sweet Street Development Limited (1)	UK	Ordinary shares	100
Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda (2)	Brazil	Quota	100

Burberry Distribution Limited was dissolved via voluntary strike-off on 25 October 2022.

Ref Registered office address

- (1) Horseferry House, Horseferry Road, London, SW1P 2AW, United Kingdom
- (2) City of São Paulo, State of São Paulo, at Rua do Rocio, 350, 3rd Pavement of Condominium Atrium IX, suites No. 31 and No. 32, 28th subdistrict, Vila Olímpia, CEP 04552-000, Brazil

BURBERRY LIMITED

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15. Inventories

	2023	2022
	£000	£000
Raw materials	6,415	6,118
Work in progress	718	313
Finished goods	134,396	132,247
Total inventories	141,529	138,678
	2023	2022
	£000	£000
Total inventories, gross	174,508	186,895
Provisions	(32,979)	(48,217)
Total inventories, net	141,529	138,678

Inventory provisions of £32,979,000 are recorded (2022 - £48,217,000), representing 18.9% (2022 – 25.8%) of the gross value of inventory. The provisions reflect management's best estimate of the net realisable value of inventory, where this is considered to be lower than the cost of inventory. Refer to note 2.1 for details on the key sources of estimation uncertainty associated with inventory provisioning.

The cost of inventories recognised as an expense and included in cost of sales amount to £802,000,000 (2022 - £674,441,000).

The net movement in inventory provisions included in cost of sales for the year ended 1 April 2023 was a charge of £3,041,000 (2022 – £4,311,000 charge).

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

16. Trade and other receivables

	2023 £000	2022 £000
Amounts falling due after more than one year		
Deferred tax assets (note 21)	22,439	19,557
Prepayments	1,616	247
Amounts owed by fellow subsidiaries	<u>63,664</u>	<u>55,601</u>
Total	<u><u>87,719</u></u>	<u><u>75,405</u></u>
	2023 £000	2022 £000
Amounts falling due within one year		
Trade receivables	54,880	21,500
Provision for doubtful debts	<u>(3,305)</u>	<u>(2,388)</u>
Net trade receivables	51,575	19,112
Amounts owed by the ultimate parent	20,931	13,456
Amounts owed by fellow subsidiaries	328,621	196,827
Other debtors	3,609	4,974
Other non-financial receivables	39,361	31,048
Prepayments	15,450	15,186
Accrued income	12,268	7,448
Derivatives	3,873	3,697
Current tax assets	<u>4,261</u>	<u>3,279</u>
Total	<u><u>479,949</u></u>	<u><u>295,027</u></u>

Included in amounts owed by fellow subsidiaries falling due after more than one year are loans of £63,664,000 (2022- £55,601,000) which are interest bearing, unsecured and mature between 26 April 2024 and 4 July 2027 (2022 – mature between 19 June 2023 and 17 June 2024). The interest rate is based on either the relevant national interbank offered rate or the relevant national overnight index average equivalent plus 0.9% (2022 – based on either the relevant national interbank offered rate or the relevant national overnight index average equivalent plus 0.9%). See note 1.16 for further details.

Included in amounts owed by the ultimate parent and fellow subsidiaries falling due within one year are loans of £56,536,000 (2022 – £2,313,000) which are interest bearing, unsecured and mature on 19 June 2023 (2022 – mature between 25 October 2022 and 24 March 2023). The remaining amounts owed by the ultimate parent and fellow subsidiaries falling due within one year of £291,816,000 (2022 - £207,970,000) are interest free, unsecured and mature on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

16. Trade and other receivables (continued)

Credit risk

The Company's impairment policies and the calculation of any allowances for credit losses are detailed below.

Trade receivables

The Company has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers with no single debtor representing more than 2% of the total balance due (2022 - 2%). The Company has policies in place to ensure that wholesale sales are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. In some retail locations, where the Company's store is located within a department store or mall, for example a concession, the sales proceeds may be initially held by the operator of the wider location, giving rise to retail debtors. In addition, receivables balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant and default rates have historically been very low.

The Company applies the simplified approach when measuring the trade receivable expected credit losses. The approach uses a lifetime expected loss allowance. To measure the expected credit losses trade receivables have been grouped based on segment, geographical region and the days past due. The expected loss rates are reviewed annually, or when there is a significant change in external factors potentially impacting credit risk, and are updated where management's expectations of credit losses change.

During the year ended 1 April 2023, the expected credit loss rates have been reassessed, taking into account the experience of losses incurred during the year and changes in market conditions as at 1 April 2023 compared to the previous year end. As a result of this reassessment, no change have been made to the expected loss rates.

Receivables excluding trade receivables

The counterparty credit risk of other receivables, including amounts due from group companies, is reviewed on a regular basis and the impairment is assessed as follows:

At inception the receivable is recorded net of expected 12 month credit losses. If a significant change in the credit risk occurs during the lifetime of the receivable, credit losses are recorded in the profit and loss account and the effective interest is calculated using the gross carrying amount of the asset. If a loss event occurs, the effective interest is calculated using the amortised cost of the asset net of any credit losses.

During the year ended 1 April 2023, management reassessed the credit risk of counterparties and concluded that the credit risk remains the same. There has been a reversal in the provision of £370,000 due to full repayment of the loan balance and a reversal of £829,000 due to the write off of receivables as uncollectable. In the prior year, £5,575,000 was reversed following management's reassessment of counterparties credit risk.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

16. Trade and other receivables (continued)

Credit risk (continued)

Impairment of receivables

The closing loss allowances for receivables reconcile as follows:

	Trade receivables £000	Receivables excluding trade receivables £000	Total £000
At 27 March 2021	3,138	6,774	9,912
Impairment provision recognised in profit or loss during the year	873	-	873
Receivables written off during the year as uncollectable	(497)	-	(497)
Unused amount reversed	(1,126)	(5,575)	(6,701)
At 2 April 2022	2,388	1,199	3,587
Impairment provision recognised in profit or loss during the year	1,890	-	1,890
Receivables written off during the year as uncollectable	(321)	(829)	(1,150)
Unused amount reversed	(652)	(370)	(1,022)
At 1 April 2023	3,305	-	3,305

As at 1 April 2023, the charge arising from the increase in impairment provision on receivables and other financial assets recorded in the Income Statement was £1,890,000 (2022 - £873,000), of which £1,890,000 (2022 - £873,000) relates to contracts with customers and £nil (2022 - £nil) relates to impairments of amounts receivable from fellow subsidiaries.

The maximum exposure to credit risk at the reporting date with respect to trade and other receivables is approximated by the carrying amount on the Balance Sheet.

Other financial assets

With respect to credit risk arising from other financial assets, which comprise cash and short-term deposits and certain derivative instruments, the Company's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments. There are policies in place that limit the amount of credit exposure to any financial institution and only deposits funds with independently rated financial institutions with a minimum rating of 'A' other than where required for operational purposes. A total of £2,000 (2022 - £3,000) was held with institutions with a rating below 'A' at 1 April 2023. These amounts are monitored on a weekly basis and regularly reported to the board.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

17. Cash and cash equivalents

	2023	2022
	£000	£000
Cash and cash equivalents held at amortised cost		
Cash at bank and in hand	13,338	9,612
Short-term deposits	70,817	70,281
	84,155	79,893
Cash and cash equivalents held at fair value through the profit and loss		
Short-term deposits	756,400	1,003,400
Total	840,555	1,083,293

Cash and cash equivalents classified as fair value through profit and loss relate to deposits held in low volatility net asset value money market funds. The cash is available immediately and, since the funds are managed to achieve low volatility, no significant change in value is anticipated. The funds are monitored to ensure there are no significant changes in value.

As at 1 April 2023 no impairment losses (2022 - £nil) were identified on cash and cash equivalents held at amortised cost.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

18. Creditors – amounts falling due within one year

	2023	2022
	£000	£000
Trade payables	128,046	107,110
Amounts owed to fellow subsidiaries	104,159	194,322
Amounts owed to ultimate parent	287,025	-
Corporate tax	41,370	26,111
Other taxes and social security costs	17,723	22,253
Derivative financial liabilities	827	1,914
Other payables	5,414	3,081
Accruals	87,823	99,986
Deferred income and non-financial accruals	969	1,018
Contract liabilities	7,891	8,041
Total amounts falling due within one year	<u>681,247</u>	<u>463,836</u>

Included in amounts owed to the ultimate parent and fellow subsidiaries are loans of £287,025,000 (2022 - £80,239,000) which are interest bearing, unsecured and with a facility maturity date of 1 March 2024 (2022- facility maturity date of 20 October 2022). The interest rate is based on either the relevant national interbank offered rate or the relevant national overnight index average equivalent plus 0.9% (2022 – based on the relevant national overnight index average equivalent plus 0.9%). See note 1.16 for further details.

The remaining amounts owed to fellow subsidiaries of £104,159,000 (2022 - £114,083,000) are interest free, unsecured and repayable on demand.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

18. Creditors – amounts falling due within one year (continued)

Contract liabilities

Retail contract liabilities relate to unredeemed balances on issued gift cards and similar products, and advanced payments received for sales which have not yet been delivered to the customer. Licencing contract liabilities relate to deferred revenue arising from the upfront payment for the Beauty licence which is being recognised in revenue over the term of the licence on a straight-line basis reflecting access to the trademark over the license period to 2032.

	2023	2022
	£000	£000
Retail contract liabilities	1,334	1,483
Licensing contract liabilities	63,934	70,492
Total contract liabilities	65,268	71,975
Amounts falling due after more than one year (note 19)	57,377	63,934
Amounts falling due within one year	7,891	8,041

The amount of revenue recognised in the year relating to contract liabilities at the start of the year is set out in the following table. All revenue in the year relates to performance obligations satisfied in the year. All contract liabilities at the end of the year relate to unsatisfied performance obligations.

	2023	2022
	£000	£000
Retail revenue relating to contract liabilities	1,216	1,525
Deferred revenue from Beauty license	6,557	6,557
Revenue recognised that was included in contract liabilities at the start of the year	7,773	8,082

19. Creditors – amounts falling due after more than one year

	2023	2022
	£000	£000
Amounts owed to ultimate parent	300,111	608,415
Amounts owed to fellow subsidiaries	33,985	34,838
Other payables	-	3,009
Deferred income and non-financial accruals	1,242	342
Contract liabilities (note 18)	57,377	63,934
Total amounts falling due after more than one year	392,715	710,538

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

19. Creditors – amounts falling due after more than one year (continued)

Included in amounts owed to the ultimate parent are loans of £300,111,000 (2022 - £300,120,000) which have interest rates fixed at 1.125% and repayable on 21 September 2025. In the prior year, £308,295,000 was interest bearing, unsecured and with a facility maturity date of 28 February 2024.

The remaining amounts owed to fellow subsidiaries of £33,985,000 (2022 - £34,838,000) are interest free, unsecured and with a facility maturity date between 17 June 2024 and 1 March 2026.

20. Lease liabilities

	Property lease liabilities £000	Non-property lease liabilities £000	Total £000
At 27 March 2021	360,308	137	360,445
Effect of foreign exchange rate changes	(67)	-	(67)
Created during the year	4,398	-	4,398
Amounts paid (1)	(53,896)	(127)	(54,023)
Discount unwind	7,855	-	7,855
Remeasurements (2)	6,999	-	6,999
At 2 April 2022	325,597	10	325,607
Effect of foreign exchange rate changes	125	-	125
Created during the year	14,194	-	14,194
Amounts paid (1)	(51,432)	(10)	(51,442)
Discount unwind	8,302	-	8,302
Remeasurements (2)	55,158	-	55,158
At 1 April 2023	351,944	-	351,944

	At 1 April 2023 £000	At 2 April 2022 £000
Analysis of total lease liabilities:		
Amounts falling due within one year	50,853	42,629
Amounts falling due after more than one year	301,091	282,978
Total	351,944	325,607

(1) The amounts paid of £51,442,000 (2022 - £54,023,000) includes £43,140,000 (2022 - £46,169,000) arising as a result of operating cash outflows and £8,302,000 (2022 - £7,855,000) arising as a result of an financing cash outflow.

(2) Remeasurements include COVID-19-related rent forgiveness of £628,000 (2022 - £1,438,000) which have been recognised as a credit in the Income Statement at 1 April 2023.

**NOTES TO THE FINANCIAL STATEMENTS
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20. Lease liabilities (continued)

The Company enters into property leases for retail properties, including stores, concessions, warehouse and storage locations and office property. The remaining lease terms for these properties range from a few months to 15 years (2022 – a few months to 16 years). Many of the leases include break options and/or extension options to provide operational flexibility. Some of the leases for concessions have rolling lease terms or rolling break options. Management assess the lease term at inception based on the facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Potential future undiscounted lease payments related to periods following the exercise date of an extension option not included in the lease term, and therefore not included in lease liabilities, are approximately £81,591,000 (2022 - £86,000,000) in relation to the next available extension option and are assessed as not reasonably certain to be exercised. Potential future undiscounted lease payments related to periods following the exercise date of a break option not included in the lease term, and therefore not included in lease liabilities, are approximately £68,362,000 (2022 - £92,000,000) in relation to break options which are expected to be exercised. During the 52 weeks to 1 April 2023, significant judgements regarding breaks and options in relation to individually material leases resulted in approximately £24,980,000 in undiscounted future cash flows not being included in the initial right-of-use assets and lease liabilities.

Management reviews the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. Management may exercise extension options and negotiate lease extensions or modifications. In other instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments is changes management choose to make to the store portfolio.

Future increases and decreases in rent linked to an inflation index or rate review are not included in the lease liability until the change in cash flows takes effect. Approximately 0.5% (last year: 1%) of the Company's lease liabilities are subject to inflation linked reviews and 88% (last year: 95%) are subject to rent reviews. Rental changes linked to inflation or rent reviews typically occur every 1-5 years.

Many of the retail property leases also incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Company's retail revenues. The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

The Company also enters into non-property leases for equipment, advertising fixtures and machinery. Generally, these leases do not include break or extension options. The most significant impact to future cash flows relating to leased equipment, which are primarily short term, would be the Company's usage of leased equipment to a greater or lesser extent.

The Company's accounting policy for leases is set out in note 1. Details of income statement charges and income for leases are set out in note 5. The right-of-use asset categories on which depreciation is incurred are presented in note 13. Interest expense incurred on lease liabilities is presented in note 9. The maturity of undiscounted future lease liabilities are set out below.

Total cash outflows in relation to leases in the year are £57,531,000 (2022 - £55,955,000). This relates to payments of £43,140,000 on lease principal (2022 - £45,108,000), £8,302,000 on lease interest (2022 - £7,855,000), £3,600,000 on variable lease payments (2022 - £1,734,000), and £2,489,000

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

20. Lease liabilities (continued)

other lease payments principally relating to short-term leases and leases in holdover (2022 - £1,258,000).

Maturity profile

The undiscounted contractual cash flows for lease liabilities falling due within one year is £57,050,000 (2022 - £49,243,000).

The maturity profile of the contractual undiscounted cash flows for lease liabilities falling due after more than one year is as follows:

	2023 £000	2022 £000
In more than 1 year, but not more than 2 years	60,266	38,305
In more than 2 years, but not more than 3 years	52,337	40,512
In more than 3 years, but not more than 4 years	40,614	39,387
In more than 4 years, but not more than 5 years	28,473	35,104
In more than 5 years	160,300	168,111
Total	341,990	321,419

As of 1 April 2023, the company has no additional commitments relating to leases where the Company has entered into an obligation but does not yet have control of the underlying asset (2022 – nil).

21. Deferred tax assets

The movement in deferred tax assets during the year is as follows:

	Capital allowances £000	Share schemes £000	Leases £000	Other £000	Total £000
At 27 March 2021	9,723	2,932	4,649	231	17,535
Credited/(charged) to the Income Statement	(1,974)	418	(478)	21	(2,013)
Rate change	2,447	425	1,317	81	4,270
Charged to equity	-	(235)	-	-	(235)
At 2 April 2022	10,196	3,540	5,488	333	19,557
Credited/(charged) to the Income Statement	(2,298)	2,547	(480)	685	454
Rate change	(312)	(10)	(152)	67	(407)
Charged to equity	-	2,835	-	-	2,835
At 1 April 2023	7,586	8,912	4,856	1,085	22,439

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Provisions for liabilities

	Property obligations £000	Other provisions £000	Restructuring £000	Total £000
At 27 March 2021	7,958	2,286	-	10,244
Created during the year	1,086	4,317	193	5,596
Utilised during the year	(144)	(579)	-	(723)
Released during the year	-	(238)	-	(238)
Discount unwind	80	-	-	80
At 2 April 2022	8,980	5,786	193	14,959
Created during the year	293	1,278	-	1,571
Utilised during the year	(318)	(168)	(25)	(511)
Released during the year	(1,233)	(1,373)	(168)	(2,774)
Discount unwind	78	-	-	78
At 1 April 2023	7,800	5,523	-	13,323

Property obligations in the current year relate to property reinstatement costs which are expected to be utilised within 15 years (2022 – 16 years). Other provisions relate to a number of immaterial unrelated provisions.

As at 1 April 2023, provisions related to Non-Current liabilities were £7,560,000 (2022 – £7,503,000) and provisions related to Current liabilities were £5,763,000 (2022 – £7,456,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

23. Financial risk management

The Company's principal financial instruments comprise derivative instruments, cash and cash equivalents, borrowings (including overdrafts), trade and other receivables, and creditors arising directly from operations.

The Company's activities expose it to a variety of financial risks including: market risks (such as foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital risk.

The Company's risk management is carried out by the Group's treasury department (Group Treasury) based on forecast business requirements to reduce financial risk and to ensure sufficient liquidity is available to meet foreseeable needs and to invest in cash and cash equivalents safely and profitably. Group Treasury does not operate as a profit centre and transacts only in relation to the underlying business requirements. The policies of Group Treasury are reviewed and approved by the Group's Board of Directors. The Group uses derivative instruments to hedge certain risk exposures.

Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency denominated transactions.

From the perspective of the Company, foreign exchange risk management is integrated with the foreign exchange risk management of the Group and is not managed separately. Further details of the Group's foreign exchange risk policy are included in the consolidated financial statements of Burberry Group plc, which are available publicly.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to cash, borrowings, short-term deposits and overdrafts.

From the perspective of the Company, interest rate risk management is integrated with the interest rate risk management of the Group and is not managed separately. Further details of the Group's interest rate risk policy are included in the consolidated financial statements of Burberry Group plc, which are available publicly.

Credit risk

The Company's impairment policies and the calculation of any allowances for credit losses are detailed in note 16.

Liquidity risk

The Company's financial risk management policy aims to ensure that sufficient cash is maintained to meet foreseeable needs and close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

All short-term trade and other payables, accruals and bank overdrafts mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows, with the exception of lease liabilities. The undiscounted contractual cash flows for lease liabilities are set out in note 20.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

23. Financial risk management (continued)**Capital risk**

The Company manages its capital (defined as net cash, borrowings and equity) to ensure that it has sufficient capital and liquidity to support its operations and its investment plans and to optimise returns to shareholders.

Cash is used to fund the continued investment in the Company and growth of the global brand. It is also used to make outflows of capital expenditure, tax and dividends.

At 1 April 2023, the Company had net cash comprised of cash and cash equivalents as set out in note 17. The Company had borrowings as set out in note 24 and total equity as set out in the Statement of Changes in Equity.

24. Borrowings

The Company has access to the Group's £300,000,000 (2022 - £300,000,000) multi-currency revolving credit facility with a syndicate of banks. On 26 July 2021, the Group entered into a new £300 million multi-currency sustainability linked revolving credit facility (RCF) with a syndicate of banks, maturing on 26 July 2026. There were no drawdowns or repayments of the RCF during the current or previous year, and as at 1 April 2023, there were no outstanding drawings.

The Company is in compliance with the financial and other covenants within this facility, and has been in compliance throughout the financial year.

During the year ending 1 April 2023 the non-cash changes to bank borrowings amounted to £nil (2022 - £nil).

25. Called up share capital

	2023 £000	2022 £000
Allotted, called up and fully paid share capital		
20,546,750 (2022 – 20,546,750) ordinary shares of £1 each	<u>20,547</u>	<u>20,547</u>

The capital reserve consists of non-distributable reserves.

26. Dividends

	2023 £000	2022 £000
Dividends paid in the year	<u>450,000</u>	<u>450,000</u>
Total	<u>450,000</u>	<u>450,000</u>

The Directors paid an interim dividend of £21.90 per ordinary share (2022 - £21.90 per ordinary share).

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

27. Share based payments**Shares and share options granted to directors and employees**

The Group operates a number of equity-settled share-based compensation schemes for its directors and employees. Details of each of these schemes are set out in this note. The share option schemes have been valued using the Black-Scholes option pricing model. The share awards have been valued using the closing price of an ordinary share at the date of grant.

The Burberry Share Plan 2020 ('the BSP')

The BSP was approved by shareholders and adopted by the Group in the year ended 27 March 2021 to replace the Burberry Group plc Executive Share Plan ('ESP') as the Group's main long-term incentive plan.

Under the BSP, participants were awarded either conditional share awards or phantom awards, up to a maximum value of three times base salary per annum. Awards may be subject to performance underpins. If the Group does not meet one or more of the performance underpins over the relevant vesting period, the Remuneration Committee would consider whether it is appropriate to scale back the level of pay-out under the BSP award. For the BSP awards made to the executive directors, 1/3 of the award will vest on the third anniversary of the grant date, 1/3 of the award will vest on the fourth anniversary of the grant date and the remaining balance of the award will vest on the fifth anniversary of the grant date.

Awards made to senior employees will not be subject to performance conditions or underpins and will vest in full on the third anniversary of the grant date, subject to continued employment.

During the year, the fair value charge relating to the BSP awards was £6,530,000 and the following grants were made under the BSP:

Date of grant	Options granted	Fair value	Participant group	Performance conditions	Targets	
					Threshold	Maximum
27 July 2022	752,683	£17.21	Management	Continued service	N/A	N/A
27 July 2022	174,874	£17.21	Executive Directors	Underpins: Total revenue Brand and sustainability	£2,400m Reasonable Progress	N/A
24 November 2022	86,928	£20.94	Management	Continued service	N/A	N/A

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023**

27. Share based payments (continued)

The Burberry Share Plan 2020 ('the BSP') (continued)

The fair values for the above grants is equivalent to the closing price of an ordinary share on the grant date as follows:

	27 July 2022	24 November 2022
Share price at contract commencement date	£17.21	£20.94

Obligations under this plan will be met either by market purchase shares via the ESOP trust or by the issue of ordinary shares of the Group.

Movements in the number of BSP share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	1,284,366	1,121,590
Granted during the year	1,014,485	586,473
Lapsed and forfeited during the year	(464,026)	(295,221)
Exercised during the year	(113,385)	(128,476)
Outstanding at end of year	1,721,440	1,284,366
Exercisable at end of year	310	1,451
Vesting after end of year	1,721,130	1,282,915

Share awards outstanding at the end of the year have the following terms:

Term of the award	Number of awards as at 1 April 2023	Number of awards as at 2 April 2022
20 August 2020 – 20 August 2025	-	71,323
20 August 2020 – 23 July 2023	459,208	560,520
19 November 2020 – 19 November 2023	6,933	6,933
23 November 2020 – 23 November 2022	-	91,875
27 July 2021 – 27 July 2026	-	52,111
27 July 2021 – 27 July 2024	407,588	496,470
18 November 2021 – 18 November 2024	5,134	5,134
27 July 2022 – 27 July 2027	104,131	-
27 July 2022 – 27 July 2025	651,518	-
24 November 2022 – 24 November 2025	86,928	-
Total	1,721,440	1,284,366

The weighted average term of the BSP awards is 3 years.

BURBERRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Share based payments (continued)The Burberry Group plc Executive Share Plan ('the ESP')

The ESP was approved by the shareholders and adopted by the Group in the year ended 31 March 2015 with the final grant made on 27 February 2020.

Under the ESP, participants were awarded shares, structured as either nil-cost options, conditional share awards or phantom awards, up to a maximum value of normally four times base salary per annum. Awards may be subject to a combination of nonmarket performance conditions, including: compound annual Group adjusted PBT growth; compound annual Group revenue growth; and average retail/wholesale adjusted return on invested capital (ROIC). Performance conditions were measured over a three-year period from the last reporting period prior to the grant date and awards vested in two tranches in years 3 and 4. Thresholds and targets for all ESP schemes have now been assessed and the number of shares awarded has been approved.

Awards made to management were not subject to performance conditions apart from continued service during the vesting period.

Obligations under this plan will be met either by market purchase shares, the transfer of treasury shares or by the issue of ordinary shares of the Company, for which the ESOP trust may be used to facilitate the process.

During the year, the fair value charge relating to the ESP awards was £918,000.

Movements in the number of ESP share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	965,432	2,136,862
Granted during the year	-	-
Lapsed and forfeited during the year	(570,040)	(1,043,508)
Exercised during the year	(168,410)	(127,922)
Outstanding at end of year	226,982	965,432
Exercisable at end of year	132,378	112,299
Vesting after end of year	94,604	853,133

The weighted average first available exercise date for the ESP scheme is 30 May 2023.

One-off awards

The Company grants conditional share awards as one-off awards. Some of these awards vest in tranches, which vary by award, and are dependent upon continued employment over the vesting period.

The fair values for these awards are equivalent to the closing price of an ordinary share on the grant date.

During the year, the fair value charge relating to the one-off awards was £5,370,000.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 1 APRIL 2023

27. Share based payments (continued)

One-off awards (continued)

Movements in the number of one-off share awards outstanding are as follows:

	52 weeks to 1 April 2023	53 weeks to 2 April 2022
Outstanding at start of year	1,058,523	781,369
Granted during the year	7,720	358,729
Lapsed and forfeited during the year	(530,544)	(13,375)
Exercised during the year	(199,047)	(68,200)
Outstanding at end of year	336,652	1,058,523
Exercisable at end of year	27,309	27,309
Vesting after end of year	309,343	1,031,214

Other schemes

The Group also grants to employees options under the Burberry Group plc ShareSave Plan 2021 ('ShareSave') and free shares under a Burberry Group plc Share Incentive Plan (SIP) for employees in the UK and the Burberry Group plc International Free Share Plan (IFSP) for employees outside the UK. In the 52 weeks to 1 April 2023 and the 53 weeks to 2 April 2022, options were granted under ShareSave with a three-year and five-year vesting period.

Additional awards were granted under a SIP and IFSP, offering employees awards of ordinary shares in the Group at a £nil exercise price. All awards vest after three years and the vesting of these share awards is dependent on continued employment over the vesting period.

The fair value charge for these schemes was £2,000,000.

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

28. Contingent liabilities

The Company has indemnified banks against potential liabilities and claims resulting from several guarantee commitments made by banks on behalf of other Group companies. At 1 April 2023 the guarantee commitments totalled £62,794,000 (2022 - £55,223,000).

The current geopolitical environment continues to have an impact on the trading environments in which the Group operates. Under its existing transfer pricing arrangements, the Company may be required to make contributions to its fellow subsidiaries in order to make good any losses incurred during the year ending 1 April 2023. However, given the uncertainty surrounding these conditions, it is not currently possible to estimate the impact of these contributions.

The Company is subject to claims against it and to tax audits in a number of jurisdictions which arise in the ordinary course of business. These typically relate to Valued Added Taxes, sales taxes, customs duties, corporate taxes, transfer pricing, payroll taxes, various contractual claims, legal proceedings and other matters. Where appropriate, the estimated cost of known obligations have been provided in these financial statements in accordance with the Company's accounting policies. The Company does not expect the outcome of current similar contingent liabilities to have a material effect on the Company's financial condition.

29. Capital commitments

Contracted capital commitments represent contracts entered into by the year end and future work in respect of major capital expenditure projects where activity has commenced by the year end relating to property, plant and equipment and intangible software assets.

	2023 £000	2022 £000
Contracted but not provided for:		
Property, plant and equipment	5,579	7,698
Intangible assets	2,163	1,341
Total	7,742	9,039

30. Retirement benefit obligations

The Company provides post retirement arrangements for its employees which are defined contribution in nature.

Further details of the Company's pension schemes are reported in the financial statements of Burberry Group plc.

The total value of costs recognised in the Income Statement in the year in relation to the defined contribution scheme is £10,576,000 (2022- £9,907,000).

BURBERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

31. Related party transactions

The Company has the following related parties which are not wholly owned subsidiaries of Burberry Group plc:

- Burberry India Private Limited
- Burberry Qatar W.L.L

The Company also has the following related parties which the Group does not hold 100% of the share capital of, though it has a 100% economic interest in these related parties:

- Burberry Middle East LLC
- Burberry Kuwait General Trading Textiles and Accessories Company \ With Limited Liability

Aggregate related party transactions and balances which arise in the normal course of business from transactions that are carried out on an arm's length basis with the related parties above are set out below:

	2023 £000	2022 £000
Sales		
- Product	39,925	29,802
- Royalty income	1,617	1,268
Amounts owed by other Group companies	3,964	3,512

32. Immediate and ultimate parent undertaking

The immediate parent undertaking is Burberry (UK) Limited, which is registered in England and Wales.

The 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.

33. Events after the balance sheet date

On 28 March 2023, Burberry Limited entered into an agreement to acquire a business from Italian technical outerwear supplier Pattern SpA for an agreed purchase price of €21 million (£18 million), subject to closing conditions and working capital adjustments.

In June 2023, the Board agreed to designate Burberry Italy s.r.l. ("Burberry Italy"), another subsidiary within the Burberry Group, as the designated purchaser of Newco, pursuant to the SPA. The Board considered this to be in the best interest of the Company as it would promote operational efficiencies within the Burberry Group, because the benefits of this would accrue to the Company through its ownership of the Burberry brand and intellectual property. Further, ownership of Newco under a Burberry Group company registered in Italy would drive greater operational efficiencies for Newco, due to proximity to existing manufacturing and administrative capabilities owned and operated by Burberry Italy. The acquisition is expected to complete in FY 2023/24.