21 May 2013

Burberry Group plc

Preliminary results
for the year ended 31 March 2013

Strong financial results
- Revenue up 8% to £2bn
- Adjusted profit before tax up 14% to £428m
- Reported profit before tax down 4% to £351m, after fragrance licence relationship termination costs
- Full year dividend up 16% to 29.0p
- Operating cashflow up 8% to £523m; funding a near doubling of investment spend at £320m

Retail/wholesale revenue up 8%; adjusted operating profit up 17%
- Retail revenue up 12%; wholesale down 1% as guided
- Retail 75% of group revenue in H2
- 23 mainline stores opened, including in flagship markets such as London, Chicago and Hong Kong
- Digital impact increased both online and offline

Consistent execution of five key strategies
- Digital engagement at record levels
- Mens accessories grew by over 30%
- Store opening strategy unchanged in FY 2014
    - About 25 openings planned
    - Capital expenditure planned at around £200m
- China revenue grew about 20%; 11 new stores in FY 2013
- Inventory excluding Beauty up only 7% at constant FX

Direct operation of Beauty, the fifth product division, from 1 April 2013
- Team established combining internal expertise and external hires
- Supply chain and IT capabilities built and operational
- Growth initiatives underway for pillar fragrances, Body and Brit

Angela Ahrendts, Chief Executive Officer, commented:

"Finishing the year with a strong retail performance both online and offline, Burberry achieved record revenue and profit in 2012/13.

Looking ahead, although the macro environment remains uncertain, Burberry is well positioned with opportunity by channel, region and product. With the integration of Beauty in April, we have added another exciting growth platform. Our brand momentum, proven strategies and closely connected global team provide confidence in Burberry's future performance."

All metrics and commentary in the Group Financial Highlights and Business and Financial Review exclude the results of the discontinued business in Spain and exceptional items unless stated otherwise.

Exceptional items are:
- A charge of £82.9m relating to the termination of the fragrance and beauty licence relationship (2012: nil)
- A restructuring credit of £0.6m (2012: nil)
- A put option liability finance credit of £5.2m relating to the third party 15% economic interest in the Chinese business (2012: charge of £10.2m)

Details of exceptional items are contained in Note 7 of the Notes to the Financial Information. Underlying change is calculated at constant exchange rates. Certain financial data within this announcement have been rounded.

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- There will be a presentation today at 9.30am (UK time) to investors and analysts at Horseferry House, Horseferry Road, London, SW1P 2AW.
- The presentation can be viewed live on the Burberry website www.burberryplc.com and can also be accessed live via a dial-in facility on 020 3427 1918.
- The supporting slides and an indexed replay will be available on the website later in the day.
- Burberry will update on trading on 10 July 2013 when it will issue its Interim Management Statement in respect of the First Quarter.
- The AGM will be held on 12 July 2013.

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

GROUP FINANCIAL HIGHLIGHTS

Total revenue up 8% to £1,999m (2012: £1,857m)

Retail/wholesale revenue up 8% and adjusted operating profit up 17%; adjusted operating margin of 17.8% (2012: 16.4%) or 17.1% without £12m benefit from lower performance-related pay charge

Adjusted profit before tax up 14% to £428m (2012: £376m). Reported profit before tax down 4% to £351m (2012: £366m) including £83m of exceptional costs relating to termination of fragrance and beauty licence relationship

Adjusted diluted earnings per share up 14% to 70.0p (2012: 61.6p); reported diluted earnings per share down 4% to 57.0p (2012: 59.3p). Tax rate on adjusted profit before tax of 25.8% (2012: 26.7%)

Full year dividend per share up 16% to 29.0p (2012: 25.0p), consistent with policy of approximately 40% dividend payout based on adjusted EPS

Year-end net cash of £297m (2012: £338m); investment spend nearly doubled with capital expenditure of £176m and licence termination payment of £144m

£ million	Year to 31 March 2013	2012	*% change reported FX*	*underlying*
Revenue	1,998.7	1,857.2	*8*	*8*
Cost of sales	(556.7)	(558.3)	*0*	*(2)*
Gross margin	1,442.0	1,298.9	*11*	*11*
Operating expenses*	(1,013.9)	(922.0)	*(10)*	*(10)*
Adjusted operating profit	**428.1**	**376.9**	***14***	***13***
Net finance charge*	(0.3)	(0.7)	*-*	*-*
Adjusted profit before taxation	**427.8**	**376.2**	***14***	***13***
Exceptional items	(77.1)	(10.2)		
Profit before taxation	**350.7**	**366.0**	***(4)***	
Taxation	(91.5)	(100.6)		
Discontinued operations#	(0.0)	(0.3)		
Non-controlling interest	(4.9)	(1.8)		
Attributable profit	254.3	263.3		
Adjusted EPS (pence)˜	**70.0**	**61.6**		
EPS (pence)˜	57.0	59.3		
Weighted average number of ordinary shares (millions)˜	446.5	444.3		

Adjusted measures exclude exceptional items and discontinued operations.
*Operating expenses in 2013 in the table above exclude a charge relating to the termination of the licence relationship of £82.9m (2012: nil) and a restructuring credit of £0.6m (2012: nil) included in the reported expenses of £1,096.2m (2012: £922.0m). The net finance charge in 2013 in the table above excludes a £5.2m China put option liability finance credit (2012: £10.2m charge) included in the reported net finance income of £4.9m (2012: £10.9m charge).
Discontinued operations in Spain in 2013 delivered a nil profit (2012: loss of £0.3m).
˜ EPS is presented on a diluted basis.

BUSINESS AND FINANCIAL REVIEW

In FY 2013, Burberry grew revenue 8% and adjusted PBT 14% in a challenging global environment. Management's consistent execution of key strategies and dynamic response to opportunities and issues delivered this strong performance.

Retail/wholesale adjusted operating margin increased to 17.8% in the year, including a £12m benefit from a lower performance-related pay charge. Without this benefit, adjusted operating margin would have been 17.1% compared to 16.4% in FY 2012.

For FY 2014, strategic priorities include driving growth in retail including digital, beauty and mens, while aiming to modestly increase on the 17.1% adjusted operating margin achieved in FY 2013, with the improvement coming in the second half.

Leverage the franchise

- **Brand momentum remained strong**, with increased reach and engagement, resulting in retail growth of 12%. Burberry Regent Street opened in September 2012 as the largest and most digitally advanced physical brand experience to date, bringing all aspects of burberry.com to life. The Spring/Summer 2013 advertising campaign generated record awareness through traditional and social media, including 1.7m views of the launch video on YouTube. With over 15 million fans, Burberry is the most followed luxury brand on Facebook. The L2 think tank named Burberry as the brand with the highest "digital IQ" in China and in fashion globally. Marketing and retail initiatives continued to focus around outerwear, the core of the business.

- **Burberry began directly operating fragrance and beauty from 1 April 2013,** following the termination of the licence relationship. Product development, planning, sourcing, technology, logistics and distribution worldwide have been integrated. Product design and marketing have been reinforced and accelerated to assure continuity and extension of the core (or pillar) fragrances, Body and Brit, while innovating and expanding the small make-up range. A number of senior executives with sector and functional expertise were hired, while existing Beauty expertise within the global team was reallocated. Beauty is now Burberry's fifth product division.

  Burberry believes that Beauty will be a key contributor to future growth, as the brand is under-penetrated relative to peers and direct ownership will enable opportunities to be pursued more rapidly.

- **With the Japan apparel licence expiring in June 2015, Burberry continues to refine the transition strategy** to move from the local licensed product to the global collection. The three stores and nine concessions selling the global collection continued to gain traction with limited consumer awareness at this stage. Further details of the transition plan will be given at the preliminary results in May 2014.

Intensify accessories

- **Accessories revenue was up 8% underlying** to remain Burberry's largest product division at 39% of retail/wholesale revenue. Large leather goods still represent nearly half of mainline accessories revenue. The impact of rationalising entry price point products was offset by continued innovation in core leather programmes and key fashion shapes.

- **Mens accessories were up over 30%,** now representing nearly 20% of mainline retail accessories revenue.

Accelerate retail-led growth

- **Retail was up 12% and accounted for 71% of revenue in the full year (75% in the second half).** Investments focused on enhanced customer service, physical and digital synchronisation, burberry.com and improved merchandising disciplines.

- **Burberry continued to evolve its real estate portfolio,** opening 23 mainline stores and 22 concessions during the year, while closing 9 and 16 respectively. Average retail selling space increased by 13% in the year, biased towards Asia and Europe, and to larger format stores in flagship markets, including Regent Street and Knightsbridge in London, Pacific Place in Hong Kong and the rebuilt flagship in Chicago.

- **For FY 2014, Burberry's store opening strategy is unchanged.** Following two years of above historic average space growth, Burberry plans to open about 25 mainline stores and close about 15, while opening about 10 concessions and closing about the same number. Openings are biased towards the evolution of the portfolio in China and further expansion in Latin America. Capital expenditure for FY 2014 is planned at around £200m (2013: £176m). Net new openings are planned to contribute low to mid single-digit percentage growth to retail revenue in FY 2014.

Invest in under-penetrated markets

- **China sales grew about 20% and accounted for 14% of group retail/wholesale revenue.** Eleven stores were opened and five closed, bringing the total at year-end to 69 stores in 35 cities (up from 50 stores in 30 cities at the time of acquisition in September 2010). In FY 2014, a net eight new stores are planned including three in the flagship market of Shanghai. Further investment is being made in product assortment, customer service and the brand's digital presence, to service both mainland and travelling Chinese customers.

- **Burberry opened four stores in Brazil during the year**, giving a total of seven at year end. Although not currently profitable, Burberry continues to invest in high potential markets, attracted by the changing socio-demographic trends which are driving luxury consumption, either within the domestic markets or when customers travel. New franchise agreements were signed in Colombia, Chile and Barbados.

Pursue operational excellence

- **Inventory levels were tightly managed,** up only 7% at the year-end excluding Beauty and at constant exchange rates, compared to 12% retail sales growth. Inventory management benefited from the investment in technology and planning teams and further refinement of the brand buy, ensuring global channel consistency.

- **Logistics capabilities were enhanced to ensure capacity for long-term growth.** The Asian hub in Hong Kong was expanded, a local China distribution centre was opened and digital commerce fulfilment in Europe was moved in-house.

- **The back-of-house integration of Beauty was completed, enabled by supply chain and IT expertise.** For Beauty, Burberry is now working with over 80 suppliers, has opened a new dedicated distribution centre in France and implemented SAP, its core IT infrastructure. It has received nearly all regulatory approvals required and is also currently shipping reorders for Body Tender, the new women's fragrance, which launched in March.

Revenue analysis

Revenue by channel

£ million	Year to 31 March 2013	2012	% growth reported FX	underlying
Retail	1,416.6	1,270.3	*12*	*12*
Wholesale	472.7	478.3	*(1)*	*1*
Licensing	109.4	108.6	*1*	*(1)*
Revenue	**1,998.7**	**1,857.2**	***8***	***8***

Retail

71% of revenue (2012: 68%); generated from 206 mainline stores, 214 concessions within department stores, digital commerce and 49 outlets

- Retail sales increased by 12% on an underlying and reported FX basis
- Comparable store sales increased by 5% (H1: 3%; H2: 7%)
- New space contributed the balance of growth (7%)
- Average retail selling space increased by 13% (2012: 14% excluding China acquisition)

During FY 2013, retail trading was uneven, with comparable store sales growth of 6%, 1%, 6% and 8% by quarter, achieved against double-digit growth throughout the previous year.

Product, marketing and customer service initiatives drove strong performance in the second half festive periods including Christmas and Chinese New Year. Digital was further optimised, with innovative marketing and monthly global messages leveraged and synchronised online and offline, responding to rapidly changing consumer behaviour.

Overall, store traffic was soft, offset by increased conversion rates and higher average transaction values. Online traffic and conversion were up significantly.

With continued focus on the execution of proven retail strategies, the drivers of growth were consistent with previous years

- Outerwear and large leather goods remained at about half of mainline revenue
- Replenishment remained at about half of mainline revenue
- Burberry Prorsum and London penetration increased by four percentage points to reach 49% of mainline apparel revenue
- Menswear and mens accessories accounted for over half the growth in mainline revenue

There was positive comparable store sales growth in all four regions during the year.

Asia Pacific
Nearly 90% of Asia Pacific revenue came from retail. China and Hong Kong both delivered double-digit comparable store sales growth in the year, while Korea remained weak.

A net seven stores were opened in the region, focused on upgrading the store portfolio in China and in flagship markets including Hong Kong, with new stores in Pacific Place and Russell Street.

Europe
Retail accounted for nearly 70% of Europe revenue. Following a strong first quarter, comparable store sales growth was broadly unchanged for the remainder of the period. France and Germany were robust and Italy remained weak. The United Kingdom, Burberry's home market, accounted for over 40% of Europe retail revenue and delivered good overall growth, driven by the investment in London stores (Regent Street and Knightsbridge mens).

New store openings were largely in flagship markets, including London, Milan and Rome, which typically benefit more from travelling luxury customers.

Americas
About two-thirds of Americas revenue came from retail. Low single-digit comparable store sales growth in the year was weighted towards the second half. Approaching 10% of Americas retail revenue came from outside the United States, with five stores in Canada, seven in Brazil and two in Mexico at the year-end.

Store openings included the rebuilt Chicago flagship, a further store in San Francisco and four openings in Brazil.

Rest of World
Retail accounted for nearly 60% of revenue for Rest of World, with 30 stores at the year-end (23 in the Middle East and seven in India). Although uneven, high single-digit comparable store sales growth was achieved in the year, led by India.

Wholesale

24% of revenue (2012: 26%); generated from sales to department stores, multi-brand specialty accounts, 65 franchise stores and travel retail

- Wholesale revenue increased by 1% underlying (down 1% at reported FX)
- H1: up 5% underlying; H2: down 3% underlying as guided
- Growth in North America, Asia Travel Retail and Emerging Markets offset by continued planned account and product rationalisation
- Outerwear and mens outperformed other products

Asia Pacific
Good growth was achieved during the year in travel retail, despite weakness in Korea.

Europe
Europe remains the group’s largest wholesale region at nearly 40% of wholesale revenue. Revenue was impacted by weak demand from domestic customers, especially in Italy, coupled with continuing planned rationalisation of small specialty accounts for brand and credit reasons.

Americas
The Americas is about one-third of group wholesale revenue. Sales to North American department store customers again performed strongly, despite the greater impact of withdrawing entry price point products in core accessories and outerwear than in other regions. There was a further expansion of dedicated shop-in-shops during the year, reflecting brand segmentation initiatives with key customers.

Rest of World
Wholesale revenue in Rest of World, which is mainly to franchise partners, saw good growth.

At the year end, Burberry had 65 franchise stores, a net increase of eight during the year, including in Jordan, Kazakhstan, Latvia, Estonia and Georgia.

Licensing
5% of revenue (2012: 6%); of which just over 60% is from Japan (split roughly 85% apparel and 15% from three remaining short-term accessories licences), with the balance from global product licences (fragrance, eyewear and watches) and European wholesale childrenswear

- Licensing revenue down 1% on an underlying basis (up 1% at reported FX)
- Consistent with full year guidance
- Fragrance and beauty taken in-house from 1 April 2013

At constant exchange rates, royalty income from Japan was down compared to last year. Income from the apparel licence, which expires in June 2015, increased slightly, reflecting higher minimum payments, offset by the planned termination and downsizing of the remaining short-term accessories licences in Japan.

Global product licences delivered double-digit percentage growth. Product launches included Body Tender fragrance, the Aviator and Splash sunglasses collections and The Britain watch, starting the realignment of Burberry watches with the brand's luxury positioning.

Burberry began directly operating fragrance and beauty from 1 April 2013. The royalty revenue (£27m in FY 2013) from this product category will no longer be received.

Operating profit analysis

Adjusted operating profit

£ million	Year to 31 March 2013	2012	*% growth reported FX*	*underlying*
Retail/wholesale	335.6	286.9	*17*	*17*
Licensing	92.5	90.0	*3*	*1*
Adjusted operating profit	**428.1**	**376.9**	***14***	***13***
Adjusted operating margin	*21.4%*	*20.3%*		

Adjusted operating profit increased by 14% to £428.1m, including a £2.9m translation benefit.

Adjusted retail/wholesale operating profit

£ million	Year to 31 March 2013	2012	*% change reported FX*
Revenue	1,889.3	1,748.6	*8*
Cost of sales	(556.7)	(558.3)	*0*
Gross margin	1,332.6	1,190.3	*12*
Gross margin	*70.6%*	*68.1%*	
Operating expenses	(997.0)	(903.4)	*(10)*
Adjusted operating profit	**335.6**	**286.9**	***17***
Operating expenses as % of revenue	*52.8%*	*51.7%*	
Adjusted operating margin	*17.8%*	*16.4%*	

On 8% revenue growth, retail/wholesale adjusted operating profit increased 17% to £335.6m, resulting in a 140 basis point improvement in operating margin to 17.8%. This included a £12m benefit from a lower performance-related pay charge, due in part to the external environment being more challenging than budgeted. Without this benefit, adjusted operating margin would have been 17.1% compared to 16.4% in FY 2012.

Gross margin increased by 250 basis points, driven by modest price increases, FX benefits on sourcing, improved inventory management and the mix shift to retail.

The operating expenses to revenue ratio increased by 110 basis points, driven in part by the shift to retail. Of the £94m increase, over half related to net new space. Spending by the largest corporate functions (marketing, IT, product and design) was tightly controlled, falling marginally as a percentage of sales, funding further investment in areas including digital.

Licensing operating profit

£ million	Year to 31 March 2013	2012
Revenue	109.4	108.6
Cost of sales	-	-
Gross margin	109.4	108.6
Gross margin	*100%*	*100%*
Operating expenses	(16.9)	(18.6)
Operating profit	**92.5**	**90.0**
Operating margin	*84.6%*	*82.9%*

Licensing revenue declined by 1% on an underlying basis (up 1% at reported FX). With lower expenses, operating profit increased slightly to £92.5m, including a £1.7m FX benefit.

Exceptional items

£ million	Year to 31 March 2013	2012
Termination of licence relationship	(82.9)	0.0
Restructuring credit	0.6	0.0
China put option liability finance credit/(charge)	5.2	(10.2)
	(77.1)	(10.2)

During the year, £82.9m has been recognised as an exceptional item relating to the termination of the fragrance and beauty licence relationship.

- Of the Euro181m termination payment, £70.9m has been capitalised as an intangible asset and will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017. This intangible asset relates to the present value of the anticipated incremental income from fragrance and beauty which will be earned by the Group up to 31 December 2017. The annual amortisation charge is expected to be £15m.

- The remaining £71.3m has been recognised as an expense, together with related costs of £2.7m. It is anticipated that this value will be recovered through increased income from fragrance and beauty beyond 31 December 2017.

- Set up costs of £8.9m were incurred during the second half of the year as Burberry prepared for the transition to direct control. These included marketing, product registration and headcount costs.

The restructuring credit of £0.6m relates to the release of a provision held in respect of the cost efficiency programme announced in January 2009.

The China put option liability finance credit/(charge) relates to fair value movements on the put option liability over the non-controlling interest in the acquired Chinese business. The credit in the full year was £5.2m (2012: £10.2m charge).

Taxation

In FY 2013, Burberry had a tax charge of £91.5m (2012: £100.6m), giving a tax rate on adjusted profit of 25.8% (2012: 26.7%). Tax on exceptional items has been recognised as appropriate. The resulting effective tax rate on reported profit is 26.1% (2012: 27.5%).

The tax rate on adjusted profit for FY 2014 is currently expected to be about 25%.

Net cashflow

Cash inflow from operations was £523m, an increase of £40m over last year. This funded significant investment during the year, with capital expenditure of £176m (2012: £153m) and £144m to terminate the fragrance and beauty licence relationship. Other major outflows were dividends (£114m) and tax (£99m). Net cash at 31 March 2013 was £297m (2012: £338m).

Inventory at 31 March 2013 was £351m. Excluding Beauty (£9m), this was a 7% increase year-on-year at constant exchange rates, compared to 12% retail sales growth.

Outlook

Retail: In the year to 31 March 2014, Burberry plans to open about 25 mainline stores and close about 15, while opening about 10 concessions and closing about the same number. Openings are biased towards the evolution of the portfolio in China and further expansion in Latin America. Following two years of above average space growth, net new openings are planned to contribute low to mid single-digit percentage growth to retail revenue in FY 2014.

Wholesale: Excluding Beauty, Burberry expects underlying wholesale revenue to decrease by about 10% in the six months to 30 September 2013 (2012: £253m). Wholesale customers globally planned more conservatively for Autumn/Winter 2013 and there is a continuing impact from Burberry's strategic rationalisation of wholesale accounts (particularly in Europe) and entry price products (particularly in North America).

In addition, and as previously guided, with Burberry directly operating Beauty from 1 April 2013, wholesale revenue of about £140m and incremental retail/wholesale operating profit of around £25m is still expected in FY 2014. This will be weighted towards the second half, reflecting the impact in the first half of the move from licence to direct operation.

Licensing: In the year to 31 March 2013, licensing revenue, excluding £27m royalty income from fragrance and beauty, was £82m. In the year to 31 March 2014, Burberry expects growth from this level to be slightly positive at constant exchange rates and broadly unchanged at reported exchange rates, with the difference in growth rates largely reflecting the impact of the Japanese yen hedge rate.

In FY 2014, royalty income from Japan is expected to be broadly unchanged at constant exchange rates year-on-year, with higher minimum payments from the apparel licence offset by ongoing rationalisation of the three remaining accessories licences. The two global product licences (watches and eyewear) are expected to deliver double-digit percentage growth.

Retail/wholesale profit: For FY 2014, the aim is to modestly increase on the operating margin achieved in FY 2013, which was 17.1% without the £12m benefit of a lower performance-related pay charge. Reflecting the evolution and phasing of the business, adjusted PBT for the six months to 30 September 2013 is currently expected to be below the level of the prior year (£173m):

- Revenue continues to be weighted to the second half
- First half wholesale revenue, excluding Beauty, is expected to be down 10% underlying, as guided
- H1 2012 benefited from a £15m lower performance-related pay charge, as previously disclosed
- Beauty is expected to be dilutive in H1 2013, reflecting the short-term impact of the transition to direct operation

Disclosure

As previously announced, with retail now over 70% of revenue and in order to improve the understanding of key business trends, Burberry is modifying its disclosure with effect from FY 2014:

- In its First and Third Quarter Trading Updates, Burberry will report retail revenue only
- In its First and Second Half Trading Updates, Burberry will report
  - Revenue by channel by half
  - Retail/wholesale revenue by region and by product
- Beauty will be reported as the fifth product division alongside accessories, womens, mens and childrens
- Burberry will continue to update retail, wholesale and licensing guidance in all Trading Updates as previously

APPENDIX

Retail/wholesale revenue by destination

£ million	Year to 31 March 2013	2012	% growth reported FX	underlying
Asia Pacific	745.3	652.5	*14*	*13*
Europe	560.3	552.6	*1*	*6*
Americas	463.3	434.5	*7*	*6*
Rest of World	120.4	109.0	*10*	*11*
	1,889.3	1,748.6	*8*	*9*

Retail/wholesale revenue by product division

£ million	Year to 31 March 2013	2012	% growth reported FX	underlying
Accessories	734.3	689.4	*7*	*8*
Womens	618.2	582.5	*6*	*7*
Mens	464.2	410.5	*13*	*14*
Childrens/other	72.6	66.2	*10*	*9*
	1,889.3	1,748.6	*8*	*9*

Store portfolio

	Directly-operated stores				
	Stores	Concessions	Outlets	Total	*Franchise stores*
At 31 March 2012	192	208	44	444	*57*
Additions	23	22	10	55	*11*
Closures	(9)	(16)	(5)	(30)	*(3)*
At 31 March 2013	206	214	49	469	*65*

Store portfolio by region

	Directly-operated stores				
At 31 March 2013	Stores	Concessions	Outlets	Total	*Franchise stores*
Asia Pacific	58	153	12	223	*15*
Europe	42	58	20	120	*30*
Americas*	78	2	16	96	*3*
Rest of World	28	1	1	30	*17*
Total	206	214	49	469	*65*

* Three franchise stores in the Americas are in Mexico

Retail net selling square footage

At 31 March	000s square feet
2009	845
2010	890
2011	1,010
2012	1,145
2013	1,290

Group Income Statement

	Note	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Continuing operations			
Revenue	4	**1,998.7**	1,857.2
Cost of sales		**(556.7)**	(558.3)
Gross profit		**1,442.0**	1,298.9
Net operating expenses	5	**(1,096.2)**	(922.0)
Operating profit		**345.8**	376.9
Financing			
Finance income		**3.4**	2.9
Finance expense		**(3.7)**	(3.6)
Other financing income/(charges)		**5.2**	(10.2)
Net finance income/(charge)	8	**4.9**	(10.9)
Profit before taxation	6	**350.7**	366.0
Taxation	9	**(91.5)**	(100.6)
Profit for the year from continuing operations		**259.2**	265.4
Profit/(loss) for the year from discontinued operations		**–**	(0.3)
Profit for the year		**259.2**	265.1
Attributable to:			
Owners of the Company		**254.3**	263.3
Non-controlling interest		**4.9**	1.8
Profit for the year		**259.2**	265.1
Earnings per share			
– basic	10	**58.3p**	60.4p
– diluted	10	**57.0p**	59.3p
Earnings per share from continuing operations			
– basic	10	**58.3p**	60.4p
– diluted	10	**57.0p**	59.3p
		£m	£m
Reconciliation of adjusted profit before taxation:			
Profit before taxation		**350.7**	366.0
Exceptional items:			
– termination of licence relationship	7	**82.9**	–
– restructuring credit relating to continuing operations	7	**(0.6)**	–
– put option liability finance (credit)/charge	7	**(5.2)**	10.2
Adjusted profit before taxation – non-GAAP measure		**427.8**	376.2
Adjusted earnings per share – non-GAAP measure			
– basic	10	**71.6p**	62.8p
– diluted	10	**70.0p**	61.6p
Dividends per share			
– interim	11	**8.00p**	7.00p
– proposed final (not recognised as a liability at 31 March)	11	**21.00p**	18.00p

Group Statement of Comprehensive Income

	Note	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Profit for the year		**259.2**	265.1
Other comprehensive income:			
– cash flow hedges	20	**5.7**	3.3
– foreign currency translation differences		**36.0**	(3.8)
Tax on other comprehensive income:			
– cash flow hedges		**(1.3)**	(0.8)
– foreign currency translation differences		**(1.4)**	(0.2)
Other comprehensive income/(expense) for the year, net of tax		**39.0**	(1.5)
Total comprehensive income for the year		**298.2**	263.6
Total comprehensive income attributable to:			
Owners of the Company		**291.1**	261.2
Non-controlling interest		**7.1**	2.4
		298.2	263.6

Group Balance Sheet

	Note	As at 31 March 2013 £m	As at 31 March 2012 £m
ASSETS			
Non-current assets			
Intangible assets	12	**210.2**	133.1
Property, plant and equipment	13	**409.1**	328.8
Investment properties		**2.7**	2.8
Deferred tax assets		**117.6**	84.1
Trade and other receivables	14	**39.9**	22.3
Derivative financial assets		**0.2**	14.7
		779.7	585.8
Current assets			
Inventories	15	**351.0**	311.1
Trade and other receivables	14	**159.6**	145.2
Derivative financial assets		**20.1**	3.2
Income tax receivables		**9.4**	10.1
Cash and cash equivalents	16	**426.4**	546.9
		966.5	1,016.5
Assets classified as held for sale		**–**	8.3
	22	**966.5**	1,024.8
Total assets		**1,746.2**	1,610.6
LIABILITIES			
Non-current liabilities			
Trade and other payables	17	**(108.0)**	(104.9)
Deferred tax liabilities		**(0.8)**	(1.4)
Derivative financial liabilities		**(0.7)**	(0.2)
Retirement benefit obligations		**(0.6)**	(0.8)
Provisions for other liabilities and charges	18	**(19.8)**	(15.1)
		(129.9)	(122.4)
Current liabilities			
Bank overdrafts and borrowings	19	**(129.8)**	(208.6)
Derivative financial liabilities		**(0.1)**	(1.9)
Trade and other payables	17	**(339.8)**	(324.4)
Provisions for other liabilities and charges	18	**(12.9)**	(8.2)
Income tax liabilities		**(80.9)**	(53.7)
		(563.5)	(596.8)
Total liabilities		**(693.4)**	(719.2)
Net assets		**1,052.8**	891.4
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	20	**0.2**	0.2
Share premium account		**203.6**	202.6
Capital reserve	20	**37.0**	33.9
Hedging reserve	20	**9.3**	4.9
Foreign currency translation reserve	20	**151.0**	118.6
Retained earnings		**615.9**	507.1
		1,017.0	867.3
Non-controlling interest in equity		**35.8**	24.1
Total equity		**1,052.8**	891.4

Group Statement of Changes in Equity

	Note	Attributable to owners of the Company						
		Ordinary share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Balance as at 31 March 2011		**0.2**	**192.5**	**154.5**	**366.4**	**713.6**	**20.1**	**733.7**
Profit for the year		–	–	–	263.3	263.3	1.8	265.1
Other comprehensive income:								
Cash flow hedges	20	–	–	3.3	–	3.3	–	3.3
Foreign currency translation differences		–	–	(4.4)	–	(4.4)	0.6	(3.8)
Tax on other comprehensive income		–	–	(1.0)	–	(1.0)	–	(1.0)
Total comprehensive income for the year		–	–	(2.1)	263.3	261.2	2.4	263.6
Transfer between reserves		–	–	5.0	(5.0)	–	–	
Transactions with owners:								
Employee share incentive schemes								
– value of share options granted		–	–	–	31.8	31.8	–	31.8
– value of share options transferred to liabilities		–	–	–	(0.8)	(0.8)	–	(0.8)
– tax on share options granted		–	–	–	17.4	17.4	–	17.4
– exercise of share awards		–	10.1	–	(9.5)	0.6	–	0.6
Purchase of own shares by ESOP trusts		–	–	–	(60.7)	(60.7)	–	(60.7)
Sale of own shares by ESOP trusts		–	–	–	0.1	0.1	–	0.1
Capital contribution by non-controlling interest		–	–	–	–	–	4.9	4.9
Dividends paid in the year		–	–	–	(95.9)	(95.9)	(3.3)	(99.2)
Balance as at 31 March 2012		**0.2**	**202.6**	**157.4**	**507.1**	**867.3**	**24.1**	**891.4**
Profit for the year		–	–	–	254.3	254.3	4.9	259.2
Other comprehensive income:								
Cash flow hedges	20	–	–	5.7	–	5.7	–	5.7
Foreign currency translation differences		–	–	33.8	–	33.8	2.2	36.0
Tax on other comprehensive income		–	–	(2.7)	–	(2.7)	–	(2.7)
Total comprehensive income for the year		–	–	36.8	254.3	291.1	7.1	298.2
Transfer between reserves		–	–	3.1	(3.1)	–	–	–
Transactions with owners:								
Employee share incentive schemes								
– value of share options granted		–	–	–	24.9	24.9	–	24.9
– value of share options transferred to liabilities		–	–	–	(1.3)	(1.3)	–	(1.3)
– tax on share options granted		–	–	–	(1.9)	(1.9)	–	(1.9)
– exercise of share awards		–	1.0	–	–	1.0	–	1.0
Purchase of own shares by ESOP trusts		–	–	–	(46.4)	(46.4)	–	(46.4)
Capital contribution by non-controlling interest		–	–	–	–	–	0.4	0.4
De-recognition of non-controlling interest	24	–	–	–	(4.2)	(4.2)	4.2	–
Dividends paid in the year		–	–	–	(113.5)	(113.5)	–	(113.5)
Balance as at 31 March 2013		**0.2**	**203.6**	**197.3**	**615.9**	**1,017.0**	**35.8**	**1,052.8**

Group Statement of Cash Flows

	Note	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Cash flows from operating activities			
Operating profit		**345.8**	376.9
Operating loss from discontinued operations		**–**	(0.3)
Termination of licence relationship	7	**71.3**	–
Depreciation		**94.5**	74.3
Amortisation		**16.7**	13.3
Net impairment charges		**11.3**	6.8
Write-down of assets held for sale		**–**	4.5
Loss on disposal of property, plant and equipment and intangible assets		**0.1**	0.3
Fair value losses/(gains) on derivative instruments		**2.0**	(5.7)
Charges in respect of employee share incentive schemes		**24.9**	31.8
Increase in inventories		**(39.2)**	(61.8)
Increase in receivables		**(32.0)**	(17.6)
Increase in payables		**27.6**	60.0
Cash generated from operating activities		**523.0**	482.5
Interest received		**3.5**	2.7
Interest paid		**(2.6)**	(3.3)
Taxation paid		**(99.0)**	(108.2)
Net cash generated from operating activities		**424.9**	373.7
Cash flows from investing activities			
Purchase of property, plant and equipment		**(158.1)**	(126.1)
Purchase of intangible assets		**(17.8)**	(27.0)
Payment to terminate licence relationship	7	**(144.1)**	–
Proceeds from sale of asset held for sale	22	**0.1**	–
Acquisition of subsidiaries, net of cash acquired		**(1.0)**	(23.5)
Net cash outflow from investing activities		**(320.9)**	(176.6)
Cash flows from financing activities			
Dividends paid in the year	11	**(113.5)**	(95.9)
Dividends paid to non-controlling interest		**–**	(3.3)
Capital contributions by non-controlling interest		**0.4**	4.9
Issue of ordinary share capital		**1.0**	0.6
Sale of own shares by ESOP trusts		**–**	0.1
Purchase of own shares by ESOP trusts		**(46.4)**	(60.7)
Repayments of borrowings		**(1.3)**	–
Net cash outflow from financing activities		**(159.8)**	(154.3)
Net (decrease)/increase in cash and cash equivalents		**(55.8)**	42.8
Effect of exchange rate changes		**12.8**	(2.4)
Cash and cash equivalents at beginning of year		**339.6**	299.2
Cash and cash equivalents at end of year		**296.6**	339.6

Analysis of Net Cash

	Note	As at 31 March 2013 £m	As at 31 March 2012 £m
Cash and cash equivalents as per the Balance Sheet	16	**426.4**	546.9
Bank overdrafts	19	**(129.8)**	(207.3)
Cash and cash equivalents per the Statement of Cash Flows		**296.6**	339.6
Bank and other borrowings	19	**–**	(1.3)
Net cash		**296.6**	338.3

Notes to the Financial Information

1. Basis of preparation

The financial information contained within this report has been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations and parts of the Companies Act 2006 applicable to companies reporting under IFRS. This financial information does not constitute the Burberry Group's (the Group) Annual Report and Accounts within the meaning of Section 435 of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2012 have been filed with the Registrar of Companies, and those for 2013 will be delivered in due course. The reports of the auditors on those statutory accounts for the years ended 31 March 2012 and 31 March 2013 were unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under either section 400(2) or section 498(3) of the Companies Act 2006.

The principal accounting policies applied in the preparation of the consolidated financial statements are consistent with those set out in the statutory accounts for the year ended 31 March 2012.

2. Translation of the results of overseas businesses

The results of overseas subsidiaries are translated into the Group's presentation currency of Sterling each month at the weighted average exchange rate for the month according to the phasing of the Group's trading results. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the year end exchange rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are taken directly to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal exchange rates used were as follows:

	Average rate		Closing rate	
	Year to 31 March 2013	Year to 31 March 2012	**As at 31 March 2013**	As at 31 March 2012
Euro	**1.22**	1.16	**1.18**	1.20
US Dollar	**1.58**	1.60	**1.52**	1.60
Chinese Yuan Renminbi	**9.91**	10.15	**9.44**	10.07
Hong Kong Dollar	**12.25**	12.38	**11.79**	12.41
Korean Won	**1,758**	1,775	**1,691**	1,811

The average exchange rate achieved by the Group on its Yen royalty income, taking into account its use of Yen forward foreign exchange contracts on a monthly basis approximately twelve months in advance of royalty receipts, was Yen 126.9: £1 in the year to 31 March 2013 (2012: Yen 133.1: £1).

3. Adjusted profit before taxation and exceptional items

Exceptional items include those items that are largely one-off and material in nature. The Group presents these items in note 7 to the accounts in profit before taxation. Fair value movements on options held over equity interests, which are held for the purpose of future business developments, rather than speculative purposes, are also considered to be exceptional items and are separately presented in the Income Statement. These items are added back/deducted from profit/loss before taxation to arrive at adjusted profit/loss before taxation. These items and their related tax impacts are added back/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. These measures are disclosed in order to provide additional consideration of the underlying performance of the Group's ongoing business.

Notes to the Financial Information

4. Segmental analysis

The Chief Operating Decision Maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports used by the Board.

The Board considers the Group'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 global product between Retail and Wholesale channels and across our regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs situated in Asia, Europe and the USA. Licensing revenues are generated through the receipt of royalties from the Group's partners in Japan and global licensees of fragrances, eyewear, timepieces and European childrenswear.

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of exceptional items. The measure of earnings for each operating segment that is reviewed by the Board includes an allocation of corporate and central costs. Interest income and charges are not included in the result for each operating segment that is reviewed by the Board.

	Retail/Wholesale		Licensing		Total	
	Year to 31 March 2013 £m	Year to 31 March 2012 £m	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Retail	**1,416.6**	1,270.3	**–**	–	**1,416.6**	1,270.3
Wholesale	**472.7**	478.3	**–**	–	**472.7**	478.3
Licensing	**–**	–	**111.4**	118.9	**111.4**	118.9
Total segment revenue	**1,889.3**	1,748.6	**111.4**	118.9	**2,000.7**	1,867.5
Inter-segment revenue[1]	**–**	–	**(2.0)**	(10.3)	**(2.0)**	(10.3)
Revenue from external customers	**1,889.3**	1,748.6	**109.4**	108.6	**1,998.7**	1,857.2
Depreciation and amortisation	**111.1**	87.6	**–**	–	**111.1**	87.6
Net impairment charges	**11.3**	6.8	**–**	–	**11.3**	6.8
Other non-cash expenses						
– share based payments	**19.9**	25.4	**5.0**	6.4	**24.9**	31.8
Adjusted operating profit	**335.6**	286.9	**92.5**	90.0	**428.1**	376.9
Exceptional items[2]					**(77.1)**	(10.2)
Finance income					**3.4**	2.9
Finance expense					**(3.7)**	(3.6)
Profit before taxation					**350.7**	366.0

(1) Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

(2) Refer to note 7 for details of exceptional items.

Notes to the Financial Information

4. Segmental analysis (continued)

	Retail/Wholesale		Licensing		Total	
	Year to 31 March 2013 £m	Year to 31 March 2012 £m	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Additions to non-current assets	**253.6**	150.7	**–**	–	**253.6**	150.7
Total segment assets	**1,094.0**	875.5	**4.2**	4.5	**1,098.2**	880.0
Goodwill					**86.3**	81.2
Cash and cash equivalents					**426.4**	546.9
Taxation					**127.0**	94.2
Assets relating to discontinued Spanish operations					**8.3**	8.3
Total assets per Balance Sheet					**1,746.2**	1,610.6

Revenue by product	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Accessories	**734.3**	689.4
Womens	**618.2**	582.5
Mens	**464.2**	410.5
Childrens/Other	**72.6**	66.2
Retail/Wholesale	**1,889.3**	1,748.6
Licensing	**109.4**	108.6
Total	**1,998.7**	1,857.2

Revenue by destination	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Asia Pacific	**745.3**	652.5
Europe	**560.3**	552.6
Americas	**463.3**	434.5
Rest of World	**120.4**	109.0
Retail/Wholesale	**1,889.3**	1,748.6
Licensing	**109.4**	108.6
Total	**1,998.7**	1,857.2

Revenue to external customers originating in the UK totalled £491.7m for the year to 31 March 2013 (2012: £471.2m).

Revenue to external customers originating in foreign countries totalled £1,507.0m for the year to 31 March 2013 (2012: £1,386.0m).This amount includes £419.5m of external revenues originating in the US (2012: £392.9m) and £259.6m of external revenues originating in China (2012: £213.9m).

The total of non-current assets other than financial instruments and deferred tax assets located in the UK is £211.5m (2012: £111.7m). The remaining £421.1m of non-current assets are located in other countries (2012: £375.3m), with £161.8m located in North America (2012: £146.8m) and £73.5m located in China (2012: £67.0m).

Notes to the Financial Information

5. Net operating expenses

	Note	Year to 31 March 2013 £m	Year to 31 March 2012[1] £m
Selling and distribution costs		**604.2**	510.5
Administrative expenses		**410.3**	412.3
Property rental income under operating leases		**(0.6)**	(0.8)
Exceptional items			
Termination of licence relationship	7	**82.9**	–
Restructuring costs	7	**(0.6)**	–
Total		**1,096.2**	922.0

(1) The year ended 31 March 2012 has been re-presented to reallocate certain costs from administrative expenses to selling and distribution to better reflect the nature of these costs.

6. Profit before taxation

	Note	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment			
– within cost of sales		**0.5**	0.3
– within selling and distribution costs[1]		**76.2**	59.6
– within administrative expenses[1]		**17.7**	14.3
Amortisation of intangible assets			
– within selling and distribution costs		**2.0**	–
– within administrative expenses		**14.7**	13.3
Loss on disposal of property, plant and equipment and intangible assets		**0.1**	0.3
Net impairment charge relating to retail assets		**11.3**	3.8
Net impairment charge relating to intangible assets		**–**	3.0
Employee costs[2]		**385.6**	358.7
Operating lease rentals			
– minimum lease payments		**142.6**	112.0
– contingent rents		**73.7**	70.9
Net exchange (gain)/loss included in the Income Statement		**(5.0)**	3.3
Trade receivables net impairment charge		**2.1**	1.4
Exceptional items			
Termination of licence relationship	7	**82.9**	–
Restructuring costs	7	**(0.6)**	–
Put option liability finance charges	7	**(5.2)**	10.2

(1) The year ended 31 March 2012 has been re-presented to reallocate certain costs from administrative expenses to selling and distribution to better reflect the nature of these costs.

(2) Excludes costs relating to the setup of the Burberry beauty business which have been included within exceptional items for the year ended 31 March 2013 (refer note 7).

Notes to the Financial Information

6. Profit before taxation (continued)

Auditor remuneration

Fees incurred during the year in relation to audit and non-audit services are analysed below. All work performed by the external auditors is controlled by an authorisation policy agreed by the Audit Committee. The overriding principle precludes the auditors from engaging in non-audit services that would compromise their independence. Non-audit services are provided by the auditors where they are best placed to provide the service due to their previous experience or market leadership in a particular area.

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Audit services in respect of the accounts of the Company and consolidation	**0.3**	0.3
Audit services in respect of the accounts of subsidiary companies	**1.3**	1.1
Audit related assurance services	**0.1**	0.2
Services relating to taxation		
– compliance services	**0.2**	0.1
– advisory services	**0.4**	0.3
Other non-audit related services	**0.2**	0.1
Total	**2.5**	2.1

7. Exceptional items

Termination of licence relationship

During the year ended 31 March 2013, a total of £82.9m has been recognised as an exceptional item relating to the termination of the fragrance and beauty licence relationship with Interparfums SA. A tax credit of £19.1m has been recognised on this exceptional charge in the current period.

On 16 July 2012, the Group exercised its right to terminate its fragrance and beauty licence relationship with Interparfums SA in exchange for a payment of €181.2m (£142.2m at the spot rate of €1.27: £1 on the date of exercise). The payment was made on 21 December 2012 (£144.1m at the spot rate prevailing on the date of payment) and the termination was effective from 1 April 2013. The terms of the termination were set out in the licence agreement, as modified by a subsequent transition agreement signed on 10 October 2012. If the licence relationship had not been terminated it would have expired on 31 December 2017.

£70.9m of this payment has been capitalised as an intangible asset within the category 'trade marks, licences and other intangible assets' (refer note 12).

The remaining £71.3m, which does not qualify to be capitalised as an intangible asset, has been recognised as an expense in the current period. The £71.3m expense has been recognised as an exceptional item, due to the size and nature of the transaction. Other costs, which were incurred by the Group in the year as a result of the transaction, have been included within the total reported exceptional item of £82.9m relating to the termination of the fragrance and beauty licence relationship. These other costs are separately presented in order to provide additional consideration of the underlying performance of the Group's ongoing business in the year.

The analysis of the exceptional item relating to the termination of the fragrance and beauty licence relationship and details of the other costs are as follows:

	Year to 31 March 2013 £m
Payment to Interparfums SA	71.3
Professional fees	0.5
Net foreign exchange loss	2.2
Set up costs	8.9
Total exceptional item relating to termination of licence relationship	**82.9**

7. Exceptional items (continued)

Professional fees

Professional fees of £0.5m were incurred as a result of the transaction, mainly relating to legal services, tax advice and valuation services.

Net foreign exchange loss

The payment to Interparfums SA was hedged through taking out forward contracts, which matured on 21 December 2012. These contracts had a combined effective average rate of €1.26: £1, compared to the €1.27: £1 used to initially record the transaction. This has resulted in a difference of £2.2m between the sterling equivalent of the amount to settle the creditor with Interparfums SA and the amount to settle the forward contract.

Set up costs

Set up costs of £8.9m were incurred during the year. These set up costs will not recur in future years, and solely represent expenses incurred as a result of transitioning the fragrance and beauty business from a licensed operation to a directly operated business. The direct operation is effective from 1 April 2013 and hence these set up costs did not relate to the Group's ongoing business in the year. Further costs incurred in relation to the fragrance and beauty business from 1 April 2013 will not be treated as exceptional, other than amortisation of the intangible asset relating to the termination of the licence relationship.

The set up costs include marketing costs which would have been borne by Interparfums SA if the licence relationship had not been terminated; the cost of employees hired in the current year to support the direct operation from 1 April 2013; rental costs for a new distribution centre for the beauty business; system development expenses; consultancy fees, registration fees and contractual obligations in relation to equipment and inventory purchases arising from the transition agreement.

Restructuring costs

During the year ended 31 March 2013, an exceptional credit was recognised for the release of £0.6m of the restructuring provision held in respect of the cost efficiency programme announced in the year to 31 March 2009. A tax charge of £0.1m has been recognised in relation to this exceptional credit in the current period.

Put option liability finance income/charges

The exceptional financing credit of £5.2m for the year ended 31 March 2013 (2012: charge of £10.2m) relates to fair value movements and the unwinding of the discount on the put option liability over the non-controlling interest in Burberry (Shanghai) Trading Co., Ltd. Refer to note 17 for further details of the carrying value of the put option liability. No tax has been recognised on this item, as it is not considered to be deductible for tax purposes.

8. Financing

	Note	**Year to 31 March 2013 £m**	Year to 31 March 2012 £m
Bank interest income		**3.4**	2.9
Finance income		**3.4**	2.9
Interest expense on bank loans and overdrafts		**(2.3)**	(2.3)
Bank charges		**(1.4)**	(1.3)
Finance expense		**(3.7)**	(3.6)
Other financing charges - put option liability	7	**5.2**	(10.2)
Net finance income/(charge)		**4.9**	(10.9)

Notes to the Financial Information

9. Taxation

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

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Current tax		
UK corporation tax		
Current tax on income for the year to 31 March 2013 at 24% (2012: 26%)	**79.4**	79.9
Double taxation relief	**(0.5)**	(1.7)
Adjustments in respect of prior years	**1.0**	(1.7)
	79.9	76.5
Foreign tax		
Current tax on income for the year	**37.2**	36.8
Adjustments in respect of prior years	**10.2**	(1.5)
Total current tax	**127.3**	111.8
Deferred tax		
UK deferred tax		
Origination and reversal of temporary differences	**(19.8)**	(1.1)
Impact of changes to tax rates	**1.6**	1.3
Adjustments in respect of prior years	**(1.2)**	(0.4)
	(19.4)	(0.2)
Foreign deferred tax		
Origination and reversal of temporary differences	**(15.7)**	(16.0)
Impact of changes to tax rates	**–**	(0.1)
Adjustments in respect of prior years	**(0.7)**	5.1
Total deferred tax	**(35.8)**	(11.2)
Total tax charge on profit	**91.5**	100.6

Analysis of charge for the year recognised in other comprehensive income and directly in equity:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Current tax		
Recognised in other comprehensive income		
Current tax charge on exchange differences on loans (foreign currency translation reserve)	**6.8**	0.1
Total current tax recognised in other comprehensive income	**6.8**	0.1
Recognised in equity		
Current tax credit on share options (retained earnings)	**(7.3)**	(13.8)
Total current tax recognised directly in equity	**(7.3)**	(13.8)
Deferred tax		
Recognised in other comprehensive income		
Deferred tax credit on cash flow hedges deferred in equity (hedging reserve)	**(0.3)**	(0.6)
Deferred tax charge on cash flow hedges transferred to income (hedging reserve)	**1.6**	1.4
Deferred tax (credit)/charge on exchange differences on loans (foreign currency translation reserve)	**(5.4)**	0.1
Total deferred tax recognised in other comprehensive income	**(4.1)**	0.9
Recognised in equity		
Deferred tax charge/(credit) on share options (retained earnings)	**9.2**	(3.6)
Total deferred tax recognised directly in equity	**9.2**	(3.6)

Notes to the Financial Information

9. Taxation (continued)

The tax rate applicable on profit varied from the standard rate of corporation tax in the UK due to the following factors:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Profit before taxation	**350.7**	366.0
Tax at 24% (2012: 26%) on profit before taxation	**84.2**	95.2
Rate adjustments relating to overseas profits	**(7.4)**	(8.9)
Permanent differences	**0.9**	8.3
Current year tax losses not recognised	**2.9**	3.2
Adjustments in respect of prior years	**9.3**	1.5
Adjustments to deferred tax relating to changes in tax rates	**1.6**	1.3
Total taxation charge	**91.5**	100.6

Total taxation recognised in the Group Income Statement arises on:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Adjusted profit before taxation	**110.5**	100.6
Exceptional items	**(19.0)**	–
Total taxation charge	**91.5**	100.6

10. Earnings per share

The calculation of basic earnings per share is based on profit or loss attributable to owners of the Company for the year divided by the weighted average number of ordinary shares in issue during the year. Basic and diluted earnings per share based on adjusted profit before taxation are also disclosed to indicate the underlying profitability of the Group.

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Attributable profit for the year before exceptional items(1) and discontinued operations	**312.4**	273.8
Effect of exceptional items(1) (after taxation)	**(58.1)**	(10.2)
Attributable profit for the year from continuing operations	**254.3**	263.6
Attributable loss from discontinued operations	**–**	(0.3)
Attributable profit for the year	**254.3**	263.3

(1) Refer to note 7 for details of exceptional items.

The weighted average number of ordinary shares represents the weighted average number of Burberry Group plc ordinary shares in issue throughout the year, excluding ordinary shares held in the Group's employee share option plan trusts (ESOP trusts).

Diluted earnings per share is based on the weighted average number of ordinary shares in issue during the year. In addition, account is taken of any options and awards made under the employee share incentive schemes, which will have a dilutive effect when exercised.

	Year to 31 March 2013 Millions	Year to 31 March 2012 Millions
Weighted average number of ordinary shares in issue during the year	**436.2**	435.9
Dilutive effect of the employee share incentive schemes	**10.3**	8.4
Diluted weighted average number of ordinary shares in issue during the year	**446.5**	444.3

Notes to the Financial Information

11. Dividends paid to owners of the Company

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Prior year final dividend paid 18.00p per share (2012: 15.00p)	**78.6**	65.4
Interim dividend paid 8.00p per share (2012: 7.00p)	**34.9**	30.5
Total	**113.5**	95.9

A final dividend in respect of the year to 31 March 2013 of 21.00p (2012: 18.00p) per share, amounting to £91.5m (2012: £78.6m), has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend to Burberry Group plc shareholders has not been recognised as a liability at the year end and will be paid on 1 August 2013 to shareholders on the register at the close of business on 5 July 2013.

12. Intangible assets

Cost	Goodwill £m	Trade marks, licences and other intangible assets £m	Computer software £m	Total £m
As at 1 April 2011	73.1	23.8	51.8	148.7
Effect of foreign exchange rate changes	1.5	(0.9)	(0.1)	0.5
Additions	–	1.1	22.7	23.8
Disposals	–	(0.2)	(5.8)	(6.0)
Reclassification from assets under construction (note 13)	–	1.9	1.3	3.2
Business combinations	6.6	–	–	6.6
As at 31 March 2012	81.2	25.7	69.9	176.8
Effect of foreign exchange rate changes	5.1	0.1	0.8	6.0
Additions	–	73.2	15.1	88.3
Disposals	–	–	(2.1)	(2.1)
As at 31 March 2013	**86.3**	**99.0**	**83.7**	**269.0**
Accumulated amortisation and impairment				
As at 1 April 2011	–	11.0	23.0	34.0
Effect of foreign exchange rate changes	–	(0.5)	(0.1)	(0.6)
Charge for the year	–	2.0	11.3	13.3
Disposals	–	(0.2)	(5.8)	(6.0)
Net impairment charge on assets	–	–	3.0	3.0
As at 31 March 2012	–	12.3	31.4	43.7
Effect of foreign exchange rate changes	–	–	0.5	0.5
Charge for the year	–	2.1	14.6	16.7
Disposals	–	–	(2.1)	(2.1)
As at 31 March 2013	**–**	**14.4**	**44.4**	**58.8**
Net book value				
As at 31 March 2013	**86.3**	**84.6**	**39.3**	**210.2**
As at 31 March 2012	81.2	13.4	38.5	133.1

Fragrance and Beauty intangible asset

On 16 July 2012, the Group exercised its right to terminate its fragrance and beauty licence relationship with Interparfums SA in exchange for a payment of €181.2m (£142.2m at the spot rate at the time of exercise). The payment was made on 21 December 2012 and the termination was effective from 1 April 2013. The terms of the termination were set out in the licence agreement, as modified by a subsequent transition agreement signed on 10 October 2012. If the licence relationship had not been terminated it would have expired on 31 December 2017. The payment of €181.2m has given rise to an intangible asset of £70.9m and an expense of £71.3m at the spot rate of €1.27: £1 on 16 July 2012.

Notes to the Financial Information

12. Intangible assets (continued)

The intangible asset relates to the present value of the anticipated incremental income which will be earned by the Group, as a result of selling fragrance and beauty products through retail and wholesale channels rather than under licence, from 1 April 2013 to 31 December 2017, being the remaining period of the original licence, prior to its termination. In order to identify the carrying value of the intangible asset acquired, a value-in-use calculation has been performed, based on key forecast assumptions including: sales of products until 2017, by product category; operating margins achieved on this activity; tax charged on the incremental profits; the working capital required to support this activity; and anticipated tax relief on the payment made to acquire the intangible asset. Such forecast assumptions are inherently uncertain and the actual cash flows between 1 April 2013 and 31 December 2017 may differ materially from these assumptions.

The asset is presented within the intangible asset category 'trade marks, licence and other intangible assets'. It will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017.

The remaining £71.3m, which does not qualify to be capitalised as an intangible asset, has been recognised as an expense in the current period (refer to note 7).

Impairment testing of goodwill

The carrying value of the goodwill allocated to cash generating units:

	As at 31 March 2013 £m	As at 31 March 2012 £m
China[1]	**44.7**	41.9
Korea	**24.4**	22.8
Other	**17.2**	16.5
Total	**86.3**	81.2

(1) The goodwill reported for China does not include any goodwill attributable to the non-controlling interest.

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. The recoverable amount of all cash generating units has been determined on a value-in-use basis. Value-in-use calculations for each cash generating unit are based on projected three year pre-tax discounted cash flows together with a discounted terminal value. The cash flows have been discounted at pre-tax rates reflecting the Group's weighted average cost of capital adjusted for country specific tax rates and risks. Where the cash generating unit has a non-controlling interest which was recognised as its proportionate interest in the net identifiable assets of the acquired subsidiary at the acquisition date, the carrying amount of the goodwill has been grossed up, to include the goodwill attributable to the non-controlling interest, for the purpose of impairment testing the goodwill attributable to the cash generating unit. The key assumptions contained in the value-in-use calculations include the future revenues, the margins achieved, the assumed life of the business and the discount rates applied.

The value in use calculations have been prepared using management's approved financial plans for the three years ending 31 March 2016. These plans contain management's best view of the expected performance for the year ending 31 March 2014 and the expected growth rates for the two years ending 31 March 2016. The plans are based on the performance achieved in the current year and management's knowledge of the market environment and future business plans. A terminal value has been included in the value in use calculation based on the cash flows for the year ending 31 March 2016 incorporating the assumption that there is no growth beyond 31 March 2016.

For the material goodwill balances of China and Korea, a sensitivity analysis has been performed on the value in use calculations by assuming no growth beyond the year ending 31 March 2014. This sensitivity analysis indicated significant headroom between the recoverable amount under this scenario and the carrying value of goodwill and therefore management considered no further detailed sensitivity analysis was required.

The discount rates for China and Korea were 15.6% and 13.1% respectively (2012: 14.4%; 12.5%).

No impairment has been recognised in respect of the carrying value of the goodwill balance in the year as, for each cash generating unit, the recoverable amount of goodwill exceeds its carrying value.

Notes to the Financial Information

13. Property, plant and equipment

Cost	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment [1] £m	Assets in the course of construction £m	Total £m
As at 1 April 2011	55.1	185.4	266.4	19.9	526.8
Effect of foreign exchange rate changes	(0.1)	(1.0)	(3.4)	0.3	(4.2)
Additions	0.5	40.5	54.2	31.7	126.9
Disposals	(1.3)	(8.0)	(32.8)	–	(42.1)
Reclassification from assets in the course of construction	–	3.2	11.0	(17.4)	(3.2)
Business combination	–	–	3.0	–	3.0
Reclassification[2]	–	27.5	(27.5)	–	–
As at 31 March 2012	54.2	247.6	270.9	34.5	607.2
Effect of foreign exchange rate changes	2.9	12.3	8.9	(0.4)	23.7
Additions	15.0	53.5	78.0	18.8	165.3
Disposals	–	(17.9)	(16.8)	–	(34.7)
Transfer from assets held for sale (note 22)	28.8	–	6.5	–	35.3
Reclassification from assets in the course of construction	3.3	7.6	18.8	(29.7)	–
As at 31 March 2013	**104.2**	**303.1**	**366.3**	**23.2**	**796.8**
Accumulated depreciation and impairment					
As at 1 April 2011	16.3	79.7	149.0	–	245.0
Effect of foreign exchange rate changes	–	(0.7)	(2.1)	–	(2.8)
Charge for the year	1.9	27.9	44.4	–	74.2
Disposals	(1.3)	(7.9)	(32.6)	–	(41.8)
Net impairment charge on assets	–	2.5	1.3	–	3.8
Reclassification[2]	–	8.9	(8.9)	–	–
As at 31 March 2012	16.9	110.4	151.1	–	278.4
Effect of foreign exchange rate changes	0.5	6.1	4.6	–	11.2
Charge for the year	1.3	37.2	55.9	–	94.4
Disposals	–	(17.9)	(16.7)	–	(34.6)
Transfer from assets held for sale (note 22)	20.5	–	6.5	–	27.0
Net impairment charge on assets	–	5.4	5.9	–	11.3
As at 31 March 2013	**39.2**	**141.2**	**207.3**	**–**	**387.7**
Net book value					
As at 31 March 2013	**65.0**	**161.9**	**159.0**	**23.2**	**409.1**
As at 31 March 2012	37.3	137.2	119.8	34.5	328.8

(1) Included in fixtures, fittings and equipment are finance lease assets with a net book value of £3.4m (2012: £2.0m).

(2) During the year ended 31 March 2012, £18.6m of assets were reclassified from fixtures and fittings to leasehold improvements as this was more representative of the nature of these assets.

During the year to 31 March 2013, a net impairment charge of £11.3m (2012: £3.8m) was identified as part of the annual impairment review of the Retail store assets.

Where indicators of impairment were identified, the impairment review compared the value-in-use of the assets to the carrying values at 31 March 2013. The pre-tax cash flow projections were based on financial plans of expected revenues and costs of each Retail cash generating unit, as approved by management, and extrapolated beyond the budget year to the lease exit dates using growth rates and inflation rates appropriate to each store's location. The pre-tax discount rates used in these calculations were between 11.8% and 18.2% (2012: between 10.8% and 16.7%), based on the Group's weighted average cost of capital adjusted for country-specific tax rates and risks.

Notes to the Financial Information

14. Trade and other receivables

	As at 31 March 2013 £m	As at 31 March 2012 £m
Non-current		
Deposits and other receivables	**29.3**	17.9
Prepayments	**10.6**	4.4
Total non-current trade and other receivables	**39.9**	22.3
Current		
Trade receivables	**116.6**	103.0
Provision for doubtful debts	**(7.3)**	(7.6)
Net trade receivables	**109.3**	95.4
Other receivables		
– financial	**10.4**	8.0
– non-financial	**15.2**	18.4
Prepayments	**21.6**	19.2
Accrued income	**3.1**	4.2
Total current trade and other receivables	**159.6**	145.2
Total trade and other receivables	**199.5**	167.5

Included in trade and other receivables are non-financial assets of £47.4m (2012: £42.0m).

The individually impaired receivables relate to balances with trading parties which have passed their payment due dates or where uncertainty exists over recoverability. As at 31 March 2013, trade receivables of £27.0m (2012: £28.0m) were impaired. The amount of the provision against these receivables was £7.3m as of 31 March 2013 (2012: £7.6m). It was assessed that a portion of the receivables is expected to be recovered. The ageing of the impaired trade receivables is as follows:

	As at 31 March 2013 £m	As at 31 March 2012 £m
Current	**0.5**	0.2
Less than one month overdue	**20.4**	21.8
One to three months overdue	**1.8**	1.3
Over three months overdue	**4.3**	4.7
	27.0	28.0

As at 31 March 2013, trade receivables of £5.4m (2012: £0.1m) were overdue but not impaired. The ageing of these overdue receivables is as follows:

	As at 31 March 2013 £m	As at 31 March 2012 £m
Less than one month overdue	**3.7**	0.1
One to three months overdue	**1.7**	–
	5.4	0.1

Notes to the Financial Information

14. Trade and other receivables (continued)

Movement on the provision for doubtful debts is as follows:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
As at 1 April	**7.6**	12.1
Increase in provision for doubtful debts	**2.5**	2.1
Receivables written off during the year as uncollectable	**(2.4)**	(5.9)
Unused provision reversed	**(0.4)**	(0.7)
As at 31 March	**7.3**	7.6

As at 31 March 2013 there were no impaired receivables within other receivables (2012: £0.4m).

The carrying amounts of the Group's non-derivative financial assets excluding cash and cash equivalents are denominated in the following currencies:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Sterling	**7.5**	14.9
US Dollar	**21.4**	16.5
Euro	**40.6**	36.1
Chinese Yuan Renminbi	**29.2**	22.7
Other currencies	**53.4**	35.3
	152.1	125.5

The nominal value less impairment provision of trade and other receivables is assumed to approximate its fair value because of the short maturity of these instruments.

15. Inventories

	As at 31 March 2013 £m	As at 31 March 2012 £m
Raw materials	**14.7**	5.7
Work in progress	**0.7**	0.5
Finished goods	**335.6**	304.9
Total inventories	**351.0**	311.1

The cost of inventories recognised as an expense and included in cost of sales for the continuing and discontinued operations amounted to £535.8m (2012: £539.3m). The net movement in inventory provisions included in cost of sales for the year ended 31 March 2013 was a cost of £8.6m (2012: cost of £4.4m).

The cost of inventories physically destroyed in the year is £5.5m (2012: £8.3m).

Notes to the Financial Information

16. Cash and cash equivalents

	As at 31 March 2013 £m	As at 31 March 2012 £m
Cash at bank and in hand	**234.7**	262.6
Short-term deposits	**191.7**	284.3
Total	**426.4**	546.9

The fair value of short-term deposits approximates the carrying amount because of the short maturity of the instruments.

17. Trade and other payables

	As at 31 March 2013 £m	As at 31 March 2012 £m
Non-current		
Deferred consideration	**–**	1.1
Put option liability over non-controlling interest	**55.0**	57.8
Other payables	**5.1**	3.9
Deferred income and non-financial accruals	**47.9**	42.1
Total non-current trade and other payables	**108.0**	104.9
Current		
Trade payables	**118.2**	118.8
Other taxes and social security costs	**24.6**	23.3
Deferred consideration	**1.1**	1.1
Other payables	**9.1**	5.8
Accruals	**140.6**	138.3
Deferred income and non-financial accruals	**46.2**	37.1
Total current trade and other payables	**339.8**	324.4
Total trade and other payables	**447.8**	429.3

Included in trade and other payables are non-financial liabilities of £118.7m (2012: £102.5) of which £47.9m are non-current (2012: £42.1m).

Following the acquisition of the Burberry retail and distribution business in China, Sparkle Roll Holdings Limited, a non-Group company, retains a 15% economic interest in the Group's business in China. Put and call options exist over this interest stake which are exercisable after 1 September 2015 in the case of the call option, and after 1 September 2020 in the case of the put option. The net present value of the put option has been recognised as a non-current financial liability under IAS 39.

The fair value of the put option has been derived using a present value calculation, incorporating observable and non-observable inputs (Level 3). The key inputs applied in arriving at the value of the put option are the future performance of the Group and that of the Group's business in China; the Burberry Group plc market capitalisation at the date of exercise; and the risk adjusted discount rate for China, taking into account the risk free rate in China.

The maturity of the Group's non-current financial liabilities excluding derivatives, retirement benefit obligations and onerous lease provisions, is as follows:

	As at 31 March 2013 £m	As at 31 March 2012 £m
Between one and two years	**1.2**	1.9
Between two and three years	**1.1**	0.7
Between three and four years	**0.5**	0.3
Between four and five years	**0.3**	0.1
Over five years	**57.0**	59.8
Total	**60.1**	62.8

The fair value of trade and other payables approximate their carrying amounts and are unsecured.

Notes to the Financial Information

18. Provisions for other liabilities and charges

	Property obligations £m	Restructuring costs £m	Other costs £m	Total £m
Balance as at 1 April 2011	11.5	13.6	3.1	28.2
Effect of foreign exchange rate changes	0.1	(0.3)	(0.2)	(0.4)
Created during the year	9.4	–	1.2	10.6
Utilised during the year	(2.2)	(8.4)	(2.7)	(13.3)
Released during the year	(0.3)	(1.4)	(0.1)	(1.8)
Balance as at 31 March 2012	18.5	3.5	1.3	23.3
Effect of foreign exchange rate changes	0.6	–	(0.2)	0.4
Created during the year	10.1	–	5.0	15.1
Discount unwind	0.4	–	–	0.4
Utilised during the year	(1.8)	(1.0)	(0.6)	(3.4)
Released during the year	(2.0)	(0.6)	(0.5)	(3.1)
Balance as at 31 March 2013	**25.8**	**1.9**	**5.0**	**32.7**

	As at 31 March 2013 £m	As at 31 March 2012 £m
Analysis of total provisions:		
Non-current	**19.8**	15.1
Current	**12.9**	8.2
Total	**32.7**	23.3

The non-current provisions relate to provisions for onerous leases and property reinstatement costs which are expected to be utilised within 23 years. Of the total £1.9m restructuring provision (2012: £3.5m), £1.7m represents a current liability (2012: £3.3m). The majority of this relates to the closure of the Spanish operations. The £0.2m non-current portion relates to onerous leases (2012: £0.2m).

19. Bank overdrafts and borrowings

	As at 31 March 2013 £m	As at 31 March 2012 £m
Unsecured:		
Bank overdrafts	**129.8**	207.3
Bank borrowings	**–**	0.8
Other borrowings	**–**	0.5
Total	**129.8**	208.6

Included within bank overdrafts is £125.6m (2012: £204.7m) representing balances on cash pooling arrangements in the Group.

The Group has a number of committed and uncommitted overdraft and borrowing facilities agreed with third party banks. At 31 March 2013, the Group held bank overdrafts of £4.2m (2012: £2.6m) excluding balances on cash pooling arrangements.

On 28 March 2011, a £300m multi-currency revolving credit facility was agreed with a syndicate of third party banks. At 31 March 2013, there were no outstanding drawings (2012: £nil). Interest is charged on this facility at LIBOR plus 0.90% on drawings less than £100m; at LIBOR plus 1.05% on drawings between £100m and £200m; and at LIBOR plus 1.20% on drawings over £200m. The facility matures on 30 June 2016.

On 1 October 2010, a Yen 145m bilateral facility was agreed with a third party bank. The facility matured and was repaid in full on 1 October 2012.

At 31 March 2012 other borrowings related to a loan provided by a minority interest partner totalling £0.5m. The loan matured and was repaid in full on 29 March 2013. Interest was charged on this loan at the Japanese short-term prime rate plus 0.5%.

The fair value of borrowings and overdrafts approximates the carrying amount because of the short maturity of these instruments.

Notes to the Financial Information

20. Share capital and reserves

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (2012: 0.05p) each		
As at 1 April 2011	435,811,738	0.2
Allotted on exercise of options during the year	2,956,370	–
As at 31 March 2012	438,768,108	0.2
Allotted on exercise of options during the year	3,392,223	–
As at 31 March 2013	**442,160,331**	**0.2**

At 31 March 2013, 30,027 of the 0.05p ordinary shares in issue are held as treasury shares (2012: 30,027).

The Company has a general authority from shareholders, renewed at each Annual General Meeting, to repurchase a maximum of 10% of its issued share capital. During the year to 31 March 2013, no ordinary shares were repurchased by the Company under this authority (2012: nil).

The cost of own shares held by the Group has been offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 31 March 2013 the amounts offset against this reserve are £88.1m (2012: £41.9m). As at 31 March 2013, the ESOP trusts held 6.9m shares (2012: 3.3m) in the Company, with a market value of £91.7m (2012: £49.0m). In the year to 31 March 2013 the Burberry Group plc ESOP trust has waived its entitlement to dividends of £1.0m (2012: £0.2m).

During the year profits of £3.1m (2012: £5.0m) have been transferred to capital reserves due to statutory requirements of subsidiaries. The capital reserve consists of non-distributable reserves and the capital redemption reserve arising on the purchase of own shares.

	Other Reserves			
	Capital reserve £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
Balance as at 1 April 2011	28.9	2.4	123.2	154.5
Other comprehensive income:				
Cash flow hedges – losses deferred in equity	–	(2.2)	–	(2.2)
Cash flow hedges – losses transferred to income	–	5.5	–	5.5
Foreign currency translation differences	–	–	(4.4)	(4.4)
Tax on other comprehensive income	–	(0.8)	(0.2)	(1.0)
Total comprehensive income for the year	–	2.5	(4.6)	(2.1)
Transfer between reserves	5.0	–	–	5.0
Balance as at 31 March 2012	33.9	4.9	118.6	157.4
Other comprehensive income:				
Cash flow hedges – gains deferred in equity	–	6.9	–	6.9
Cash flow hedges – gains transferred to income	–	(1.2)	–	(1.2)
Foreign currency translation differences	–	–	33.8	33.8
Tax on other comprehensive income	–	(1.3)	(1.4)	(2.7)
Total comprehensive income for the year	–	4.4	32.4	36.8
Transfer between reserves	3.1	–	–	3.1
Balance as at 31 March 2013	37.0	9.3	151.0	197.3

Notes to the Financial Information

21. Capital commitments

	As at 31 March 2013 £m	As at 31 March 2012 £m
Capital commitments contracted but not provided for:		
– property, plant and equipment	**25.8**	35.7
– intangible assets	**1.6**	2.0
Total	**27.4**	37.7

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 assets.

22. Assets classified as held for sale

In September 2010, £17.0m of assets were reclassified to assets held for sale, representing the carrying value of the freehold properties in Spain. The property was subsequently written down to its fair value less costs to sell.

During the year ended 31 March 2013, an asset classified as held for sale with a carrying value of £0.1m was sold, for a price of £0.1m. The current conditions in the Spanish property market indicate that it may be difficult to realise the sale of the remaining property within twelve months. As a result, £8.3m has been transferred back into property, plant and equipment, representing the carrying value at 31 March 2013 of this property, which was previously classified as held for sale. Management remains committed to selling the property and continues to actively market it as such.

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Total compensation in respect of key management, who are defined as the Board of Directors and certain members of senior management, is considered to be a related party transaction.

The total compensation in respect of key management for the year was as follows:

	Year to 31 March 2013 £m	Year to 31 March 2012 £m
Salaries and short-term benefits	**9.5**	10.2
Termination payments	**0.4**	–
Post-employment benefits	**0.1**	0.2
Share based compensation	**6.6**	6.9
Total	**16.6**	17.3

Notes to the Financial Information

24. Non-controlling interest in Burberry International K.K.

On 29 March 2013, Burberry International Holdings Limited, a wholly owned subsidiary of Burberry Group plc, signed an amendment to the shareholder agreement for Burberry International Kabushiki Kaisha, a company in which Burberry International Holdings Limited held a controlling 51% interest at 31 March 2013. The amendment entitles Burberry International Holdings Limited to the option to acquire the remaining equity in Burberry International K. K. from the minority interest partners, Mitsui and Co Limited and Sanyo Shokai Limited, at a nominal fixed price on or after 1 April 2013 and 1 April 2014 respectively. The amendment also required the outstanding borrowings from Mitsui and Co. Limited in Burberry International K.K. to be repaid, as described in note 19.

As a result of acquiring these call options, it is deemed that the risks and rewards of ownership of the non-controlling interest in Burberry International K. K. has transferred to Burberry International Holdings Limited. Consequently, the non-controlling interest has been derecognised, resulting in a transfer of £4.2m in the year, from non-controlling interest to equity attributable to owners of the Company.

25. Contingent Liabilities

The Group is subject to claims against it and tax audits covering, amongst others, valued added taxes, sales taxes, customs duties, corporate taxes and payroll taxes. These arise in the normal course of business and in a number of jurisdictions. These matters are inherently difficult to quantify. Where appropriate, the estimated cost of known obligations have been provided in these accounts in accordance with the Group’s accounting policies. While changes to the amounts that may be payable could be material to the results or cash flows of the Group in the period in which they are recognised the Group does not expect the outcome of these contingent liabilities to have a material effect on the Group’s financial condition.