18 May 2022

Burberry Group plc

Preliminary results for 53 weeks ended 2 April 2022

Continued focus on luxury and accelerating growth

"*Burberry is a unique British company with an extraordinary history and heritage and it is a privilege to take the reins in this next phase. The company has made great progress over the last five years to elevate the brand, product and customer experience into the luxury space. I look forward to setting out my plans for building on these strong foundations and accelerating growth at the interim results in November.*"
Jonathan Akeroyd, Chief Executive Officer

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	*YoY % change 53 vs 52-week Reported FX*	*YoY % change 52 vs 52-week CER*
Revenue	**2,826**	**2,344**	***21***	***23***
*Retail comparable store sales**	*18% (6% vs LLY**)*	*(9%)*		
*Retail full-price comparable store sales**	*24% (30% vs LLY**)*	*7%*		
Adjusted operating profit*	**523**	**396**	***32***	***38***
*Adjusted operating profit margin **	*18.5%*	*16.9%*	*+160bps*	*+210bps*
Adjusted Diluted EPS (pence)*	94.0	67.3	*40*	*49*
Reported operating profit	**543**	**521**	***4***	
Reported operating profit margin	*19.2%*	*22.2%*		
Reported diluted EPS (pence)	97.7	92.7	*5*	
Free cash flow*	340	349		
Dividend (pence)	47.0	42.5	*11*	

*See page 17 for definitions of alternative performance measures, **LLY is compared with FY20

FY22 is a 53-week year. The comparative period is 52 weeks to 27 March 2021. To aid understanding, we are providing CER percentage changes on a 52-week basis while absolute figures will be on a reported basis including the 53rd week unless otherwise stated. FY23 will be a 52-week year.

- Despite a continuing challenging external environment, FY22 revenue increased 10% at CER vs LLY (+23% vs LY) with a material improvement in the quality of our sales mix
- Adjusted operating profit ahead of guidance, up 38% at CER to £523m. Adjusted operating margin +210bps at CER demonstrates significant progress towards our medium-term ambition, supported by a strong gross margin
- Q4 comparable store sales grew 7% vs LY with COVID-19 lockdowns in Mainland China weighing on performance in March
- Strong brand momentum; excellent response to first in-person runway show in two years
- Continued investment in outerwear and leather goods with full-price sales up 39% and 28% vs LLY respectively in the year
- Introduced new store concept, which is transforming how customers experience brand and product; 47 stores now in the new design, including Paris flagship on Rue Saint Honoré
- Substantially met 2017-2022 responsibility targets; set new industry-leading climate and nature commitments

- Strong financials and cash conversion above 100%. Full-year dividend per share of 47.0p up 11% vs LY, restoring our normal pay-out ratio, and planned £400m share buy back for completion in FY23

Outlook

We maintain our guidance of high single-digit revenue growth and meaningful margin accretion at CER in the medium-term. Our outlook is dependent on the impact of COVID-19 and rate of recovery in consumer spending in Mainland China. While the current macro-economic environment creates some near term uncertainty, we are actively managing the headwind from inflation. Based on 6 May 2022 spot rates we expect a currency tailwind of £159m on revenue and £92m on adjusted operating profit in FY23.

All metrics and commentary in the Group Financial Highlights and Business and Financial Review exclude adjusting items unless stated otherwise.
The following alternative performance measures are presented in this announcement: CER, adjusted profit measures, comparable sales, free cash flow, cash conversion, adjusted EBITDA and net debt. The definition of these alternative performance measures are in the Appendix on page 17.
Certain financial data within this announcement have been rounded. Growth rates and ratios are calculated on unrounded numbers.

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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 listen only dial-in facility on +44 (0)20 3936 2999 (access code 069960)
- The supporting slides and an indexed replay will be available on the website later in the day
- Burberry will issue its First Quarter Trading Update on 15 July 2022
- The AGM will be held on 12 July 2022

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GROUP FINANCIAL HIGHLIGHTS

Revenue

- Revenue £2,826m +23% CER, +21% reported
- Retail comparable store sales +18% (H1: +37%; H2: +7%)
- Retail full-price comparable store sales +24% (H1: +49%; H2: 10%)

Adjusted profit

- Adjusted operating profit £523m, +38% CER, +32% reported
- Adjusted gross margin of 70.6%, +60bps at CER and reported rates. Driven by higher mix of full-price sales and price rises reflecting the underlying strength in the brand
- Adjusted profit margin of 19.0% at CER, +210bps (18.5% reported)
- Operating expenses before adjusting items rose 19% at CER (+18% reported) due to higher investment and cost normalisation
- Adjusted diluted EPS 94.0p, +49% at CER, +40% reported

Reported profit measures

- Operating profit £543m, +4% after adjusting items of £20m net credit (FY21: £125m net credit)
- Diluted EPS 97.7p, +5% reported

Cash measures

- Full year dividend per share declared of 47.0p (FY21: 42.5p) restoring a normal pay-out ratio
- Free cash flow of £340m (FY21: £349m) due to strong cash management
- Cash net of overdrafts and borrowings of £879m at 2 April 2022 (27 March 2021: £919m) with a £150m share buy back completed in the year. Cash net of overdrafts amounted to £1.2bn with borrowings of £298m

Summary income statement

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	*YoY % change 53 vs 52-week Reported FX*	*YoY % change 52 vs 52-week CER*
Revenue	**2,826**	**2,344**	***21***	***23***
Cost of sales*	(831)	(704)	*18*	
Gross profit*	**1,995**	**1,640**	***22***	***24***
Gross margin*	**70.6%**	**70.0%**	***+60bps***	***+60bps***
Operating expenses*	(1,472)	(1,244)	*18*	*19*
Opex as a % of sales*	52.1%	53.1%		
Adjusted operating profit*	**523**	**396**	***32***	***38***
Adjusted operating margin *	**18.5%**	**16.9%**	***+160bps***	***+210bps***
Adjusting operating items	20	125		
Operating profit	**543**	**521**	***4***	
Operating margin	**19.2%**	**22.2%**		
Net finance (charge)**	(32)	(31)		
Profit before taxation	**511**	**490**	***4***	
Taxation	(114)	(114)		
Non-controlling interest	(1)	-		
Attributable profit	**396**	**376**		
Adjusted profit before taxation*	**492**	**366**	***34***	***41***
Adjusted diluted EPS (pence)*	**94.0**	**67.3**	***40***	***49***
Diluted EPS (pence)	**97.7**	**92.7**	***5***	
Weighted average number of diluted ordinary shares (millions)	404.8	405.1		

* Excludes adjusting items. All items below adjusting operating items on a reported basis unless otherwise stated
For detail, see Appendix. ** Includes adjusting finance charge of £1m (FY21: £1m)

BUSINESS AND FINANCIAL REVIEW

FY22 was the first year of the growth and acceleration phase of our strategy. In this chapter, our focus is on leveraging our unique brand equity to deliver sustainable, high-quality growth, while continuing our efforts to do well by doing right.

Despite a continuing challenging external environment, FY22 revenue increased 10% vs FY20 and 23% vs FY21 at CER. Full-price comparable store sales advanced 30% vs LLY as our strategy to exit mainline and digital markdowns drove a material enhancement in the quality of our revenue streams. Regionally, Americas led full-price comparable store sales growth with sales almost doubling in the US compared with FY20. Full-price comparable store sales were also strong in South Korea where they increased 81% and in Mainland China where they rose over 50% compared with FY20, despite regional lockdowns impacting our performance, particularly in March. We also saw improving trends in EMEIA despite an ongoing headwind from reduced tourists due to COVID-19 related travel restrictions.

We improved profitability with the adjusted gross margin, up 60bps to 70.6% at CER despite pressures from Brexit duties and supply chain inflation. Adjusted operating profit came in ahead of guidance, up 38% at CER vs FY21 to £523m at reported rates. FY22 also delivered a marked improvement in the operating leverage with adjusted operating margin increasing to 19.0% at CER (18.5% reported).

In the fourth quarter, we held our first in-person runway show in two years with the unveiling of our Autumn/Winter 2022 collection. The show was a celebration of British culture, inspired by London and our unique heritage, and highlighted icons from the Burberry archive, including our Equestrian Knight Design. Compared to the Autumn/Winter 2021 presentations, show views were up triple digits helping to drive significant growth in followers on Instagram and global press coverage was up double digits. In March, we collaborated with Supreme to launch an exclusive selection of pieces which sold out within seconds on Burberry.com and created a lot of excitement around the stores and across social media.

We maintained our focus on strong, localised marketing campaigns, engaging with customers through innovative, luxury experiences. In the fourth quarter, we launched an immersive Spring/Summer 2022 experience at our flagship store on Rodeo Drive, Beverly Hills. As part of the store takeover, the exterior facade of the building was enveloped in a kaleidoscopic abstract print that we animated via an Instagram filter. Overall, our programme of brand activities in the quarter generated strong reach and engagement globally with a triple digit increase year-on-year in follower growth rate on Instagram and continued strength in earned reach, up strong double digits vs last year. In addition, we continued to see strong momentum on Tik Tok passing the one million follower milestone in the fourth quarter.

During the year, we invested in our focus categories outerwear and leather goods. FY22 full-price outerwear sales grew 39% vs LLY supported by our first dedicated campaign celebrating our iconic offer. Leather goods also delivered a strong performance, with FY22 full-price sales up 28% vs LLY with the fourth quarter benefitting from the Frances tote, a recent extension to the TB family as part of our Summer 22 collection. As we enter FY23, we are excited about the recent launch of the Lola bag campaign starring Bella Hadid, Lourdes Leon, Jourdan Dunn and Ella Richards and supported by a series of global World of Lola pop-ups and pop-ins.

We elevated the customer experience with the roll out of our new store concept. In total, we now have 47 stores in the new design including our Paris flagship on Rue Saint Honoré, with the opening marked by the store exterior draped in the iconic Burberry check in the Birch Brown colourway. The new store concept is transforming how our customers experience our brand and product and is supporting revenue growth. We have a further 65 stores planned for FY23, meaning that by the end of the fiscal year, around a quarter of our directly-operated stores will carry the new design. Digital remains a key focus area for the business. We strengthened the integration between our offline and online channels, expanding our aftercare offer, enabling customers to access bespoke services via Burberry.com and ensuring our sales associates can offer a truly omnichannel experience for consumers.

We continued to take industry-leading steps to advance our decarbonisation agenda and are proud to have substantially met all targets we set as part of our 2017-2022 responsibility strategy. We are now carbon neutral across our own operations globally; all the electricity we use is from renewable sources; and almost all our products have a positive attribute, meaning they carry a social or environmental benefit. This strong foundation underpins our new ambition to become Climate Positive by 2040, not only by becoming net zero 10-years ahead of the 1.5-degree pathway set out in the Paris Agreement but also by further reducing emissions across our extended supply chain. At the same time, we set a new biodiversity strategy, focused on protecting and restoring nature, expanding support for farming communities and developing regenerative supply chains.

We continued to support communities throughout the year, exceeding our goal of positively impacting one million people by 2022 . We partnered once more with Marcus Rashford MBE and charities across the UK, US and Asia to provide literacy skills and safe creative spaces for underrepresented youth. We extended our support for more equitable vaccine distribution to tackle the global pandemic, with further donations to the UNICEF COVID-19 Vaccine Appeal through The Burberry Foundation. With millions of lives impacted by the humanitarian crisis in Ukraine, we also donated to the British Red Cross Ukraine Crisis Appeal, Save the Children and UNICEF to help provide essential services to displaced families, and we are donating more than 20,000 blankets to Ukrainian refugees that we manufactured in Castleford and with our supply partners in Italy.

We also maintained momentum on our global **Diversity and Inclusion** strategy. Key initiatives include rolling out allyship training across the business, introducing our first-ever global bereavement policy, menopause support and policy for those experiencing domestic violence. This year, we were proud to be the inaugural sponsor of the British Diversity Awards, honouring changemakers and supporting Galop, the chosen Charity of the Year. On International Women's Day 2022, we announced our ambition to be the best place to work for women in the industry. We are proud to have been recognised for our efforts, including being recognised in the Bloomberg Gender-Equality Index for a second consecutive year and featuring as a best performer in the inaugural FTSE Women Leaders report. We remain focused on continuous improvement to drive positive change both within Burberry and beyond.

Financial performance

In total, the Group delivered record revenue, up 23% vs FY21 at CER to £2,826m (FY21: £2,344m) against a backdrop of recovery from the COVID-19 pandemic. Comparable store sales grew 18% vs FY21, with underlying performance driven by full-price sales partially offset by the exit of markdowns in mainline and digital stores. With a 2% benefit from space and 2% contribution from the 53rd week, retail sales grew 19% at reported rates with a 3% headwind from FX. Wholesale increased 35% at CER and 29% at reported rates.

Group adjusted operating profit grew 38% at CER (+32% at reported rates) to reach a record level at £523m with adjusted operating margin, at 19.0% CER (18.5% reported). Adjusted gross margin increased in the year by 60bps at CER and reported rates, benefitting from a higher mix of full-price sales and price increases. Adjusted operating expenses rose 19% at CER impacted by higher investment and cost normalisation. Reported operating profit increased 4% including an adjusting item net credit of £20m. FX was a headwind of £33m, slightly higher than guided.

We generated free cash flow in the year of £340m (FY21: £349m) with cash conversion remaining strong at 106% (FY21: 111%). Cash generated from operating activities increased year-on-year driven by higher profits and reflecting tight working capital management. Lease related payments and capital expenditure increased against FY21 with investment in the retail network. Tax paid increased significantly due to higher taxable profits in FY22 coupled with the prior year benefitting from accelerated payments made in FY20.

Revenue analysis

Revenue by channel

Period ended	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	% change 53 vs 52-week Reported FX	% change 52 vs 52-week CER
£ million				
Retail	2,273	1,910	*19*	*20*
Retail comparable store sales growth	*18%*	*(9%)*		
Wholesale	512	396	*29*	*35*
Licensing	41	38	*8*	*11*
Revenue	**2,826**	**2,344**	***21***	***23***

Retail

	FY22 vs LY Q1	Q2	H1	Q3	Q4	H2	FY	FY22 vs LLY Q1	Q2	H1	Q3	Q4	H2	FY
Comparable store sales growth	90%	6%	37%	7%	7%	7%	18%	1%	Flat	1%	-3%	37%	11%	6%
Full-price comparable sales growth	121%	10%	49%	15%	5%	10%	24%	26%	10%	18%	26%	68%	41%	30%

- Retail sales +20% at CER; +19% reported
- Impact of space +2%, 53rd week +2%
- Total comparable store sales grew 6% vs LLY (+18% vs LY) with ongoing disruption from the COVID-19 pandemic during the year, particularly in the fourth quarter
- Underlying performance was strong with full-price sales growth of 30% vs LLY (+24% vs LY) partially offset by the planned exit of markdown across mainline and digital stores and reduced trade in outlets. Overall, markdowns had a 9% adverse impact on FY22 comparable store sales growth vs LLY (-6% vs LY) and are no longer a headwind in FY23
- Comparable store sales grew 7% vs LY in the fourth quarter with COVID-19 restrictions severely impacting our Asia business, particularly in Mainland China. The quarter saw minimal headwind from markdowns (-2% vs LY)

Comparable store sales by region:

FY22 vs LLY	Q1	Q2	H1	Q3	Q4	H2	FY		Q4 vs LY
Group	**1%**	**flat**	**1%**	**-3%**	**37%**	**11%**	**6%**		**7%**
Asia Pacific	7%	3%	5%	flat	59%	20%	13%		-7%
EMEIA	-38%	-25%	-31%	-17%	10%	-8%	-18%		51%
Americas	34%	42%	38%	8%	45%	20%	28%		12%

Full-price comparable store sales by region:

FY22 vs LLY	Q1	Q2	H1	Q3	Q4	H2	FY		Q4 vs LY
Group	**26%**	**10%**	**18%**	**26%**	**68%**	**41%**	**30%**		**5%**
Asia Pacific	23%	5%	14%	22%	78%	42%	29%		-5%
EMEIA	-33%	-27%	-30%	-4%	29%	7%	-11%		54%
Americas	114%	81%	98%	72%	87%	77%	86%		13%

Asia Pacific FY22 comparable store sales grew by 13% with full-price up 29% vs LLY:

- Mainland China comparable store sales grew 37% with full-price comparable store sales up 54% vs LLY
- South Korea outperformed with comparable store sales up 44% vs LLY with continued strength in full-price comparable store sales, 81% ahead of FY20
- South Asia Pacific (SAP) declined by a double digit percentage, affected by limited tourist traffic and airport store closures
- Japan also fell, impacted by a lack of international travel

EMEIA FY22 comparable store sales fell by 18% with full-price down 11% vs LLY:

- A resilient performance given the ongoing drag from lack of tourists, which accounted for around 50% of annual pre-pandemic revenues in the region
- Continental Europe saw a decline broadly in line with the regional average; however, total local European customer spend was up over 30% vs LLY
- The UK remained challenged with London performance weak given high tourist exposure
- Middle East continues to grow, driven by strong local demand and improved tourist flows

Americas FY22 comparable store sales grew by 28% with full-price up 86% vs LLY:

- Americas has been the stand out region with full-price sales in the US almost doubling vs LLY driven by new and younger consumers to the brand

By product

- Full-price sales grew across all product categories in FY22 vs LLY
- Outerwear was driven by strong performance in Jackets, Quilts and Downs
- Within Ready-to-wear, Tops and Bottoms continued to outperform
- Leather goods remained a key focus in FY22 with extensions to both the Lola and TB family. The core families continue to account for more than 70% of our women's leather bag sales

Store footprint

The transformation of our distribution network continued as we addressed high priority programmes:

- In FY22 we opened 38 stores and closed 35 stores
- Key openings included 3 new flagship stores; Sloane Street (London), Rue Saint Honoré (Paris) and Plaza 66 (Shanghai)
- During the year we completed 47 stores in the new design; 39 in Asia including 17 in South Korea and 13 in Mainland China, 5 in EMEIA and 3 in Americas. We have 65 stores planned for FY23
- Completed the non-strategic store rationalisation programme over the past four years with 38 stores closed

Wholesale

Wholesale revenue increased 35% at CER (+29% at reported rates) driven by strong orders in Americas and recovery in Asia from travel retail.

Licensing

Licensing revenue grew 11% at CER and 8% at reported exchange rates.

Operating profit analysis

Adjusted operating profit

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	% change 53 vs 52-week Reported FX	 52 vs 52-week CER
Revenue	2,826	2,344	*21*	*23*
Cost of sales*	(831)	(704)		
Gross profit*	**1,995**	**1,640**		
Gross margin %*	**70.6%**	**70.0%**	***+60bps***	***+60bps***
Operating expenses*	(1,472)	(1,244)	*18*	*19*
Opex as a % of sales*	52.1%	53.1%		
Adjusted operating profit*	**523**	**396**	***32***	***38***
Adjusted operating margin %*	**18.5%**	**16.9%**	***+160bps***	***+210bps***

*Excludes adjusting items

Adjusted operating profit increased 38% at CER and margin up 210bps to 19.0% at CER:

- Gross margin increased 60bps both at CER and reported rates benefitting from a higher mix of full-price sales and price rises. Adjusted operating expenses rose by 19% at CER against last year impacted by higher investment and cost normalisation
- Adjusted operating profit at £523m including a £33m FX headwind in FY22

Adjusting items*

Adjusting items were a net credit of £19m (FY21: £124m net credit).

Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021
The impact of COVID-19		
Inventory provisions	16	22
Rent concessions	18	54
Store impairments	(5)	47
Government grants	2	9
Receivable impairments	1	5
COVID-19 adjusting items**	**32**	**137**
Restructuring costs	(11)	(30)
Profit on sale of property	-	18
Revaluation of deferred consideration liability	(1)	-
Adjusting operating items	**20**	**125**
Adjusting financing items	(1)	(1)
Adjusting items	**19**	**124**

*For more details see note 6 of the Financial Statements

** COVID-19 adjusting item includes a £16m credit (FY21: £22m credit) that has been recognised through COGS relating to inventory provisions

The major adjusting items are as follows:

- Impact of the COVID-19 pandemic: we saw a total credit of £32m from COVID-19 related adjustments with £16m representing an inventory provision reversal, £18m of rent concessions and £2m of Government grants. The £5m impairment charge relates to a store that remains closed due to COVID related travel restrictions
- Restructuring costs: incurred £11m bringing the total of our cost programmes to £139m of the £152m total expected by the end of FY23, with cumulative cost savings of £205m, aligned to guidance

Adjusted profit before tax*

After an adjusted net finance charge of £31m (FY21: £30m), adjusted profit before tax was £492m (FY21: £366m).

*For detail on adjusting items see note 6 of the Financial Statements

Taxation*

The effective tax rate on adjusted profit decreased to 22.2% (FY21: 25.4%). This was lower than the prior year due to increased adjusted profits rebalancing the geographical mix. The reported tax rate on FY22 profit before taxation was 22.3% (FY21: 23.3%).

* For detail see note 8 of the Financial Statements

Cash flow

Represented statement of cash flows

The following table is a representation of the cash flows, excluding the impact of adjusting items, to highlight the underlying movements.

Period ended **£ million**	**53 weeks ended 2 April 2022**	**52 weeks ended 27 March 2021**
Adjusted operating profit	523	396
Depreciation and amortisation	313	277
Working capital	54	(25)
Other	19	29
Cash inflow from operations	**909**	**677**
Payment of lease principal and related cash flows	(206)	(155)
Capital expenditure	(161)	(115)
Proceeds from disposal of non-current assets	8	27
Interest	(30)	(27)
Tax	(180)	(58)
Free cash flow	**340**	**349**

Free cash flow was £340m (FY21: £349m) and cash conversion was 106% (FY21: 111%) reflecting strong cash discipline. We had the following key flows:

- Working capital saw a £54m inflow. Within this, inventories reduced in gross terms due to disciplined inventory control, however on a net basis increased due to lower provisioning levels generating an outflow of £22m in the year (FY21 inflow of £21m). This was more than offset by a significant inflow in trade payables resulting from timing of payments
- Lease related payments increased £51m year-on-year to £206m (FY21: £155m) primarily driven by lower COVID rent rebates and new leases in the year
- Capital expenditure increased £46m to £161m (FY21: £115m) due to planned store network investment
- Tax paid increased significantly to £180m (FY21: £58m) due to higher taxable profits in FY22 coupled with the prior year benefitting from accelerated payments made in FY20

Cash net of overdrafts at 2 April 2022 was £1.2bn (27 March 2021: £1.2bn). Our net debt* including reported lease liabilities was £179m (27 March 2021: £101m). Net Debt /adjusted EBITDA was 0.2x on a rolling 12 months period (27 March 2021: 0.1x), significantly below our target range of 0.5x to 1.0x.

A final dividend per share declared at 35.4p giving a full year dividend per share of 47.0p (FY21: 42.5p) restoring our normal pay-out ratio.

*For a definition of net debt see page 18.

Period ended £ million	**53 weeks ended 2 April 2022**	**52 weeks ended 27 March 2021**
Adjusted EBITDA – rolling 12 months	836	673
Cash net of overdrafts	(1,177)	(1,216)
Bond	**298**	**297**
Lease debt	**1,058**	**1,020**
Net Debt	**179**	**101**
Net Debt/Adjusted EBITDA	**0.2x**	**0.1x**

APPENDIX

Detailed guidance for FY23

Item	Financial impact
Markdowns	Markdowns were fully exited in FY22 and are no longer a headwind going forward.
Wholesale revenue	Wholesale is expected to be flat in H1 FY23.
Impact of retail space on revenues	Space is expected to be broadly stable in FY23.
Tax	We expect the adjusted tax rate to be around 22%.
Capex	Capex is expected to be £170m-£180m including around 65 stores opened/refurbished in the new format.
Currency	At 6 May 2022 spot rates, the impact of year-on-year exchange rate movements is expected to be a £159m tailwind on revenue and £92m tailwind on adjusted operating profit.
Dividend	Final dividend per share recommended at 35.4p and with the interim of 11.6p the combined full year dividend per share amounted to 47.0p - 11% ahead of FY21.
Share buy back	Announced £400m planned share buy back to be completed within FY23.
Calendar	Please note that FY23 is a 52 week calendar year with FY22 a 53 week year. The extra week in FY22 contributed £35m revenue and £9m adjusted operating profit .

Note: guidance based on CER at FY22 rates

Retail/wholesale revenue by destination*				
Period ended	53 weeks ended 2 April	52 weeks ended 27 March	*% change*	
£ million	2022	2021	*53 vs 52-week Reported FX*	*52 vs 52-week CER*
Asia Pacific (91% retail)*	1,276	1,203	*6*	*7*
EMEIA (65% retail)*	813	628	*29*	*32*
Americas (82% retail)*	696	475	*46*	*51*
Total	**2,785**	**2,306**	***21***	***23***

* Mix based on FY22

Retail/wholesale revenue by product division				
Period ended	53 weeks ended 2 April	52 weeks ended 27 March	*% change*	
£ million	2022	2021	*53 vs 52-week Reported FX*	*52 vs 52-week CER*
Accessories	1,017	841	*21*	*24*
Women's	784	653	*20*	*22*
Men's	807	668	*21*	*23*
Children's & other	177	144	*23*	*25*
Total	**2,785**	**2,306**	***21***	***23***

Store portfolio	Directly-operated stores				
	Stores	Concessions	Outlets	Total	*Franchise stores*
At 27 March 2021	**214**	**145**	**56**	**415**	***44***
Additions	18	16	4	38	*0*
Closures	(14)	(18)	(3)	(35)	*(6)*
At 2 April 2022	**218**	**143**	**57**	**418**	***38***

Store portfolio by region*	Directly-operated stores				
At 2 April 2022	Stores	Concessions	Outlets	Total	*Franchise stores*
Asia Pacific	107	93	24	224	*7*
EMEIA	52	41	18	111	*31*
Americas	59	9	15	83	-
Total	**218**	**143**	**57**	**418**	***38***

*Excludes the impact of pop up stores

Adjusted operating profit* Period ended £ millions	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	*% change 53 vs 52-week Reported FX*	*% change 52 vs 52-week CER*
Retail/wholesale	486	361	*35*	*41*
Licensing	37	35	*7*	*10*
Adjusted operating profit	**523**	**396**	***32***	***38***
Adjusted operating margin	**18.5%**	**16.9%**	***+160bps***	***+210bps***

*For additional detail on adjusting items see note 6 of the Financial Statements

Exchange rates			
	Spot rates	Average effective exchange rates	
	6 May	FY22	FY21
£1=	2022		
Euro	1.17	1.18	1.12
US Dollar	1.24	1.36	1.30
Chinese Yuan Renminbi	8.21	8.73	8.85
Hong Kong Dollar	9.70	10.63	10.08
Korean Won	1,553	1,596	1,514

Profit before tax reconciliation				
Period ended £ million	53 weeks ended 2 April 2022	52 weeks ended 27 March 2021	*% change* *53 vs 52-week* *Reported FX*	% change *52 vs 52-week* CER
Adjusted profit before tax	**492**	**366**	**34**	**41**
Adjusting items*				
COVID-19 related items	32	137		
Restructuring costs	(11)	(30)		
Profit on sale of property	-	18		
Revaluation of deferred consideration liability	(1)	-		
Adjusting financing items	(1)	(1)		
Profit before tax	**511**	**490**	**4**	

*For additional detail on adjusting items see note 6 of the Financial Statements

Alternative performance measures

Alternative performance measures (APMs) are non-GAAP measures. The Board uses the following APMs to describe the Group's financial performance and for internal budgeting, performance monitoring, management remuneration target setting and for external reporting purposes.

<table>
<tr><th>APM</th><th>Description and purpose</th><th>GAAP measure reconciled to</th></tr>
<tr><td>Constant Exchange Rates (CER)</td><td>This measure removes the effect of changes in exchange rates and the 53rd week compared to the prior period. The constant exchange rate incorporates both the impact of the movement in exchange rates on the translation of overseas subsidiaries' results and also on foreign currency procurement and sales through the Group's UK supply chain.</td><td>Results at reported rates</td></tr>
<tr><td>Comparable sales</td><td>The year-on-year change in sales from stores trading over equivalent time periods and measured at constant foreign exchange rates. It also includes online sales. This measure is used to strip out the impact of permanent store openings and closings, or those closures relating to refurbishments, allowing a comparison of equivalent store performance against the prior period. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak.

Full-price sales:
Full-price comparable store sales are sales from items sold at full retail price in our own mainline retail network and online.</td><td>Retail Revenue:
<table>
<tr><th>Period ended
YoY%</th><th>53 weeks ended
2 April
2022</th><th>52 weeks ended
27 March
2021</th></tr>
<tr><td>Comparable sales*</td><td>18%</td><td>(9%)</td></tr>
<tr><td>Change in space</td><td>2%</td><td>-</td></tr>
<tr><td>CER retail</td><td>20%</td><td>(9%)</td></tr>
<tr><td>53rd week</td><td>2%</td><td>-</td></tr>
<tr><td>FX</td><td>(3%)</td><td>-</td></tr>
<tr><td>Retail revenue</td><td>19%</td><td>(9%)</td></tr>
</table>
*Includes full-price comp +24% (FY21 +7%)</td></tr>
<tr><td>Comparable sales vs LLY</td><td>The change in sales over two years measured at constant foreign exchange rates. It also includes online sales. The measurement of comparable sales has not excluded stores temporarily closed as a result of the COVID-19 outbreak. This measure reflects the two year aggregation of the growth rates.</td><td>Retail Revenue:
<table>
<tr><th>Period ended
% change</th><th>53 weeks ended
2 April
2022</th></tr>
<tr><td>Comparable sales</td><td>6%</td></tr>
<tr><td>Change in space</td><td>4%</td></tr>
<tr><td>CER retail</td><td>10%</td></tr>
<tr><td>53rd week</td><td>2%</td></tr>
<tr><td>FX</td><td>(4%)</td></tr>
<tr><td>Retail revenue</td><td>8%</td></tr>
</table></td></tr>
<tr><td>Adjusted Profit</td><td>Adjusted profit measures are presented to provide additional consideration of the underlying performance of the Group's ongoing business. These measures remove the impact of those items which should be excluded to provide a consistent and comparable view of performance.</td><td>Reported Profit:
A reconciliation of reported profit before tax to adjusted profit before tax and the Group's accounting policy for adjusted profit before tax are set out in the financial statements.</td></tr>
</table>

<table>
<tr>
<td>Free Cash Flow</td>
<td>Free cash flow is defined as net cash generated from operating activities less capital expenditure plus cash inflows from disposal of fixed assets and including cash outflows for lease principal payments and other lease related items.</td>
<td>Net cash generated from operating activities:
<table>
<tr><th>Period ended
£m</th><th>53 weeks ended
2 April
2022</th><th>52 weeks ended
27 March
2021</th></tr>
<tr><td>Net cash generated from operating activities</td><td>699</td><td>592</td></tr>
<tr><td>Capex</td><td>(161)</td><td>(115)</td></tr>
<tr><td>Lease principal and related cash flows</td><td>(206)</td><td>(155)</td></tr>
<tr><td>Proceeds from disposal of non-current assets</td><td>8</td><td>27</td></tr>
<tr><td>Free cash flow</td><td>340</td><td>349</td></tr>
</table>
</td>
</tr>
<tr>
<td>Cash Conversion</td>
<td>Cash conversion is defined as free cash flow pre-tax/adjusted profit before tax. It provides a measure of the Group’s effectiveness in converting its profit into cash.</td>
<td>Net cash generated from operating activities:
<table>
<tr><th>Period ended
£m</th><th>53 weeks ended
2 April
2022</th><th>52 weeks ended
27 March
2021</th></tr>
<tr><td>Free cash flow</td><td>340</td><td>349</td></tr>
<tr><td>Tax paid</td><td>180</td><td>58</td></tr>
<tr><td>Free cash flow before tax</td><td>520</td><td>407</td></tr>
<tr><td>Adjusted profit before tax</td><td>492</td><td>366</td></tr>
<tr><td>Cash conversion</td><td>106%</td><td>111%</td></tr>
</table>
</td>
</tr>
<tr>
<td>Net Debt</td>
<td>Net debt is defined as the lease liability recognised on the balance sheet plus borrowings less cash net of overdrafts.</td>
<td>Cash net of overdrafts:
<table>
<tr><th>Period ended
£m</th><th>53 weeks ended
2 April
2022</th><th>52 weeks ended
27 March
2021</th></tr>
<tr><td>Cash net of overdrafts</td><td>1,177</td><td>1,216</td></tr>
<tr><td>Lease liability</td><td>(1,058)</td><td>(1,020)</td></tr>
<tr><td>Borrowings</td><td>(298)</td><td>(297)</td></tr>
<tr><td>Net debt</td><td>(179)</td><td>(101)</td></tr>
</table>
</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>Adjusted EBITDA is defined as operating profit, excluding adjusting operating items, depreciation of property, plant and equipment, depreciation of right of use assets and amortisation of intangible assets. Any depreciation or amortisation included in adjusting operating items are not double-counted. Adjusted EBITDA is shown for the calculation of Net Debt/EBITDA for our gearing ratios.</td>
<td>Reconciliation from operating profit to adjusted EBITDA:
<table>
<tr><th>Period ended
£m</th><th>53 weeks ended
2 April
2022</th><th>52 weeks ended
27 March
2021</th></tr>
<tr><td>Operating profit</td><td>543</td><td>521</td></tr>
<tr><td>Adjusted operating items</td><td>(20)</td><td>(125)</td></tr>
<tr><td>Amortisation of intangible assets</td><td>39</td><td>33</td></tr>
<tr><td>Depreciation of property, plant and equipment</td><td>86</td><td>72</td></tr>
<tr><td>Depreciation of right-of-use assets</td><td>188</td><td>172</td></tr>
<tr><td>Adjusted EBITDA</td><td>836</td><td>673</td></tr>
</table>
</td>
</tr>
</table>

GROUP INCOME STATEMENT

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Revenue	3	2,826	2,344
Cost of sales		(815)	(682)
Gross profit		2,011	1,662
Net operating expenses	4	(1,468)	(1,141)
Operating profit		543	521
Financing			
Finance income		3	3
Finance expense		(34)	(33)
Other financing charge		(1)	(1)
Net finance expense	7	(32)	(31)
Profit before taxation	5	511	490
Taxation	8	(114)	(114)
Profit for the year		397	376
Attributable to:			
Owners of the Company		396	376
Non-controlling interest		1	–
Profit for the year		397	376
Earnings per share			
Basic	9	98.2p	93.0p
Diluted	9	97.7p	92.7p

			£m
Reconciliation of adjusted profit before taxation:			
Profit before taxation		511	490
Adjusting operating items:			
Cost of sales (income)	5	(16)	(22)
Net operating (income)/expenses	5	(4)	(103)
Adjusting financing items	5	1	1
Adjusted profit before taxation – non-GAAP measure		492	366
Adjusted earnings per share – non-GAAP measure			
Basic	9	94.5p	67.5p
Diluted	9	94.0p	67.3p

Dividends per share			
Interim	10	11.6p	–
Proposed final (not recognised as a liability at 2 April/27 March)	10	35.4p	42.5p

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Profit for the year		**397**	376
Other comprehensive income[1]:			
Cash flow hedges		**(1)**	–
Foreign currency translation differences		**22**	(51)
Actuarial gains on post-employment benefit plans		**–**	1
Tax on other comprehensive income:			
Foreign currency translation differences	8	**–**	2
Other comprehensive (loss)/income for the year, net of tax		**21**	(48)
Total comprehensive income for the year		**418**	328
Total comprehensive income attributable to:			
Owners of the Company		**417**	328
Non-controlling interest		**1**	–
		418	328

1. All items included in other comprehensive income, with the exception of actuarial gains on post-employment benefit plans, may subsequently be reclassified to profit and loss in a future period.

GROUP BALANCE SHEET

	Note	As at 2 April 2022 £m	As at 27 March 2021 £m
ASSETS			
Non-current assets			
Intangible assets	11	**240**	237
Property, plant and equipment	12	**322**	280
Right-of-use assets	13	**880**	818
Investment properties		**–**	3
Deferred tax assets	14	**175**	137
Trade and other receivables	15	**45**	45
		1,662	1,520
Current assets			
Inventories	16	**426**	402
Trade and other receivables	15	**283**	277
Derivative financial assets		**5**	2
Income tax receivables		**86**	40
Cash and cash equivalents	17	**1,222**	1,261
Assets held for sale	12	**13**	–
		2,035	1,982
Total assets		**3,697**	3,502
LIABILITIES			
Non-current liabilities			
Trade and other payables	18	**(91)**	(99)
Lease liabilities	19	**(849)**	(810)
Borrowings	22	**(298)**	(297)
Deferred tax liabilities	14	**(1)**	(1)
Retirement benefit obligations		**(1)**	(1)
Provisions for other liabilities and charges	20	**(36)**	(32)
		(1,276)	(1,240)
Current liabilities			
Trade and other payables	18	**(481)**	(393)
Bank overdrafts	21	**(45)**	(45)
Lease liabilities	19	**(209)**	(210)
Derivative financial liabilities		**(2)**	(2)
Income tax liabilities		**(39)**	(28)
Provisions for other liabilities and charges	20	**(28)**	(24)
		(804)	(702)
Total liabilities		**(2,080)**	(1,942)
Net assets		**1,617**	1,560
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	23	**–**	–
Share premium account		**227**	223
Capital reserve	23	**41**	41
Hedging reserve	23	**4**	5
Foreign currency translation reserve	23	**218**	196
Retained earnings		**1,123**	1,092
Equity attributable to owners of the Company		**1,613**	1,557
Non-controlling interest in equity		**4**	3
Total equity		**1,617**	1,560

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 28 March 2020		**–**	**221**	**291**	**702**	**1,214**	**5**	**1,219**
Profit for the year		–	–	–	376	376	–	376
Other comprehensive income:								
Foreign currency translation differences	23	–	–	(51)	–	(51)	–	(51)
Actuarial gains on post-employment benefit plans		–	–	–	1	1	–	1
Tax on other comprehensive income	23	–	–	2	–	2	–	2
Total comprehensive income for the year		–	–	(49)	377	328	–	328
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	12	12	–	12
Tax on share awards		–	–	–	1	1	–	1
Exercise of share options		–	2	–	–	2	–	2
Acquisition of additional interest in subsidiary		–	–	–	–	–	(2)	(2)
Balance as at 27 March 2021		**–**	**223**	**242**	**1,092**	**1,557**	**3**	**1,560**
Profit for the year		–	–	–	396	396	1	397
Other comprehensive income:								
Cash flow hedges		–	–	(1)	–	(1)	–	(1)
Foreign currency translation differences	23	–	–	22	–	22	–	22
Total comprehensive income for the year		–	–	21	396	417	**1**	418
Transactions with owners:								
Employee share incentive schemes								
Equity share awards		–	–	–	16	16	–	16
Equity share awards transferred to liabilities		–	–	–	(1)	(1)	–	(1)
Exercise of share options		–	4	–	–	4	–	4
Purchase of own shares								
Share buyback		–	–	–	(153)	(153)	–	(153)
Held by ESOP trusts		–	–	–	(8)	(8)	–	(8)
Dividends paid in the year		–	–	–	(219)	(219)	–	(219)
Balance as at 2 April 2022		**–**	**227**	**263**	**1,123**	**1,613**	**4**	**1,617**

GROUP STATEMENT OF CASH FLOWS

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Cash flows from operating activities			
Operating profit		543	521
Amortisation of intangible assets	11	39	33
Depreciation of property, plant and equipment	12	86	71
Depreciation of right-of-use assets	13	188	172
COVID-19-related rent concessions	1	(18)	(54)
Impairment charge of intangible assets	11	–	9
Net impairment charge/(reversal) of property, plant and equipment	12	1	(7)
Net impairment charge/(reversal) of right-of-use assets	13	7	(34)
Gain on disposal of property, plant and equipment and intangible assets		(3)	(23)
Gain on disposal of right-of-use assets		–	(1)
(Gain)/Loss on derivative instruments		(4)	4
Charge in respect of employee share incentive schemes		16	12
(Payment) of settlement of equity swap contracts		–	(1)
(Increase)/decrease in inventories		(22)	21
Increase in receivables		(5)	(39)
Increase/(decrease) in payables and provisions		81	(7)
Cash generated from operating activities		909	677
Interest received		2	3
Interest paid		(32)	(30)
Taxation paid		(180)	(58)
Net cash generated from operating activities		699	592
Cash flows from investing activities			
Purchase of property, plant and equipment		(124)	(73)
Purchase of intangible assets		(37)	(42)
Proceeds from sale of property, plant and equipment		8	27
Initial direct costs of right-of-use assets		(4)	(3)
Payment in respect of acquisition of subsidiary		(7)	–
Net cash outflow from investing activities		(164)	(91)
Cash flows from financing activities			
Dividends paid in the year	10	(219)	–
Payment of deferred consideration for acquisition of non-controlling interest	18	(3)	(3)
Proceeds from borrowings	22	–	595
Repayment of borrowings	22	–	(600)
Payment of lease principal	19	(202)	(151)
Payment on termination of lease		–	–
Payment to acquire additional interest in subsidiary from non-controlling interest		–	(2)
Issue of ordinary share capital		4	2
Purchase of own shares through share buy-back	23	(150)	–
Purchase of own shares through share buy-back - stamp duty and fees	23	(3)	–
Purchase of own shares by ESOP trusts		(8)	–
Net cash outflow from financing activities		(581)	(159)
Net increase in cash net of overdrafts		(46)	342
Effect of exchange rate changes		7	(13)
Cash net of overdrafts at beginning of year		1,216	887
Cash net of overdrafts		1,177	1,216

	Note	53 weeks to 2 April 2022 £m	As at 27 March 2021 £m
Cash and cash equivalents	17	1,222	1,261
Bank overdrafts	21	(45)	(45)
Cash net of overdrafts		1,177	1,216

1. Basis of preparation

Burberry Group plc and its subsidiaries (the Group) is a global luxury goods manufacturer, retailer and wholesaler. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by Burberry Group plc (the Company) directly or indirectly.

The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. These consolidated financial statements have been prepared under the historical cost convention, except as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

Statutory accounts for the 52 weeks to 27 March 2021 have been filed with the Registrar of Companies, and those for 2022 will be delivered in due course. The reports of the auditors on those statutory accounts for the 52 weeks to 27 March 2021 and the 53 weeks to 2 April 2022 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 consolidated financial statements are presented in £m in order to align external reporting with the information presented to the Chief Operating Decision Maker. Prior year comparatives have been rounded accordingly.

Consideration of climate-related matters

The Group has performed a climate-related scenario analysis as required by the Task Force for Climate Related Financial Disclosures. This scenario analysis takes into consideration different climate-related scenarios, including a 2°C or lower scenario. Based on this scenario analysis, consideration has been given to the impact of climate-related risks on management's judgements and estimates, including inventory provisions and the impairment of property, plant and equipment and right-of-use assets.

The impact of climate-related risks on the consolidated financial statements for the 53 weeks to 2 April 2022 is not material.

The incurred costs and investments associated with our sustainability strategy are reflected in the Group's financial statements, including within inventories, property, plant and equipment, and operating profit.

The committed future financial investments associated with our sustainability strategy are included within our 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.

Going concern

The impact of the COVID-19 pandemic on the global economy and the operating activities of many businesses, including the luxury market, has resulted in a volatile business environment and continued uncertainty. The future impact of this pandemic and the challenging economic conditions is uncertain at the date of signing these financial statements. 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 Group and considered a range of downside scenarios. This assessment for any indicators that the going concern basis of preparation is not appropriate covers the period from the date of signing the financial statements up to 30 September 2023.

The directors have assessed the potential cash generation of the Group against a range of projected scenarios (including a severe but plausible downside). These scenarios were informed by a comprehensive review of the macroeconomic scenarios using third party projections of scientific, epidemiological and macroeconomic data for the luxury fashion industry:

- The Group central planning scenario reflects a balanced projection with a continued focus on growing markets and maintaining momentum built as part of the strategy
- As a sensitivity, this central planning scenario has been flexed to reflect a 15% downgrade to revenues in FY 2022/23, as well as the associated consequences for EBITDA and cash. Management consider this represents a severe but plausible downside scenario appropriate for assessing going concern

1. Basis of preparation continued

The severe but plausible downside considered the Group's principal risks and aggregated:

- A longer term significant impact of the COVID-19 pandemic on revenue to September 2023 compared to the central planning scenario
- A significant reputational incident such as negative sentiment propagated through social media
- A reduction in the GDP growth assumptions in the Eurozone and Americas materialising in the second half of FY 2022/23
- The impact of a 1 month interruption in one of our channels arising from a technology vulnerability
- The introduction of carbon taxes in FY 2023/24 in line with a scenario reflecting a 2oC global temperature increase compared to pre-industrial levels
- A short term impact of a 10% weakening in a key non-sterling currency for the Group before it is recovered through price adjustment

The directors have considered mitigating actions, which may be taken to reduce discretionary and other operating cash outflows. The directors have also considered the Group's current liquidity and available facilities. Details of cash, overdrafts, borrowings and facilities are set out in notes 17, 21 and 22 respectively of these financial statements, which includes access to a £300 million revolving credit facility, currently undrawn and not relied upon in this going concern assessment.

In all the scenarios assessed, taking into account current liquidity and available facilities, the Group was able to maintain sufficient liquidity to continue trading. On the basis of the assessment performed, the directors consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the 53 weeks ended 2 April 2022.

New standards, amendments and interpretations adopted in the period
There have been no new standards or interpretations issued and made effective for the financial period commencing 28 March 2021 that have had a material impact on the financial statements of the Group. The following amendment to IFRS 16 was applied in the financial statements for the 52 weeks to 27 March 2021 and continued to be applied in the financial statements for the 53 weeks to 2 April 2022.

IFRS 16 Leases – 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 and endorsed by the United Kingdom on 12 October 2020. The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.
The amendment allows 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

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. During the period, the Group has agreed 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.

The Group has chosen to account for eligible rent forgiveness as negative variable lease payments. The rent concession has been 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 Group has recognised £18 million (last year: £54 million) in COVID-19-related rent concessions in the Income Statement within "net operating expenses" in the current period. This has been presented as an adjusting item (refer to note 6). In the Statement of Cash Flows, the forgiveness results in lower payments of lease principal. The negative variable lease payments in the Income Statement is a non-cash item which is added back to calculate cash generated from operating activities.

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. As a result, the Group has recognised £nil million (last year: £4 million) within other payables. Payments relating to rent deferrals are recognised as payments of lease principal when the payment is made.

1. Basis of preparation continued

Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 53 weeks to 2 April 2022 and have not been early adopted by the Group. 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

Basis of consolidation

The Group's annual financial statements comprise those of Burberry Group plc (the Company) and its subsidiaries, presented as a single economic entity. The results of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies across the Group.

The financial year is the 53 weeks ended 2 April 2022 (last year: 52 weeks ended 27 March 2021).

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the portion of the reporting period during which the Group had control. Intra-Group transactions, balances and unrealised profits on transactions between Group companies are eliminated in preparing the Group financial statements. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of additional interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interests in subsidiaries to non-controlling interests are also recorded in equity.

Key sources of estimation uncertainty

Preparation of the consolidated financial statements in conformity with IFRS 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 COVID-19 pandemic continued to have an impact on the global economy throughout the current year. While the adverse impact on the Group's operations and financial position has significantly diminished during the course of the financial year, at the date of signing these financial statements, there remains significant uncertainty regarding the timing of any global recovery from COVID-19, and the return to previous levels of footfall in city centres, travel and tourism in some locations. As a result, the impact of COVID-19 on the Group's assets remains a significant source of estimation uncertainty.

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 Group's accounting policies in relation to these areas are provided in note 2.

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.

1. Basis of preparation continued

Key sources of estimation uncertainty continued

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

In March 2020, management recorded impairments of retail property, plant and equipment and right-of-use assets, based on the estimated impact of COVID-19 on the Group. At that time, the impact of COVID-19 was at its highest and many of the Group's retail stores worldwide were closed. Since March 2020, the rate of recovery has exceeded management estimates, and a partial reversal of this initial impairment was recognised at March 2021. Management has updated these assumptions again as at 2 April 2022, reflecting their latest plans over the next three years to March 2025, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location.

Management has also reviewed the remaining retail property, plant and equipment and right-of-use assets, not covered by the above reassessment, for any indications of impairment.

Refer to notes 12 and 13 for further details of retail property, plant and equipment, right-of-use assets and impairment reviews carried out in the period and for sensitivities relating to this key source of estimation uncertainty.

Inventory provisioning

The Group 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.

In March 2020, management recorded provisions against inventory, based on the estimated impact of COVID-19 on the Group. As noted above, performance since March 2020 has exceeded the estimates made at the time. Management has updated their assumptions regarding future performance as part of the current year estimate. This has resulted in a release of inventory provisions, both relating to inventory sold during the current year, where this was for a higher net realisable value than had been assumed, and relating to assumptions regarding the net realisable value of inventory held at both 27 March 2021 and 2 April 2022.

Management has also reviewed the remaining inventory, not covered by the above reassessment, and provisions have been recorded where appropriate based on future trading expectations.

Refer to note 16 for further details of the carrying value of inventory and inventory provisions and for sensitivities relating to this key source of estimation uncertainty.

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 Group could, in future periods, experience adjustments to these tax liabilities that have a material positive or negative effect on the Group's results for a particular period.

Refer to note 8 for further details of management estimates surrounding the outcome of all matters under dispute or negotiation between governments in relation to current tax liabilities recognised at 2 April 2022, and for sensitivities relating to this key source of estimation uncertainty.

1. Basis of preparation continued

Key judgements in applying the Group's accounting policies

Judgements are those decisions made when applying accounting policies which have a significant impact on the amounts recognised in the Group financial statements. Further details of the Group's accounting policies are provided in note 2. Key judgements that have a significant impact on the amounts recognised in the Group financial statements for the 53 weeks to 2 April 2022 and the 52 weeks to 27 March 2021 are as follows:

Where the Group is a lessee, judgement is required in determining the lease term at initial recognition 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.

Refer to note 19 for further details surrounding the judgements regarding the impact of breaks and options on lease liabilities.

2. Accounting policies

The principal accounting policies of the Group are:

a) Revenue

The Group 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 Group 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 Group's premises, or when the Group 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. Retail customers typically have the right to return product within a limited time frame while wholesale customers typically have the right to return damaged products. Returns are initially estimated based on historical levels and adjusted subsequently as returns are incurred.

Some wholesale contracts may require the Group to make payments to the wholesale customer, for services directly relating to the sale of the Group's goods, such as the cost of staff handling the Group's goods at the wholesaler. Payments to the customer directly relating to the sale of goods 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 Group 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 Group does not expect to have significant unredeemed amounts arising on its gift cards.

2. Accounting policies continued

a) Revenue continued

Licensing revenue

The Group's licences entitle the licensee to access the Group's trademarks over the term of the licence. Hence revenue from licensing is recognised over the term of access to the licence. Royalties receivable 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.

b) Segment reporting

As required by IFRS 8 Operating Segments, the segmental information presented in the financial statements is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance, has been identified as the Board of Directors.

The Group has centralised activities for designing, making and sourcing, which ensure a global product offering is sold through retail and wholesale channels worldwide. Resource allocation and performance is assessed across the whole of the retail/wholesale channel globally. Hence the retail/wholesale channel has been determined to be an operating segment.

Licensed products are manufactured and sold by third-party licensees. As a result, this channel is assessed discretely by the Chief Operating Decision Maker and has been determined to be an operating segment.

The Group presents an analysis of its revenue by channel, by product division and by geographical destination.

c) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent payments are remeasured at fair value through the Income Statement. All transaction costs are expensed to the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests in subsidiaries are identified separately from the Group's equity, and are initially measured either at fair value or at a value equal to the non-controlling interests' share of the identifiable net assets acquired. The choice of the basis of measurement is an accounting policy choice for each individual business combination. The excess of the cost of acquisition together with the value of any non-controlling interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

d) Share schemes

The Group 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.

2. Accounting policies continued

d) Share schemes continued

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.

When share awards or options are exercised, they are settled either via issue of new shares in the Company, or through shares held in an Employee Share Option Plan (ESOP) trust, depending on the terms and conditions of the relevant scheme. The proceeds received from the exercises, net of any directly attributable transaction costs, are credited to share capital and share premium accounts.

e) Leases

The Group 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.

Lessee accounting

The Group's principal lease arrangements where the Group 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 Group 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 Group 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 Group, as lessee, an assessment is made as to whether the Group 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 Group'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.

2. Accounting policies continued

e) Leases continued

Lessee accounting continued

Right-of-use assets are classified as property or non-property. The Group 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 Group 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 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 notes 5 and 19.

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 Group recognises depreciation of right-of-use assets and interest on lease liabilities in the Income Statement over the lease term. Repayments of lease liabilities are classified separately in the Statement of Cash Flows where the cash payments for the principal portion of the lease liability are presented within financing activities, and cash payments for the interest portion are presented within operating activities. 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 activities.

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.

Lessor accounting

The Group also acts as a lessor of properties. Each of these leases are classified as either a finance lease or an operating lease. Leases in which substantially all of the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee by the lessor are classified as finance leases. Leases which are not finance leases are classified as operating leases.

Gross rental income in respect of operating leases is recognised on a straight-line basis over the term of the leases.

f) Dividend distributions

Dividend distributions to Burberry Group plc'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.

g) Pension costs

Eligible employees participate in defined contribution pension schemes, the principal one being in the UK 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.

2. Accounting policies continued

h) Intangible assets

Goodwill

Goodwill is the excess of the cost of acquisition together with the value of any non-controlling interest, over the fair value of identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible asset. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group.

Goodwill is assigned an indefinite useful life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses recognised on goodwill are not reversed in future periods.

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 it 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.

i) 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 IFRS, 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 sale. Disposals are accounted for when the relevant transaction becomes unconditional.

j) Discontinued operations and assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continued use, and a sale within the next 12 months is considered to be highly probable. Assets classified as held for sale cease to be depreciated and they are stated at the lower of carrying amount and fair value less cost to sell.

2. Accounting policies continued

k) 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 value 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, assets are grouped at the lowest levels for which there are separately identifiable cash flows being individual stores (cash generating units). Non-financial assets, other than goodwill, for which an impairment has been previously recognised are reviewed for possible reversal of impairment at each reporting date.

l) 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 first-in, first-out (FIFO) 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.

m) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable 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 Group'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 consolidated 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 Group 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.

2. Accounting policies continued

n) 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 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 Group 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.

o) 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.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to owners of the Company until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

p) 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 held at fair value and which are classified as fair value through profit and loss, except where they qualify for hedge accounting. Financial assets are classified as either amortised cost or fair value through profit and loss depending on their cash flow characteristics. Assets with cash flows that represent solely payments of principal and interest are measured at amortised cost. The fair value of the Group'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.

2. Accounting policies continued

p) Financial instruments continued

The Group classifies its instruments in the following categories:

Financial instrument category	Note	Classification	Measurement	Fair value measurement hierarchy[2]
Cash and cash equivalents	17	Amortised cost	Amortised cost	N/A
Cash and cash equivalents	17	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other receivables	15	Amortised cost	Amortised cost	N/A
Trade and other receivables	15	Fair value through profit and loss	Fair value through profit and loss	2
Trade and other payables	18	Other financial liabilities	Amortised cost	N/A
Borrowings	22	Other financial liabilities	Amortised cost	N/A
Leases	19	Lease liabilities	Amortised cost	N/A
Deferred consideration	18	Fair value through profit and loss	Fair value through profit and loss	3
Forward foreign exchange contracts		Fair value through profit and loss	Fair value through profit and loss	2
Forward foreign exchange contracts used for hedging[1]		Fair value – hedging instrument	Fair value – hedging instrument[3]	2
Equity swap contracts		Fair value through profit and loss	Fair value through profit and loss	2

1. Cash flow hedge and net investment hedge accounting is applied to the extent it is achievable.
2. The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.
3. Forward foreign exchange contracts used for hedging are classified as Fair value – hedging instruments under IFRS 9, however IAS 39 hedge accounting has been applied.

The measurements for financial instruments carried at fair value are categorised into different levels in the fair value hierarchy based on the inputs to the valuation technique used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: includes unobservable inputs for the asset or liability.

Observable inputs are those which are developed using market data, such as publicly available information about actual events or transactions. The Group has an established framework with respect to measurement of fair values, including Level 3 fair values. The Group regularly reviews any significant inputs which are not derived from observable market data and considers, where available, relevant third-party information, to support the conclusion that such valuations meet the requirements of IFRS. The classification level in the fair value hierarchy is also considered periodically. Significant valuation issues are reported to the Audit Committee.

The fair value of those cash and cash equivalents measured at fair value through profit and loss, principally money market funds, is derived from their net asset value which is based on the value of the portfolio investment holdings at the balance sheet date. This is considered to be a Level 2 measurement.

The fair value of forward foreign exchange contracts, equity swap contracts and trade and other receivables, principally cash settled equity swaps, is based on a comparison of the contractual and market rates and, in the case of forward foreign exchange contracts, after discounting using the appropriate yield curve as at the balance sheet date. All Level 2 fair value measurements are calculated using inputs which are based on observable market data.

The fair value of the contingent payment component of deferred consideration is considered to be a Level 3 measurement and is derived using a present value calculation, incorporating observable and non-observable inputs. This valuation technique has been adopted as it most closely mirrors the contractual arrangement.

2. Accounting policies continued

p) Financial instruments continued

The Group'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. In the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts, which are recorded under current liabilities on the Balance Sheet.

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, except for maturities greater than 12 months after the balance sheet date. Most 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 credit losses on trade 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.

Cash settled equity swaps are classified as fair value through profit and loss.

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 (including overdrafts)

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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred consideration

Deferred consideration is initially recognised at the present value of the expected future payments. It is subsequently remeasured at fair value at each reporting period with the change in fair value relating to changes in expected future payments recorded in the Income Statement as an operating expense or income. Changes in fair value relating to unwinding of discounting to present value are recorded as a financing expense.

Derivative instruments

The Group 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. The Group also may designate forward foreign exchange contracts or foreign currency borrowings as a net investment hedge of the assets of overseas subsidiaries.

When hedge accounting is applied, the Group documents at the inception of the transaction the relationship between the spot element of the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2. Accounting policies continued

p) Financial instruments continued

Derivative instruments continued

Derivatives are initially recognised at fair value at the trade date and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets and liabilities or a firm commitment (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedges); (3) hedges of net investment of the assets of overseas subsidiaries (net investment hedges); or (4) classified as fair value through profit and loss.

The forward elements of the hedging instrument are recognised in operating expenses.

Changes in the fair value relating to the spot element of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value relating to the spot element of derivatives that are designated and qualify as cash flow hedges is deferred in other comprehensive income. The gain or loss relating to the ineffective portion of the gain or loss is recognised immediately in the Income Statement. Amounts deferred in other comprehensive income are recycled through the Income Statement in the periods when the hedged item affects the Income Statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement within 'net exchange gain/(loss) on derivatives – fair value through profit and loss'. If a derivative instrument is not designated as a hedge, the subsequent change to the fair value is recognised in the Income Statement within operating expenses or interest depending upon the nature of the instrument.

Where the Group hedges net investments in foreign operations through derivative instruments or foreign currency borrowings, the gains or losses on the effective portion of the change in fair value of derivatives that are designated and qualify as a hedge of a net investment, or the gains or losses on the retranslation of the borrowings are recognised in other comprehensive income and are reclassified to the Income Statement when the foreign operation that is hedged is disposed of.

q) 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.

2. Accounting policies continued

r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies

Transactions denominated in foreign currencies within each entity in the Group 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, except where these exchange differences form part of a net investment in overseas subsidiaries of the Group, in which case such differences are taken directly to the hedging reserve.

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 closing 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	
	53 weeks to 2 April 2022	52 weeks to 27 March 2021	**As at 2 April 2022**	As at 27 March 2021
Euro	**1.18**	1.12	**1.19**	1.17
US Dollar	**1.36**	1.30	**1.31**	1.38
Chinese Yuan Renminbi	**8.73**	8.85	**8.34**	9.02
Hong Kong Dollar	**10.63**	10.08	**10.26**	10.72
Korean Won	**1,596**	1,514	**1,592**	1,558

s) Adjusted profit before taxation

In order to provide additional consideration of the underlying performance of the Group's ongoing business, the Group's results include a presentation of Adjusted operating profit and Adjusted profit before taxation ('adjusted PBT'). Adjusted PBT is defined as profit before taxation and before adjusting items. Adjusting items are those items which, in the opinion of the directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature, including the impact of changes in fair value of expected future payments or receipts relating to these transactions. Adjusting items are identified and presented on a consistent basis each year and a reconciliation of adjusted PBT to profit before tax is included in the financial statements. Adjusting items and their related tax impacts, as well as adjusting taxation items, are added back to/deducted from profit attributable to owners of the Company to arrive at adjusted earnings per share. Refer to note 6 for further details of adjusting items.

3. 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 Europe, the US, mainland China and Hong Kong, S.A.R. China.

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

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of adjusting 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	
	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m	**53 weeks to 2 April 2022 £m**	52 weeks to 27 March 2021 £m
Retail	**2,273**	1,910	**–**	–	**2,273**	1,910
Wholesale	**512**	396	**–**	–	**512**	396
Licensing	**–**	–	**42**	39	**42**	39
Total segment revenue	**2,785**	2,306	**42**	39	**2,827**	2,345
Inter-segment revenue[1]	**–**	–	**(1)**	(1)	**(1)**	(1)
Revenue from external customers	**2,785**	2,306	**41**	38	**2,826**	2,344
Depreciation and amortisation	**(313)**	(277)	**–**	–	**(313)**	(277)
Impairment of intangible assets	**–**	(9)	**–**	–	**–**	(9)
Net impairment of property, plant and equipment[2]	**(2)**	(1)	**–**	–	**(2)**	(1)
Net impairment of right-of-use assets[3]	**(1)**	–	**–**	–	**(1)**	–
Other non-cash items:						
Share-based payments	**(16)**	(12)	**–**	–	**(16)**	(12)
Adjusted operating profit	**486**	361	**37**	35	**523**	396
Adjusting items[4]					**19**	124
Finance income					**3**	3
Finance expense					**(34)**	(33)
Profit before taxation					**511**	490

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. Net impairment charge relating to property, plant and equipment for the 53 weeks to 2 April 2022 is presented excluding a net reversal of £ 1 million (last year: reversal of £9 million) relating to charges as a result of the impact of COVID-19. These have been presented as adjusting items (refer to note 6).
3. Net impairment charge of right-of-use assets for the 53 weeks to 2 April 2022 is presented excluding a net charge of £6 million (last year: reversal of £38 million) relating to charges as a result of the impact of COVID-19 and a charge of £ nil (last year: charge of £4 million) relating to restructuring costs, which have been presented as adjusting items (refer to note 6).
4. Adjusting items relate to the Retail and Wholesale segment. Refer to note 6 for details of adjusting items.

3. Segmental analysis continued

	Retail/Wholesale		Licensing		Total	
	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Additions to non-current assets	**400**	234	**-**	–	**400**	234
Total segment assets	**2,099**	1,952	**6**	7	**2,105**	1,959
Goodwill					**109**	105
Cash and cash equivalents					**1,222**	1,261
Taxation					**261**	177
Total assets per Balance Sheet					**3,697**	3,502

Additional revenue analysis

All revenue is derived from contracts with customers. The Group 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 licence agreement gives the customer access to the Group's trademarks.

Revenue by product division	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Accessories	**1,017**	841
Women's	**784**	653
Men's	**807**	668
Children's/Other	**177**	144
Retail/Wholesale	**2,785**	2,306
Licensing	**41**	38
Total	**2,826**	2,344

Revenue by destination	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Asia Pacific	**1,276**	1,203
EMEIA[1]	**813**	628
Americas	**696**	475
Retail/Wholesale	**2,785**	2,306
Licensing	**41**	38
Total	**2,826**	2,344

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

Entity-wide disclosures

Revenue derived from external customers in the UK totalled £210 million for the 53 weeks to 2 April 2022 (last year: £145 million).

Revenue derived from external customers in foreign countries totalled £2,616 million for the 53 weeks to 2 April 2022 (last year: £2,199 million). This amount includes £626 million of external revenues derived from customers in the US (last year: £408 million) and £765 million of external revenues derived from customers in China (last year: £752 million).

The total of non-current assets, other than financial instruments, and deferred tax assets located in the UK is £439 million (last year: £477 million). The remaining £1,005 million of non-current assets are located in other countries (last year: £865 million), with £263 million located in the US (last year: £223 million) and £214 million located in China (last year: £115 million).

4. Net operating expenses

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Operating income		**(18)**	(16)
Selling and distribution costs		**1,113**	943
Administrative expenses		**377**	317
		1,472	1,244
Adjusting operating income	6	**(20)**	(81)
Adjusting operating expenses	6	**16**	(22)
		(4)	(103)
Net operating expenses		**1,468**	1,141

5. Profit before taxation

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Adjusted profit before taxation is stated after charging/(crediting):			
Depreciation of property, plant and equipment			
Within cost of sales		**2**	2
Within selling and distribution costs		**68**	56
Within administrative expenses		**16**	13
Depreciation of right-of-use assets			
Within selling and distribution costs		**171**	155
Within administrative expenses		**17**	17
Amortisation of intangible assets			
Within selling and distribution costs		**2**	2
Within administrative expenses		**37**	31
Gain on disposal of property, plant and equipment and intangible assets[1]		**(3)**	–
Gain on disposal of right-of-use assets		**–**	(1)
Net impairment charge relating to property, plant and equipment[2]	12	**2**	1
Net impairment charge relating to right-of-use assets[3]	13	**1**	–
Impairment of intangible assets	11	**–**	9
Employee costs[4]		**537**	488
Other lease expense			
Property lease variable lease expense	19	**122**	118
Property lease in holdover expense	19	**17**	15
Non-property short-term lease expense	19	**5**	5
Net exchange (gain) on revaluation of monetary assets and liabilities		**(10)**	(5)
Net loss on derivatives – fair value through profit and loss		**9**	7
Receivables net impairment charge/(reversal)[5]		**1**	(1)

1. Gain on disposal of property of £18m was presented as an adjusting item last year (refer to note 6).
2. Net impairment charge relating to property, plant and equipment for the 53 weeks to 2 April 2022 is presented excluding a net reversal of £1 million (last year: reversal of £9 million) relating to charges as a result of the impact of COVID-19. These have been presented as adjusting items (refer to note 6).
3. Net impairment charge of right-of-use assets for the 53 weeks to 2 April 2022 is presented excluding a net charge of £6 million (last year: reversal of £38 million) relating to charges as a result of the impact of COVID-19 and a charge of £nil (last year: charge of £4 million) relating to restructuring costs, which have been presented as adjusting items (refer to note 6).
4. Employee costs for the 53 weeks to 2 April 2022 are presented excluding a charge of £10 million (last year: £21 million) arising as a result of the Group's restructuring programmes and a charge of £nil relating to employee profit sharing agreements (last year £4m on the sale of property in France) , which have been presented as adjusting items (refer to note 6).
5. Receivables net impairment charge for the 53 weeks to 2 April 2022 is presented excluding reversal of £1 million (last year: reversal of £5 million) relating to charges as a result of the impact of COVID-19, which has been presented as an adjusting item (refer to note 6).

5. Profit before taxation continued

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Adjusting items			
Adjusting operating items			
Impact of COVID-19:			
Impairment charge/(reversal) relating to retail cash generating units	6	5	(47)
Impairment (reversal) relating to inventory	6	(16)	(22)
Impairment (reversal) relating to receivables	6	(1)	(5)
COVID-19-related rent concessions	6	(18)	(54)
COVID-19 related government grant income	6	(2)	(9)
Other adjusting items:			
Gain on disposal of property	6	–	(18)
Restructuring costs	6	11	30
Revaluation of deferred consideration liability	6	1	–
Total adjusting operating items		(20)	(125)
Adjusting financing items			
Finance charge on deferred consideration liability	6	1	1
Total adjusting financing items		1	1

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of adjusting operating items:			
Included in Cost of sales (Impairment (reversal) relating to inventory)		(16)	(22)
Included in Operating expenses	4	(4)	(103)
Total		(20)	(125)

6. Adjusting items

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Total adjusting operating items (pre-tax)	**(20)**	(125)
Tax charge on adjusting operating items	**5**	22
Total adjusting operating items (post-tax)	**(15)**	(103)

Impact of COVID-19

COVID-19 continued to impact both business operations and financial markets worldwide. COVID-19 has also had a significant impact on the financial results of the Group during the current and previous year.

As at the beginning of the last financial year, the Group had balances relating to COVID-19 impairment charges that had previously been charged as adjusting items in prior years, as they were considered to be material and one-off in nature. £246 million COVID-19 impairment charges were recognised at 28 March 2020 . The charges related to impairments of retail cash generating units (£157 million), intangible assets (£10 million) and receivables (£11 million) and to inventory provisions (£68 million).

At 2 April 2022, these impairments and provisions have been reviewed and the assumptions updated where appropriate, to reflect management's latest expectations. The impact of changes in assumptions has been presented as an update to the adjusting item charge. Further details regarding the approach applied to measure these updates are set out below for each of the specific adjusting items.

Other items, where they are considered one-off in nature and directly related to the impact of COVID-19, have been presented as adjusting items. Income recorded in the year following application of the temporary COVID-19 Related Rent Concession amendment to IFRS 16 has been presented as an adjusting item. This is considered appropriate given that the amendment to IFRS 16 is only applicable for a limited period of time and it is explicitly related to COVID-19. Grant income recorded in the year, relating to government arrangements worldwide, has also been presented as an adjusting item, as it is also explicitly related to COVID-19, and the arrangements are expected to last for a limited period of time. In aggregate these items give rise to a material amount of income in the year. Further details of these adjusting items are set out below.

All other financial impacts of COVID-19 are included in adjusted operating profit. As a result, additional costs recorded in the year, including masks, other personal protection equipment, hand sanitisers, production inefficiencies due to social distancing, operating costs of retail stores during closure and the cost of voluntary payment of UK rates, have not been separately presented as adjusting items. The discrete impact of COVID-19 on these costs cannot be reliably measured, hence it is considered more appropriate to include these additional costs in adjusted operating profit.

Impairment of retail cash generating units

During the 53 weeks to 2 April 2022, the impairment provisions remaining have been reassessed, using management's latest expectations, with a charge of £5 million recorded (last year: £47 million net reversal). A related tax credit of £1 million (last year: charge of £5 million) has also been recognised in the year. Any charges or reversals which did not arise from the reassessment of the original impairment adjusting item, had they arisen, would not have been included in this adjusting item. Refer to notes 12 and 13 for details of impairment of retail cash generating units.

Impairment of inventory

During the 53 weeks to 2 April 2022, reversals of inventory provisions, relating to inventory which had been provided for as an adjusting item at the previous year end and has either been sold, or is now expected to be sold, at a higher net realisable value than had been assumed when the provision had been initially estimated, of £16 million (last year: £22 million) have been recorded and presented as an adjusting item. A related tax charge of £4 million (last year: £5 million) has also been recognised in the year. All other charges and reversals relating to inventory provisions have been recorded in adjusted operating profit. Refer to note 16 for details of inventory provisions.

Impairment of receivables

During the 53 weeks to 2 April 2022, the expected credit loss rates have been reassessed, taking into account the experience of losses incurred during the year and changes in market conditions at 2 April 2022 compared to the previous year end. As a result of this reassessment, management has revised the expected credit loss rates, with a reversal of £1 million recorded as an adjusting item (last year: £5 million), resulting from the reduction in credit loss rate assumption. A related tax charge of £nil (last year: £1 million) has also been recognised in the year. All other charges and reversals relating to impairment of receivables, arising from changes in the value and aging of the receivables portfolio, have been included in adjusted operating profit. Refer to note 15 for details of impairment of receivables.

6. Adjusting items continued

COVID-19-related rent concessions

Eligible rent forgiveness amounts have been treated as negative variable lease payments, resulting in a credit of £18 million (last year: £54 million) for the 53 weeks to 2 April 2022 being recorded in net operating expenses. This income has been presented as an adjusting item, as set out above. A related tax charge of £4 million (last year: £10 million) has also been recognised in the current year.

COVID-19-related grant income

The Group has recorded grant income of £2 million (last year: £9 million) within selling and distribution costs in net operating expenses for the 53 weeks to 2 April 2022, relating to government support for the retention of employees, as a result of COVID-19. These grants related to income received from a number of government arrangements worldwide. None of the income related to UK based employees. This income has been presented as an adjusting item, as set out above. A related tax charge of £1 million (last year: £2 million) has also been recognised in the current year.

Other adjusting items

Restructuring costs

Restructuring costs of £11 million (last year: £30 million) were incurred in the current year, arising primarily as a result of the organisational efficiency programme announced in July 2020 that included the creation of three new business units to enhance product focus, increase agility and elevate quality and, to further streamline of office-based functions and facilities. The costs for the 53 weeks to 2 April 2022 principally relate to redundancies and consulting costs and are recorded in operating expenses. They are presented as an adjusting item, in accordance with the Group's accounting policy, as the anticipated cost of the restructuring programme is considered material and discrete in nature. A related tax credit of £3 million (last year: £6 million) has also been recognised in the current year.

Items relating to the deferred consideration liability

On 22 April 2016, the Group entered into an agreement to transfer the economic right of the non-controlling interest in Burberry Middle East LLC to the Group in exchange for consideration of contingent payments to be made to the minority shareholder over the period to 2023.

A charge of £1 million in relation to the revaluation of this balance has been recognised in net operating expenses for the 53 weeks to 2 April 2022 (last year: £nil). A financing charge of £1 million in relation to the unwinding of the discount on the non-current portion of the deferred consideration liability has also been recognised for the 53 weeks to 2 April 2022 (last year: £1 million). These movements are unrealised.

No tax has been recognised on either of these items, as the future payments are not considered to be deductible for tax purposes. These items are presented as adjusting items in accordance with the Group's accounting policy, as they arise from changes in the value of the liability for expected future payments relating to the purchase of a non-controlling interest in the Group and acquisition of a subsidiary respectively.

Adjusting items relating to prior years

Gain on disposal of property

During the 52 weeks to 27 March 2021, the Group completed the sale of an owned property in France for cash proceeds of £27 million resulting in a net gain on disposal of £23 million, recorded within administrative expenses in net operating expenses. A profit of £18 million was presented as an adjusting item, after deducting incremental costs of £4 million relating to employee profit sharing agreements. This charge was recognised as an adjusting item, in accordance with the Group's accounting policy, as this profit from asset disposal is considered to be material and one-off in nature. A related tax charge of £5 million was also recognised in the year.

7. Financing

	Note	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Bank interest income – amortised cost		–	1
Other finance income – amortised cost		1	–
Finance income – amortised cost		1	1
Bank interest income – fair value through profit and loss		2	2
Finance income		3	3
Interest expense on lease liabilities	19	(27)	(25)
Interest expense on overdrafts		–	–
Interest expense on borrowings		(4)	(5)
Bank charges		(2)	(1)
Other finance expense		(1)	(2)
Finance expense		(34)	(33)
Finance charge on deferred consideration liability	6	(1)	(1)
Net finance expense		(32)	(31)

8. Taxation

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

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Current tax		
UK corporation tax		
Current tax on income for the 53 weeks to 2 April 2022 at 19% (last year: 19%)	114	48
Double taxation relief	(7)	(7)
Adjustments in respect of prior years[1]	25	(23)
	132	18
Foreign tax		
Current tax on income for the year	28	51
Adjustments in respect of prior years[1]	(15)	19
Total current tax	145	88
Deferred tax		
UK deferred tax		
Origination and reversal of temporary differences	(3)	23
Impact of changes to tax rates	(4)	–
Adjustments in respect of prior years[1]	1	9
	(6)	32
Foreign deferred tax		
Origination and reversal of temporary differences	(27)	(7)
Impact of changes to tax rates	-	–
Adjustments in respect of prior years[1]	2	1
Total deferred tax	(31)	26
Total tax charge on profit	114	114

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

Analysis of charge for the year recognised in Other Comprehensive Income and directly in Equity:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Current tax		
Recognised in Other Comprehensive Income		
Current tax (credit)/charge on exchange differences on loans (foreign currency translation reserve)	-	(2)
Current tax charge on net investment hedges deferred in Equity (hedging reserve)	1	–
Total current tax recognised in Other Comprehensive Income	1	(2)
Deferred tax		
Recognised in Other Comprehensive Income		
Deferred tax credit on net investment hedges deferred in Equity (hedging reserve)	(1)	–
Total deferred tax recognised in Other Comprehensive Income	(1)	–
Recognised in Equity		
Deferred tax (credit)/charge on share options (retained earnings)	-	(1)
Total deferred tax recognised directly in Equity	-	(1)

8. Taxation continued

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

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Profit before taxation	511	490
Tax at 19% (last year: 19%) on profit before taxation	97	93
Rate adjustments relating to overseas profits	3	18
Permanent differences	6	(1)
Tax on dividends not creditable	2	1
Current year tax losses not recognised	-	–
Prior year temporary differences and tax losses recognised	(3)	(3)
Adjustments in respect of prior years	13	6
Adjustments to deferred tax relating to changes in tax rates	(4)	–
Total taxation charge	114	114

Total taxation recognised in the Group Income Statement arises on the following items:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Tax on adjusted profit before taxation	109	92
Tax on adjusting items	5	22
Total taxation charge	114	114

During the next year it is possible that some or all of the current disputes are resolved. Management estimates that the outcome across all matters under dispute or in negotiation between governments could be in the range of a decrease of £20 million to an increase of £20 million relative to the current tax liabilities recognised at 2 April 2022. This would have an impact of approximately (4%) to 4% on the Group’s effective tax rate.

9. 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.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Attributable profit for the year before adjusting items[1]	382	273
Effect of adjusting items[1] (after taxation)	14	103
Attributable profit for the year	396	376

1. Refer to note 6 for details of adjusting 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 ESOP trusts and treasury shares held by the Company or its subsidiaries.

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.

	53 weeks to 2 April 2022 Millions	52 weeks to 27 March 2021 Millions
Weighted average number of ordinary shares in issue during the year	402.5	404.1
Dilutive effect of the employee share incentive schemes	2.3	1.0
Diluted weighted average number of ordinary shares in issue during the year	404.8	405.1

10. Dividends paid to owners of the Company

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Prior year final dividend paid 42.5p per share (last year: nil)	172	–
Interim dividend paid 11.6p per share (last year: nil)	47	–
Total	**219**	–

A final dividend in respect of the 53 weeks to 2 April 2022 of 35.4p (last year: 42.5p) per share, amounting to £140 million, has been proposed for approval by the shareholders at the Annual General Meeting subsequent to the balance sheet date. The final dividend has not been recognised as a liability at the year end and will be paid on 5 August 2022 to the shareholders on the register at the close of business on 1 July 2022. The ex-dividend date is 30 June 2022 and the final day for dividend reinvestment plan ('DRIP') elections is 15 July 2022.

11. Intangible assets

Cost	Goodwill £m	Trademarks, licences and other intangible assets £m	Computer software £m	Intangible assets in the course of construction £m	Total £m
As at 28 March 2020	116	13	198	65	392
Effect of foreign exchange rate changes	(5)	–	(2)	–	(7)
Additions	–	1	25	11	37
Disposals	–	–	(15)	–	(15)
Reclassifications from assets in the course of construction	–	–	31	(31)	–
As at 27 March 2021	**111**	**14**	**237**	**45**	**407**
Effect of foreign exchange rate changes	4	–	1	–	5
Additions	–	–	12	25	37
Disposals	–	(1)	(7)	–	(8)
Reclassifications from assets in the course of construction	–	–	15	(15)	–
As at 2 April 2022	**115**	**13**	**258**	**55**	**441**
Accumulated amortisation and impairment					
As at 28 March 2020	7	6	121	12	146
Effect of foreign exchange rate changes	(1)	–	(2)	–	(3)
Charge for the year	–	1	32	–	33
Disposals	–	–	(15)	–	(15)
Impairment charge on assets	–	–	1	8	9
As at 27 March 2021	**6**	**7**	**137**	**20**	**170**
Effect of foreign exchange rate changes	–	–	1	(1)	–
Charge for the year	–	1	38	–	39
Disposals	–	(1)	(7)	–	(8)
Impairment charge on assets	–	–	–	–	–
As at 2 April 2022	**6**	**7**	**169**	**19**	**201**
Net book value					
As at 2 April 2022	**109**	**6**	**89**	**36**	**240**
As at 27 March 2021	105	7	100	25	237

During the 52 weeks to 27 March 2021 an impairment charge of £8 million was recognised in relation to computer software assets under construction and £1 million was recognised in relation to computer software assets following a review of supply chain strategy and future software requirements. No such charge was incurred in the 53 weeks to 2 April 2022.

11. Intangible assets continued

Impairment testing of goodwill

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

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
China	**50**	47
Korea	**26**	26
Retail and Wholesale segment[1]	**19**	19
Other	**14**	13
Total	**109**	105

1. Goodwill which arose on acquisition of Burberry Manifattura S.R.L. has been allocated to the group of cash generating units which make up the Group's Retail and Wholesale operating segment cash generating unit. This reflects the level at which the goodwill is being monitored by management.

The Group tests goodwill for impairment annually or when 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 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 at a value equal to 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 and the discount rates applied.

The value-in-use calculations have been prepared using management's cost and revenue projections for the next three years to 29 March 2025 and a longer-term growth rate of 4% to 27 March 2027. A terminal value has been included in the value-in-use calculation based on the cash flows for the year ending 27 March 2027 incorporating the assumption that growth beyond 27 March 2027 is equivalent to nominal inflation rates, assumed to be 2%, which are not significant to the assessment.

The value-in-use estimates indicated that the recoverable amount of the cash generating unit exceeded the carrying value for each of the cash generating units. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year.

For the material goodwill balances of China, Korea and the Retail and Wholesale segment, sensitivity analyses have been performed by management. The sensitivities include applying a 10% reduction in revenue and gross profit from management's base cash flow projections, considering the potential outcome from a more severe long-term impact of COVID-19. Under this scenario, the estimated recoverable amount of goodwill in China, Korea and the Retail and Wholesale segment still exceeded the carrying value.

The pre-tax discount rates for China, Korea and the Retail and Wholesale segment were 13%, 12% and 10% respectively (last year: China 14%, Korea 12%, and the Retail and Wholesale segment 10%).

The other goodwill balance of £14 million (last year: £13 million) consists of amounts relating to seven cash generating units none of which have goodwill balances individually exceeding £7 million as at 2 April 2022 (last year: £6 million).

12. Property, plant and equipment

Cost	Freehold land and buildings £m	Leasehold improvements £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total £m
As at 28 March 2020	147	497	373	24	1,041
Effect of foreign exchange rate changes	(12)	(30)	(22)	(1)	(65)
Additions	–	44	11	15	70
Disposals	(6)	(27)	(45)	–	(78)
Reclassifications from assets in the course of construction	–	9	12	(21)	–
As at 27 March 2021	129	493	329	17	968
Effect of foreign exchange rate changes	6	17	9	1	33
Additions	–	68	23	45	136
Disposals	–	(37)	(18)	(2)	(57)
Reclassifications from assets in the course of construction	–	9	5	(14)	–
Reclassifications to assets held for sale	(19)	–	–	–	(19)
As at 2 April 2022	**116**	**550**	**348**	**47**	**1,061**

Accumulated depreciation and impairment					
As at 28 March 2020	59	363	323	1	746
Effect of foreign exchange rate changes	(6)	(22)	(20)	–	(48)
Charge for the year	4	45	22	–	71
Disposals	(2)	(27)	(45)	–	(74)
Impairment charge on assets	1	2	–	–	3
Impairment reversal on assets	–	(8)	(2)	–	(10)
As at 27 March 2021	56	353	278	1	688
Effect of foreign exchange rate changes	3	14	8	–	25
Charge for the year	3	58	25	–	86
Disposals	–	(37)	(18)	–	(55)
Impairment charge on assets	–	1	1	–	2
Impairment reversal on assets	–	(1)	–	–	(1)
Reclassifications to assets held for sale	(6)	–	–	–	(6)
As at 2 April 2022	**56**	**388**	**294**	**1**	**739**

Net book value					
As at 2 April 2022	**60**	**162**	**54**	**46**	**322**
As at 27 March 2021	73	140	51	16	280

During the 53 weeks to 2 April 2022, 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 2 April 2022. 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 29 March 2025, followed by longer-term growth rates of mid-single digits and inflation rates appropriate to each store's location. The pre-tax discount rates used in these calculations were between 9.9% and 18.4% (last year: between 9.6% and 14.1%) based on the Group's weighted average cost of capital adjusted for country-specific borrowing costs, tax rates and risks for those countries in which a charge or reversal was incurred. 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 was 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 since 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.

12. Property, plant and equipment continued

In the financial statements for the 52 weeks to 27 March 2021 a net impairment reversal of £47 million was recorded, as an adjusting item within net operating expenses, relating to the impairment of retail cash generating units as a result of the impact of COVID-19. This net reversal reflected improved trading expectations compared to those assumed at 28 March 2020. During the 53 weeks to 2 April 2022, where these impairments, previously charged as an adjusting item, were reassessed and updated, any reversal or additional charge was also recorded as an adjusting item. This resulted in a net impairment charge of £5 million, which has also been presented as an adjusting item in the current year. A net impairment reversal of £1 million was recorded against property, plant and equipment (last year: net impairment reversal of £9 million) and a charge of £6 million was recorded against right-of-use assets (last year: net impairment reversal of £38 million). Refer to note 13 for further details of right-of-use assets. Refer to note 6 for details of adjusting items.

A net charge of £3 million (last year: £nil) was recorded within net operating expenses as a result of the annual review of impairment for all other retail store assets, excluding those impaired as a result of the impact of COVID-19. A charge of £2 million (last year: charge of £nil) was recorded against property, plant and equipment and a net charge of £1 million (last year: charge of £nil) was recorded against right-of-use assets.

The net impairment charge recorded in property, plant and equipment related to 13 retail cash generating units (last year: net impairment reversal related to 25 retail cash generating units) for which the total recoverable amount at the balance sheet date is £7 million (last year: £33 million).

Management has considered the potential impact of changes in assumptions on the impairment recorded against the Group's retail assets. Given the significant uncertainty regarding the impact of COVID-19 on the Group'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. We have also considered retail cash generating units with no indicators of impairment but with a significant asset balance. It is estimated that a 10% decrease/increase in revenue assumptions for the 52 weeks to 01 April 2023, with no change to subsequent forecast revenue growth rate assumptions, would result in a less than £10 million increase / less than £10 million decrease in the impairment charge of retail store assets in the 53 weeks to 2 April 2022.

An impairment charge of £nil (last year: £1 million) was recognised in relation to non-retail property, plant and equipment. Refer to note 6 for details of adjusting items. As a result the total net impairment charge for property, plant and equipment was £1 million (last year: net impairment reversal of £7 million).

As of 2 April 2022 the Group had three freehold properties that met the criteria to be classified as held for sale. These assets were required to be recorded at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value for each, the related assets and liabilities were recorded at their carrying value. The sale of these properties is expected to complete within the next 12 months.

13. Right-of-use assets

Net book value	Property right-of-use assets £m
As at 28 March 2020	834
Effect of foreign exchange rate changes	(39)
Additions	127
Remeasurements[1]	34
Depreciation for the year	(172)
Impairment charge on assets	(15)
Impairment reversal on assets	49
As at 27 March 2021	818
Effect of foreign exchange rate changes	9
Additions	227
Remeasurements[1]	21
Depreciation for the year	(188)
Impairment charge on assets	(10)
Impairment reversal on assets	3
As at 2 April 2022	**880**

1. Remeasurements of lease liabilities include COVID-19-related rent forgiveness of £18 million (last year: £54 million) which have been recognised as a credit in the Income Statement at 2 April 2022 (refer to note 19).

As a result of the assessment of retail cash generating units for impairment, a net impairment charge of £7 million (last year: net impairment reversal of £34 million) was recorded for impairment of right-of-use assets. Refer to note 12 for further details of impairment assessment of retail cash generating units. This net impairment charge comprises £6 million relating to the impact of COVID-19 on the value-in-use of retail cash generating units (last year: £38 million reversal) and £1 million relating to other trading impacts was recognised during the year (last year: £nil). The charge relating to COVID-19 has been presented as an adjusting item (refer to note 6).

The net impairment charge recorded in right-of-use assets relates to 12 retail cash generating units (last year: net impairment reversal related to 27 retail cash generating units) for which the total recoverable amount at the balance sheet date is £26 million (last year: £200 million).

In the prior year, an impairment charge of £4 million was recognised in relation to vacant office premises as part of restructuring costs in adjusting items.

As a result, the net impairment charge for right-of-use assets was, in total, £7 million (last year: net impairment reversal of £34 million).

14. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle on a net basis, and to the same fiscal authority. The assets and liabilities presented in the Balance Sheet, after offset, are shown in the table below:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Deferred tax assets	175	137
Deferred tax liabilities	(1)	(1)
Net amount	**174**	136

The movement in the deferred tax account is as follows:	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
At start of year	**136**	171
Effect of foreign exchange rate changes	6	(10)
Credited/(charged) to the Income Statement	31	(26)
Credited to Other Comprehensive Income	1	–
Credited to Equity	–	1
At end of year	**174**	136

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

Deferred tax balances

	Capital allowances £m	Unrealised inventory profit and other inventory provisions £m	Share schemes £m	Derivative Instruments £m	Unused tax losses £m	Leases £m	Other[1] £m	Total £m
As at 28 March 2020	20	72	2	(1)	5	53	20	171
Effect of foreign exchange rate changes	(2)	(5)	–	–	–	(1)	(2)	(10)
(Charged)/credited to the Income Statement	(1)	(5)	1	–	(4)	(17)	–	(26)
Credited to Equity	–	–	1	–	–	–	–	1
As at 27 March 2021	17	62	4	(1)	1	35	18	136
Effect of foreign exchange rate changes	–	4	–	–	–	1	1	6
Credited/(charged) to the Income Statement	2	31	1	–	2	(4)	(1)	31
Credited to Other Comprehensive Income	–	–	–	1	–	–	–	1
As at 2 April 2022	**19**	**97**	**5**	**–**	**3**	**32**	**18**	**174**

1. Deferred balances within 'Other' category in the analysis above include temporary differences arising on other provisions and accruals of £18m (last year: £18m) and property provisions of £nil (last year: £nil).

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of £47 million (last year: £51 million) in respect of losses and temporary timing differences amounting to £185 million (last year: £197 million) that can be set off against future taxable income. There is a time limit for the recovery of £6m of these potential assets (last year: £7 million) which ranges from one to seven years (last year: two to eight years).

Included within other temporary differences above is a deferred tax liability of £1 million (last year: £1 million) relating to unremitted overseas earnings. No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance. The aggregate amount of temporary differences in respect of unremitted earnings is £287 million (last year: £288 million).

15. Trade and other receivables

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Non-current		
Other financial receivables[1]	42	41
Other non-financial receivables[2]	1	1
Prepayments	2	3
Total non-current trade and other receivables	45	45
Current		
Trade receivables	151	155
Provision for expected credit losses	(7)	(8)
Net trade receivables	144	147
Other financial receivables[1]	36	33
Other non-financial receivables[2]	63	48
Prepayments	32	40
Accrued income	8	9
Total current trade and other receivables	283	277
Total trade and other receivables	328	322

1. Other financial receivables include rental deposits, cash settled equity swaps and other sundry debtors.

2. Other non-financial receivables relates to indirect taxes, other taxes and duties and COVID-19 related government grant receivables.

Included in total trade and other receivables are non-financial assets of £98 million (last year: £92 million).

16. Inventories

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Raw materials	12	12
Work in progress	1	1
Finished goods	413	389
Total inventories	426	402

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Total inventories, gross	509	519
Provisions	(83)	(117)
Total inventories, net	426	402

Inventory provisions of £83m (last year: £117m) are recorded, representing 16.3% (last year: 22.5%) 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 the inventory.

The cost of inventories recognised as an expense and included in cost of sales amounted to £786 million (last year: £652 million).

As at 28 March 2020, £68 million of the provision was included in cost of sales as a result of the estimated reduction in net realisable value of inventory due to COVID-19 and was presented as an adjusting item. This provision related to the current season and recent seasons that, under more normal circumstances, would be expected to sell through with limited loss. In the current year, £14 million of the provision has been utilised (last year: £4 million), where inventory previously provided for had been sold below cost in the current year and is recognised in cost of sales. An additional £16 million has been released upon re-assessment of the provision (last year: £22 million), where inventory previously provided for has been sold, or is now expected to be sold, for a higher net realisable value than has been estimated last year as performance during the current year has exceeded, and is expected to continue to exceed, the assumptions made at last year end. This reversal is presented as an adjusting item. Refer to note 6 for details of adjusting items. All other charges and reversals relating to inventory provisions have been included in adjusted operating profit.

16. Inventories continued

Taking into account the significant uncertainty regarding the outcome of COVID-19 and its impact on retail operations and the global economy, as well as other factors impacting the net realisable value of inventory including trading assumptions being higher or lower than expected, management considers that a reasonable potential range of outcomes could result in an increase or decrease in inventory provisions of £17 million in the next 12 months. This would result in a potential range of inventory provisions of 13.1% to 19.8% as a percentage of the gross value of inventory as at 2 April 2022.

The net movement in inventory provisions included in cost of sales for the 53 weeks to 2 April 2022 was a release of £1 million (last year: release of £11 million). The total reversal of inventory provisions during the current year, which is included in the net movement, was £43 million (last year: reversal of £67 million). Both these amounts include the reversal of £16 million (last year: £22 million), referred to above, which has been presented as an adjusting item.

17. Cash and cash equivalents

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Cash and cash equivalents held at amortised cost		
Cash at bank and in hand	124	190
Short-term deposits	73	159
	197	349
Cash and cash equivalents held at fair value through profit and loss		
Short-term deposits	1,025	912
Total	1,222	1,261

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 2 April 2022 and 27 March 2021, no impairment losses were identified on cash and cash equivalents held at amortised cost.

18. Trade and other payables

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Non-current		
Other payables[1]	5	8
Deferred income and non-financial accruals	18	14
Contract liabilities	64	70
Deferred consideration[2]	4	7
Total non-current trade and other payables	91	99
Current		
Trade payables	181	129
Other taxes and social security costs	60	52
Other payables[1]	6	13
Accruals	204	169
Deferred income and non-financial accruals	13	7
Contract liabilities	13	13
Deferred consideration[2]	4	10
Total current trade and other payables	481	393
Total trade and other payables	572	492

1. Other payables are comprised of COVID-19 rent deferrals, interest and employee related liabilities.
2. Deferred consideration relates to the acquisition of Burberry Manifattura S.R.L. on 19 September 2018 and of the economic right to the non-controlling interest in Burberry Middle East LLC on 22 April 2016. The change in the deferred consideration liability in the period arises as a result of a financing cash outflow and non-cash movements. In the 53 weeks to 2 April 2022 payments of £3 million were made in relation to Burberry Middle East LLC (last year: £3 million) and £9 million was paid to the previous owners of Burberry Manifattura S.R.L.

Included in total trade and other payables are non-financial liabilities of £168 million (last year: £157 million).

18. Trade and Other Payables 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. Licensing 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 licence period to 2032.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Retail contract liabilities	7	6
Licensing contract liabilities	70	77
Total contract liabilities	**77**	83

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.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Retail revenue relating to contract liabilities	4	2
Deferred revenue from Beauty licence	7	7
Revenue recognised that was included in contract liabilities at the start of the year	**11**	9

19. Lease liabilities

	Property lease liabilities £m
Balance as at 28 March 2020	1,125
Effect of foreign exchange rate changes	(53)
Created during the year	125
Amounts paid[1]	(177)
Discount unwind	25
Remeasurements[2]	(21)
Transfers	(4)
Balance as at 27 March 2021	**1,020**
Effect of foreign exchange rate changes	16
Created during the year	222
Amounts paid[1]	(229)
Discount unwind	27
Remeasurements[2]	2
Balance as at 2 April 2022	**1,058**

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of total lease liabilities:		
Non-current	849	810
Current	209	210
Total	**1,058**	1,020

1. The amounts paid of £229 million (last year: £177 million) includes £202 million (last year: £151 million) arising as a result of a financing cash outflow and £27 million (last year: £25 million) arising as a result of an operating cash outflow.
2. Remeasurements include COVID-19-related rent forgiveness of £16 million (last year: £54 million) and other remeasurements of £20 million (last year: £33 million). COVID-19-related rent forgiveness has been recognised as a credit in the Income Statement at 2 April 2022. This credit is included as an adjusting item. Refer to note 6. Other remeasurements relate to changes in the lease liabilities that arises as a result of management's reassessment of the lease term, based on existing break or extension options in the contract.

19. Lease liabilities continued

The Group 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 16 years (last year: few months to 17 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 assesses 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 or break option not included in the lease term, and therefore not included in lease liabilities, are approximately £423 million (last year: £425 million) in relation to the next available extension option which are assessed as not reasonably certain to be exercised and £157 million (last year: £125 million) in relation to break options which are expected to be exercised. During the 53 weeks to 2 April 2022, significant judgements regarding breaks and options in relation to individually material leases resulted in approximately £35 million 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, 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 20% (last year: 20%) of the Group's lease liabilities are subject to inflation linked reviews and 33% (last year: 37%) are subject to rent reviews. Rental changes linked to inflation or rent reviews typically occur on an annual basis.

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 Group's retail revenues, including the impact of regional mix.

The Group 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 Group's usage of leased equipment to a greater or lesser extent.

The Group's accounting policy for leases is set out in note 2. Details of income statement charges and income from 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 7.

Total cash outflows in relation to leases in the 53 weeks ended 2 April 2022 are £376 million (last year: £312 million). This relates to payments of £202 million on lease principal (last year: £152 million), £27 million on lease interest (last year: £25 million), £124 million on variable lease payments (last year: £115 million), and £23 million other lease payments principally relating to short-term leases and leases in holdover (last year: £20 million).

20. Provisions for other liabilities and charges

	Property obligations £m	Other £m	Total £m
Balance as at 28 March 2020	36	6	42
Effect of foreign exchange rate changes	(2)	–	(2)
Created during the year	9	11	20
Discount unwind	1	–	1
Utilised during the year	(1)	(1)	(2)
Released during the year	(1)	(2)	(3)
Balance as at 27 March 2021	42	14	56
Effect of foreign exchange rate changes	1	–	1
Created during the year	9	8	17
Discount unwind	1	–	1
Utilised during the year	(3)	(2)	(5)
Released during the year	(1)	(5)	(6)
Balance as at 2 April 2022	**49**	**15**	**64**

The net charge in the year for property obligations is £8 million (last year: £8 million), relating to additional property reinstatements costs. The net charge in the year for other provisions of £3 million (last year: £9 million) relates to expected future outflows for property disputes, employee matters and tax compliance.

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Analysis of total provisions:		
Non-current	**36**	32
Current	**28**	24
Total	**64**	56

The non-current provisions relate to property reinstatement costs which are expected to be utilised within 16 years (last year: 17 years).

21. Bank overdrafts

Included within bank overdrafts is £45 million (last year: £45 million) representing balances on cash pooling arrangements in the Group.

The Group has a number of committed and uncommitted arrangements agreed with third parties. At 2 April 2022, the Group held bank overdrafts of £nil (last year: £nil) excluding balances on cash pooling arrangements.

The fair value of overdrafts approximate the carrying amount because of the short maturity of these instruments.

22. Borrowings

On 21 September 2020, Burberry Group plc issued medium term notes with a face value of £300 million and 1.125% coupon maturing on 21 September 2025 (the sustainability bond). Proceeds from the sustainability bond will allow the Group to finance projects which support the Group's sustainability agenda. There are no financial penalties for not using the proceeds as anticipated. Interest on the sustainability bond is payable semi-annually. The fair value of the bond at 2 April 2022 is £298m (last year: £297m), all movements on the bond are non-cash.

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, replacing the previous £300 million RCF that had been in place since 2014. In March 2020, the Group drew down on the RCF in full, and it was repaid in full in June 2020. There were no drawdowns or repayments of the RCF during the current year and at 2 April 2022, there were £nil outstanding drawings.

The Group is in compliance with the financial and other covenants within the facilities and has been in compliance throughout the financial period.

On 14 May 2020, Burberry Limited issued commercial paper with a face value of £300 million, issued at a discount with zero coupon, and a maturity of 17 March 2021. The commercial paper was issued under a £300 million facility the Group agreed under the UK Government sponsored COVID Corporate Finance Facility (CCFF). An increase to the Group's CCFF of £300 million to £600 million was made available from 29 May 2020 however no further commercial paper was issued. The CCFF was repaid in full on 10 February 2021 and the facility expired on 23 March 2021.

23. Share capital and reserves

Allotted, called up and fully paid share capital	Number	£m
Ordinary shares of 0.05p (as at 27 March 2021: 0.05p) each		
As at 28 March 2020	404,705,886	–
Allotted on exercise of options during the year	158,473	–
As at 27 March 2021	404,864,359	–
Allotted on exercise of options during the year	242,942	–
As at 2 April 2022	**405,107,301**	**–**

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 53 weeks to 2 April 2022, the Company entered into agreements to purchase £150 million of its own shares excluding stamp duty, as part of a share buy-back programme (last year: £nil). Own shares purchased by the Company, as part of a share buy-back programme, are classified as treasury shares and their cost offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. When treasury shares are cancelled, a transfer is made from retained earnings to the capital redemption reserve, equivalent to the nominal value of the shares purchased and subsequently cancelled. In the 53 weeks to 2 April 2022, no treasury shares were cancelled (last year: no treasury shares were cancelled).

As at 2 April 2022 the Company held 8.4 million treasury shares (last year: nil), with a market value of £140 million based on the share price at the reporting date (last year: £nil).

The cost of shares purchased by ESOP trusts are offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 2 April 2022, the amount of own shares held by ESOP trusts and offset against retained earnings is £11 million (last year: £13 million). As at 2 April 2022, the ESOP trusts held 0.6 million shares (last year: 0.8 million) in the Company, with a market value of £10 million (last year: £15 million). In the 53 weeks to 2 April 2022 the ESOP trusts and the Company have waived their entitlement to dividends.

The capital reserve consists of non-distributable reserves and the capital redemption reserve arising on the purchase of own shares.

Other reserves in the Statement of Changes in Equity consists of the capital reserve, the foreign currency translation reserve, and the hedging reserves. The hedging reserves consist of the cash flow hedge reserve and the net investment hedge reserve.

23. Share capital and reserves continued

	Capital reserve £m	Hedging reserves: Cash flow hedges £m	Hedging reserves: Net investment hedge £m	Foreign currency translation reserve £m	Total £m
Balance as at 28 March 2020	41	–	5	245	291
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Cash flow hedges – losses transferred to cost of sales	–	1	–	–	1
Foreign currency translation differences	–	–	–	(51)	(51)
Tax on other comprehensive income	–	–	–	2	2
Total comprehensive loss for the year	**–**	**–**	**–**	**(49)**	**(49)**
Balance as at 27 March 2021	41	–	5	196	242
Other comprehensive income:					
Cash flow hedges – losses deferred in equity	–	(1)	–	–	(1)
Foreign currency translation differences	–	–	–	22	22
Total comprehensive loss for the year	–	(1)	–	22	21
Balance as at 2 April 2022	**41**	**(1)**	**5**	**218**	**263**

As at 2 April 2022 the amount held in the hedging reserve relating to matured net investment hedges is £5 million net of tax (last year: £5 million).

24. 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 assets.

	As at 2 April 2022 £m	As at 27 March 2021 £m
Capital commitments contracted but not provided for:		
Property, plant and equipment	**29**	25
Intangible assets	**2**	3
Total	**31**	28

25. 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:

	53 weeks to 2 April 2022 £m	52 weeks to 27 March 2021 £m
Salaries, short-term benefits and social security costs[1]	**8**	8
Termination benefits	**-**	1
Share-based compensation (all awards and options settled in shares)	**1**	1
Total	**9**	10

1. Pension cash allowance is included within salaries, short-term benefits and social security costs

There were no other material related party transactions in the year.

26. Subsidiary undertakings and investments

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings as at 2 April 2022, including their country of incorporation and percentage share ownership, is disclosed below. Unless otherwise stated, all undertakings are indirectly owned by Burberry Group plc and operate in the country of incorporation. All the subsidiary undertakings have been consolidated as at 2 April 2022.

Company name	Country/territory of incorporation	Interest	Holding (%)	Registered Office
Burberry Pacific Pty Ltd	Australia	Ordinary shares	100	1
Burberry (Austria) GmbH	Austria	Ordinary shares	100	2
Sandringham Bahrain SPC W.L.L.[2]	Bahrain	Ordinary shares	100	3
Burberry Antwerp NV	Belgium	Ordinary shares	100	4
Burberry Brasil Comércio de Artigos de Vestuário e Acessórios Ltda	Brazil	Quota	100	5
Burberry Canada Inc	Canada	Common shares	100	6
Burberry (Shanghai) Trading Co., Ltd	China	Equity interest	100	7
Burberry Czech Rep s.r.o.	Czech Republic	Ordinary shares	100	8
Burberry France SASU	France	Ordinary shares	100	9
Burberry (Deutschland) GmbH	Germany	Ordinary shares	100	10
Burberry Asia Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Asia Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry China Holdings Limited	Hong Kong S.A.R., China	Ordinary shares	100	11
Burberry Hungary Kereskedelmi Korlátolt Felelősségű Társaság	Hungary	Ordinary shares	100	12
Burberry India Private Limited	India	Ordinary shares	51	13
Burberry Ireland Investments Unlimited Company	Ireland	Ordinary A shares	100	14
		Ordinary B shares	100	
Burberry Ireland Limited	Ireland	Ordinary shares	100	15
Burberry Italy (Rome) S.R.L.	Italy	Quota	100	16
Burberry Italy S.R.L.[1]	Italy	Quota	100	16
Burberry Manifattura S.R.L.	Italy	Quota	100	17
Burberry Japan K.K.	Japan	Ordinary shares	100	18
Burberry Kuwait General Trading Textiles and Accessories Company \With Limited Liability[3]	Kuwait	Parts	49	19
Burberry Macau Limited	Macau S.A.R., China	Quota	100	20
Burberry (Malaysia) Sdn. Bhd.	Malaysia	Ordinary shares	100	21
Horseferry México S.A. de C.V.	Mexico	Ordinary (fixed) shares	100	22
		Ordinary (variable) shares	100	
Horseferry México Servicios Administrativos, S.A. de C.V.	Mexico	Ordinary (fixed) shares	100	22
Burberry Netherlands B.V.	Netherlands	Ordinary shares	100	23
Burberry New Zealand Limited	New Zealand	Ordinary shares	100	24
Burberry Qatar W.L.L[3]	Qatar	Ordinary shares	49	25
Burberry Korea Limited	Republic of Korea	Common stock	100	26
Burberry Retail LLC	Russian Federation	Participatory share	100	27
Burberry Saudi Company Limited	Kingdom of Saudi Arabia	Ordinary shares	100	28
Burberry (Singapore) Distribution Company PTE Ltd	Singapore	Ordinary shares	100	29
Burberry (Spain) Retail S.L.	Spain	Ordinary shares	100	30
Burberry Latin America Holdings S.L.	Spain	Ordinary shares	100	31
Burberry (Suisse) SA[1]	Switzerland	Ordinary shares	100	32
Burberry (Taiwan) Co., Ltd	Taiwan Area, China	Common shares	100	33
Burberry (Thailand) Limited	Thailand	Common shares	100	34

26. Subsidiary undertakings and investments continued

Company name	Country of incorporation	Interest	Holding (%)	Registered Office
Burberry Turkey Giyim Toptan Ve Perakende Satış Limited Şirketi	Turkey	Ordinary shares	100	35
Burberry FZ-LLC	United Arab Emirates	Ordinary shares	100	36
Burberry Middle East LLC[3]	United Arab Emirates	Ordinary shares	49	37
Burberry (Espana) Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry (No. 7) Unlimited	United Kingdom	Ordinary shares	100	38
Burberry (UK) Limited	United Kingdom	Ordinary shares	100	38
Burberry Beauty Limited[1,4]	United Kingdom	Ordinary shares	100	38
Burberry Distribution Limited[,4]	United Kingdom	Ordinary shares	100	38
Burberry Europe Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Finance Limited	United Kingdom	Ordinary shares	100	38
Burberry Haymarket Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Holdings Limited	United Kingdom	Ordinary shares	100	38
Burberry International Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry Latin America Limited	United Kingdom	Ordinary shares	100	38
Burberry Limited	United Kingdom	Ordinary shares	100	38
Burberry London Limited	United Kingdom	Ordinary shares	100	38
Burberry Treasury Limited[,4]	United Kingdom	Ordinary shares	100	38
Burberrys Limited[1]	United Kingdom	Ordinary shares	100	38
Hampstead (UK) Limited[1, 4]	United Kingdom	Ordinary shares	100	38
Sweet Street Developments Limited	United Kingdom	Ordinary shares	100	38
The Scotch House Limited[1]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Holdings Limited[1]	United Kingdom	Ordinary shares	100	38
Thomas Burberry Limited[1]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Limited[1]	United Kingdom	Ordinary shares	100	38
Woodrow-Universal Pension Trustee Limited[1]	United Kingdom	Ordinary shares	100	38
Burberry (Wholesale) Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry Limited	United States	Class X common stock	100	39
		Class Y common stock	100	
Burberry North America, Inc.	United States	Common stock	100	40
Burberry Warehousing Corporation[,5]	United States	Common stock	100	40
Castleford Industries, Ltd. [5]	United States	Series A common stock	100	40
Castleford Tailors, Ltd. [5]	United States	Common stock	100	40

1. Held directly by Burberry Group plc.
2. The Group has an indirect holding of 100% of the issued share capital through a nominee.
3. The Group has a 100% share of profits of Burberry Middle East LLC as well as a 100% and 88% share of profits in Burberry Middle East LLC's subsidiaries in Kuwait and Qatar respectively. The Group has the power to control these companies under the agreements relating to Burberry Middle East LLC.
4. An application for voluntary strike off was made on 25 March 2022.
5. Certificate of dissolution was filed on 28 March 2022.

26. Subsidiary undertakings and investments continued

Ref	Registered office address
1	Level 5, 343 George Street, Sydney NSW 2000, Australia
2	Kohlmarkt 2, 1010 Wien, Austria
3	Building 1A, Road 365, Manama Center 316, Unit 8, Moda Mall, Manama, Bahrain
4	Boulevard de Waterloo 16, Brussel, Belgium
5	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
6	100 King Street West, 1 First Canadian Place, Suite 1600, Toronto ON M5X 1G5, Canada
7	60th Floor (Actual Floor No.53), Wheelock Square, 1717 Nanjing West Road, Shanghai 200040, China
8	Praha 1, Pařížská 11/67, PSČ 11000, Czech Republic
9	56A rue du Faubourg Saint-Honoré, 75008, Paris, France
10	Königsallee 50, 40212, Düsseldorf, Germany
11	Suites 2201-02 & 11-14, 22/F Devon House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong
12	1124 Budapest, Csörsz utca 49-51, Hungary
13	3 A-1 Taj Apartment, Rao Tula Ram Marg, New Delhi, 110022, India
14	Suite 9, Bunkilla Plaza, Bracetown Business Park, Clonee, Co. Meath., D15 XR27, Ireland
15	Suite 9, Bunkilla Plaza, Bracetown Office Park, Clonee, Co. Meath., D15 XR27, Ireland
16	Via Manzoni n.20, 20121, Milan
17	Via delle Fonti n.10, 50018 Scandicci
18	5-14 Ginza 2-chome, Chuo-ku, Tokyo, Japan
19	Hawali, Street 276, Block 8, Plot 9301, Office No 12, Floor 7, Kuwait
20	Avenida Dr. Sun Yat Sen, One Central Building, 1st floor, Shops 125-127, Macau
21	Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia
22	Edgar Allan Poe 85-B, Col. Polanco, Delg. Miguel Hidalgo, Mexico City, 11560, Mexico
23	Pieter Cornelisz. Hooftstraat 48 H, -50, 1071BZ Amsterdam, Netherlands
24	Level 20, HSBC Tower, 188 Quay Street, Auckland, 1010, New Zealand
25	First Floor, Building No. 660, Street no. 364, Al Waab, Zone No.54, Al Marikh, Al Rayyan Municipality, Qatar
26	(Cheongdam-dong) 459, Dosan-daero, Gangnam-gu, Seoul, Republic of Korea
27	Ulitsa Petrovka, 16, floor 3, Premise I, rooms 47-53, 127051, Moscow, Russian Federation
28	Riyadh, Al Olaya District, Akaria Plaza, First Floor, P.O.Box 359, 11411, Kingdom of Saudi Arabia
29	391B Orchard Road, #15-02/03, Ngee Ann City, 238874, Singapore
30	Passeig de Gràcia, 56, 08007 Barcelona
31	Calle Valencia 640, 08026 Barcelona, Spain
32	Route de Chêne 30A, c/o L&S Trust Services SA, 1208 Genève, Switzerland
33	(105) 5F, No. 451, Changchun Rd., Taipei City, Taiwan
34	No. 989 Siam Piwat Tower, 12A Floor, Unit B1, B2, Rama I Road, Pathumwan Sub-district, Pathumwan District, Bangkok, Thailand
35	Reşitpaşa Mahallessi Eski Büyükdere Cad. Windowist Tower Sit. No: 26/1 Sariyer/Istanbul, Turkey
36	Dubai Design District, Premises: 301, 312, 313, 314 & 315, Floor: 03, Building: 08, Dubai, United Arab Emirates
37	Owned by Dubai Design District, Building 8, Level 3, PO Box 333266, Dubai, United Arab Emirates
38	Horseferry House, Horseferry Road, London, SW1P 2AW, United Kingdom
39	CT Corporation System, 28 Liberty St., New York, New York, 10005, United States
40	The Corporation Trust Company, Corporation Trust Center 1209 Orange St, Wilmington, New Castle, DE 19801, United States

27. Contingent liabilities

The Group 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 Value 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 Group's accounting policies. The Group does not expect the outcome of current similar contingent liabilities to have a material effect on the Group's financial position.