BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

Registered Number : 3458224

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD TO 31 MARCH 1999

068.
31/08/99

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

DIRECTORS	D G BURY D A TYLER D MORRIS P A ATKINSON
SECRETARY	P G COOPER
AUDITORS	PricewaterhouseCoopers ABACUS COURT MINSHULL STREET MANCHESTER M1 3ED
REGISTERED OFFICE	UNIVERSAL HOUSE DEVONSHIRE STREET MANCHESTER M60 1XA

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

REPORT OF THE DIRECTORS

FOR THE PERIOD TO 31 MARCH 1999

INCORPORATION AND CHANGE OF NAME

The Company was incorporated on 30 October 1997 as Hackremco (No. 1279) Limited and changed its name to Burberrys Group Limited on 4 December 1997 and subsequently changed its name to Burberry Group Limited on 10 March 1999.

PRINCIPAL ACTIVITY

The Company is a wholly owned subsidiary of The Great Universal Stores PLC and its principal activity is to act as an intermediate holding company.

RESULTS, BUSINESS REVIEW AND DIVIDENDS

The financial statements cover the period from incorporation on 30 October 1997 to 31 March 1999. The profit for the period after taxation was £126,091,000 including dividends and interest income from subsidiary undertakings which continue to trade satisfactorily. The profit for the period is after crediting exceptional income of £104,578,000. A dividend of £20,609,000 is payable in respect of the period. An interim dividend of £13,872,000 was paid in the period and a final dividend of £6,737,000 is proposed.

DIRECTORS

The directors holding office during the period were:

D G Bury	(appointed 8 December 1997)
D A Tyler	(appointed 8 December 1997)
D Morris	(appointed 8 December 1997)
P A Atkinson	(appointed 8 December 1997)
Hackwood Directors Limited	(appointed 30 October 1997; resigned 8 December 1997)

DIRECTORS' INTERESTS

Mr D G Bury and Mr D A Tyler are directors of The Great Universal Stores PLC, the Company's ultimate parent undertaking, and their interests are disclosed in the accounts of that company.

At 31 March 1999 options, granted on 9 December 1998, in respect of the ordinary shares of The Great Universal Stores PLC were held by other directors as follows:

	Number	*Subscription price per share*	*Period of exercise*
Mr D Morris	16,890	580.2p	From 9 December 2001 to 8 December 2008
Mr P A Atkinson	13,788	580.2p	From 9 December 2001 to 8 December 2008

Mr Morris and Mr Atkinson held no other interest, either at their date of appointment or at the end of the period, in the shares and debentures of The Great Universal Stores PLC or its subsidiary or associated undertakings.

BY ORDER OF THE BOARD

P G Cooper
Secretary

Date: 6 August 1999

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD TO 31 MARCH 1999

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

P G Cooper
Secretary

Date: 6 August 1999

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

REPORT OF THE AUDITORS TO THE MEMBERS OF BURBERRY GROUP LIMITED

We have audited the financial statements on pages 6 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report including, as described on page 4, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Manchester

6 August 1999

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD TO 31 MARCH 1999

	NOTES	1999 £'000
Operating income	2	1,785
Exceptional income	3	104,578
Dividends from subsidiary undertakings		17,951
Profit on ordinary activities before interest		124,314
Interest income	4	3,377
Profit before taxation		127,691
Taxation	5	(1,600)
Profit for the period	6	126,091
Dividends on ordinary shares	7	(20,609)
Retained profit for the period		105,482

The profit for the period was derived from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit before taxation and the retained profit for the period stated above and their historical cost equivalents.

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BALANCE SHEET AT 31 MARCH 1999

	NOTES	1999 £'000
FIXED ASSETS		
Investments	8	81,394
CURRENT ASSETS		
Debtors	9	59,798
Creditors - amounts falling due within one year	10	(10,995)
NET CURRENT ASSETS		48,803
NET ASSETS		130,197
FINANCED BY:		
Called-up share capital Allotted, called-up and fully paid 200 ordinary shares of £1 each	11	-
Share premium account	12	24,715
Profit and loss account	13	105,482
EQUITY SHAREHOLDERS' FUNDS	14	130,197

Approved by the Board of Directors on 6 August 1999 and signed on its behalf by:

Paul Atkinson — David Morris — Directors

P.A. ATKINSON — D. MORRIS

BURBERRY GROUP LIMITED
(Formerly Hackremco (No. 1279) Limited)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD TO 31 MARCH 1999

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting.

(b) Cash Flow Statement

The Company's ultimate parent is The Great Universal Stores PLC and the cash flows of the Company are included in the consolidated cash flow statement of The Great Universal Stores PLC. Accordingly the Company is exempt, under the terms of Financial Reporting Standard 1, from publishing a Cash Flow Statement.

(c) Foreign Currency

Assets and liabilities held in currencies other than Sterling are translated at the rates of exchange ruling at the balance sheet date. Assets and liabilities held in US dollars are translated at an exchange rate of $1.61 to £1.

2. OPERATING INCOME

Operating income comprises a currency translation gain on the retranslation of the account with the ultimate parent undertaking.

3. EXCEPTIONAL INCOME

The exceptional income of £104,578,000 comprises a gain on the transfer of investments in subsidiary undertakings as part of a group restructuring which took place during the period.

4. INTEREST INCOME

Interest income arose on the account with the ultimate parent undertaking.

5. TAXATION

The tax charge for the period is below the corporate tax rate of 31% as there is no UK tax liability in respect of the Company's dividend income and its exceptional income.

6. PROFIT FOR THE PERIOD

No directors received any remuneration from the Company during the period to 31 March 1999. No employee costs are included in these financial statements. The auditors received £100 remuneration during the period to 31 March 1999 which was paid by the ultimate parent company.

7. DIVIDENDS ON ORDINARY SHARES

	1999 £'000
Interim dividend paid (£69,360 per share)	13,872
Final dividend proposed (£33,685 per share)	6,737
	20,609

8. INVESTMENTS

	Subsidiary undertakings £'000	Other £'000	Total £'000
Cost			
Additions	78,152	20,087	98,239
Disposals	(16,845)	-	(16,845)
At 31 March 1999	61,307	20,087	81,394

The principal subsidiary undertakings at 31 March 1999, all of which were wholly owned, were:

	Country of incorporation	***Class of Shares***	***Nature of Business***
Burberry Limited	England	Ordinary	Luxury goods merchandiser
Pantherella Limited	England	Ordinary	Dormant
Scotch House Limited	England	Ordinary	Luxury goods merchandiser
Woodrow-Universal Limited	England	Ordinary	Textile manufacturer
Burberrys Italy SRL	Italy	Ordinary	Luxury goods merchandiser
GUS NA Holdings Limited	England	Ordinary	Holding company
GUS North America Inc	U S A	Ordinary	Finance company
GUS Realty Inc	U S A	Ordinary	Property company
Burberry US Holdings Limited	England	Ordinary	Corporate partner
Burberry US Limited	England	Ordinary	Corporate partner

8. INVESTMENTS (continued)

Burberry US Holdings Limited and Burberry US Limited are partners in Burberry Delaware General Partnership, a US partnership. At 31 March 1999 Burberry Delaware General Partnership held the whole of the issued share capital of two US corporations:

	Class of Shares	***Nature of Business***
Burberry Limited	Ordinary	Luxury goods retailer
Burberry (Products) Limited	Ordinary	Luxury goods wholesaler

Group financial statements are not prepared, as permitted under Section 228 (2) of the Companies Act 1985, as the Company is itself a wholly owned subsidiary of another company (see note 16).

The Company's other investments comprised the whole of the issued "B" shares of GUS Overseas Holdings BV. GUS Overseas Holdings BV is an intermediate holding company incorporated and registered in Holland and the whole of the remainder of its issued share capital at 31 March 1999 was held by fellow subsidiary undertakings of The Great Universal Stores PLC.

9. DEBTORS	1999 £'000
Amounts owed by group undertakings	59,798

10. CREDITORS - amounts falling due within one year	1999 £'000
Amounts owing to group undertakings	2,658
Taxation	1,600
Proposed final dividend	6,737
	10,995

11. CALLED-UP SHARE CAPITAL

	1999
Authorised:	
Ordinary shares of £1 each	£1,000,000,000
Allotted, called-up and fully paid:	
Ordinary shares of £1 each	£200

During the period 200 ordinary shares were issued for a consideration of £24,715,000.

12. SHARE PREMIUM ACCOUNT

	1999 £'000
Arising on share issues	24,715
At 31 March 1999	24,715

Share premium of £24,714,800 arose on the issue of 200 ordinary shares during the period.

13. PROFIT AND LOSS ACCOUNT

	1999 £'000
Retained profit for the period	105,482
At 31 March 1999	105,482

14. MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1999 £'000
Profit for the period	126,091
Ordinary dividends	(20,609)
Retained profit for the period	105,482
Proceeds of issue of ordinary share capital	24,715
Closing equity shareholders' funds	130,197

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD TO 31 MARCH 1999

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing the details of any transactions with other entities that fall within the group of companies owned 90% or more by the ultimate parent company.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate parent undertaking and controlling party is The Great Universal Stores PLC, which is registered in England and Wales. Copies of its group financial statements can be obtained from the Secretary, The Great Universal Stores PLC, PO Box 99, Universal House, Devonshire Street, Manchester M60 1XA.