Burberry Group Limited

Registered Number : 3458224

Annual Report and Financial Statements

for the year ended 31 March 2002

Burberry Group Limited

Directors	D A Tyler D Morris P A Atkinson
Secretary	P G Cooper
Auditors	PricewaterhouseCoopers 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
Registered office	Universal House Devonshire Street Manchester M60 1XA

Burberry Group Limited

Directors' report

for the year ended 31 March 2002

The directors present their report and audited financial statements of the Company for the year ended 31 March 2002.

Principal activity

The Company is a wholly owned subsidiary of GUS plc and its principal activity is to act as an intermediate holding company.

Results, business review and dividends

The profit for the year after taxation was £170,796,000 including dividends from subsidiary undertakings which continue to trade satisfactorily. There are no dividends payable in respect of the year.

Directors

The directors holding office during the year were:

D G Bury (resigned 31 January 2002)
D A Tyler
D Morris
P A Atkinson

Directors' interests

Mr Tyler was a director of GUS plc, the Company's ultimate parent undertaking, throughout the year and his interests are disclosed in the financial statements of that company.

Mr Morris and Mr Atkinson were directors of GUS Holdings Limited, the Company's immediate parent undertaking, throughout the year and their interests are disclosed in the financial statements of that company.

By Order of the Board

P G Cooper
Secretary

Date: 13 May 2002

Burberry Group Limited

Statement of directors' responsibilities

for the year ended 31 March 2002

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 year. 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 13 May 2002

Burberry Group Limited

Profit and loss account

for the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Operating (expense)/ income	2	(223)	6,775
Dividends from subsidiary undertakings		165,400	33,115
Exceptional income	3	3,348	-
Profit on ordinary activities before interest		168,525	39,890
Interest income	4	3,214	3,582
Profit on ordinary activities before taxation		171,739	43,472
Taxation	5	(943)	(3,107)
Profit for the year	6	170,796	40,365

The profit for the year 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 on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

1. Accounting policies

(a) Basis of accounting

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

(b) Foreign currency

Assets and liabilities held in currencies other than sterling are translated at the rates of exchange ruling at the balance sheet date.

(c) Cash flow statement

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

2. Operating (expense)/income

Operating (expense)/income comprises a currency translation (loss)/gain on the retranslation of the accounts with the ultimate parent undertaking and a subsidiary undertaking.

3. Exceptional income

The exceptional income of £3,348,000 comprises a gain on the transfer of the investments in Burberry US Limited and Burberry US Holdings Limited to a fellow group undertaking.

4. Interest income

Interest income arose on the accounts with the ultimate parent undertaking and a subsidiary undertaking.

5. Taxation

	2002 £'000	2001 £'000
UK Corporation tax at 30%	897	9,089
Double taxation relief	-	(5,982)
Adjustment to prior year	46	-
	943	3,107

The tax charge for the year is below the corporate rate of 30% as there is no UK tax liability in respect of the Company's dividend income and exceptional income after double taxation relief.

6. Profit for the year

No directors received any remuneration from the Company during the year ended 31 March 2002 (2001 nil). No employee costs are included in these financial statements. The auditors received remuneration of £100 during the year ended 31 March 2002 (2001 £100) which was paid by the ultimate parent undertaking.

7. Investments

	Subsidiary undertakings £'000	Other £'000	Total £'000
Cost			
At start of year	158,219	134,460	292,679
Additions	1,043	41,043	42,086
Disposals	(145,239)	(20,000)	(165,239)
At end of year	14,023	155,503	169,526

The additions and disposals during the year were in connection with a group reorganisation.

7. Investments (continued)

The principal subsidiary undertakings at 31 March 2002, all of which were wholly owned, were:

	Country of incorporation	Class of Shares	Nature of Business
The Scotch House Limited	England	Ordinary	Luxury goods merchandiser
Woodrow-Universal Limited	England	Ordinary	Textile manufacturer
Burberrys Italy SRL	Italy	Ordinary	Luxury goods merchandiser
Burberry International Holdings Limited	England	Ordinary	Holding company
Burberry Pacific Pty Limited	Australia	Ordinary	Luxury goods merchandiser
Burberry (Singapore) Distribution Co Pte Limited	Singapore	Ordinary	Luxury goods merchandiser
Burberry Asia Holdings Limited	Hong Kong	Ordinary	Luxury goods merchandiser
Burberry Asia Limited	Hong Kong	Ordinary	Luxury goods merchandiser
Burberry Korea Limited	Korea	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

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 14).

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 2002 was held by fellow subsidiary undertakings of GUS plc. During the year Burberry Limited, formerly a direct subsidiary of the Company, was transferred to fellow group undertakings and is now an indirect subsidiary of GUS Overseas Holdings BV. Burberry Limited is the principal trading company within the Burberry group.

8. Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings	243,265	97,740

Burberry Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2002

9. Creditors – amounts due within one year

	2002 £'000	2001 £'000
Amounts owing to group undertakings	-	149,160
Taxation	3,843	3,107
	3,843	152,267

10. Called up share capital

	2002	2001
Authorised:		
Ordinary shares of £1 each	£1,000,000,000	£1,000,000,000
Allotted and fully paid:		
Ordinary shares of £1 each	£500	£500

11. Profit and loss account

	2002 £'000	2001 £'000
At start of year	148,781	108,416
Profit for the year	170,796	40,365
At end of year	319,577	148,781

12. Reconciliation of movement in equity shareholders' funds

	2002 £'000	2001 £'000
Profit for the year	170,796	40,365
Opening equity shareholders' funds	238,152	197,787
Closing equity shareholders' funds	408,948	238,152

13. 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 undertaking.

14. Ultimate parent undertaking and controlling party

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

Burberry Group Limited

Balance sheet at 31 March 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	7	169,526	292,679
Current asset			
Debtors	8	243,265	97,740
Creditors			
Amounts due within one year	9	(3,843)	(152,267)
Net current assets/(liabilities)		239,422	(54,527)
Net assets		408,948	238,152
Capital and reserves			
Called up share capital Allotted and fully paid 500 ordinary shares of £1 each	10	-	-
Share premium account		89,371	89,371
Profit and loss account	11	319,577	148,781
Equity shareholders' funds	12	408,948	238,152

Approved by the Board on 13 May 2002 and signed on its behalf by:

Paul Atkinson

P A Atkinson
Director

Independent auditors' report to the members of Burberry Group Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 misstatements 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Manchester
Date: 13 May 2002

PricewaterhouseCoopers