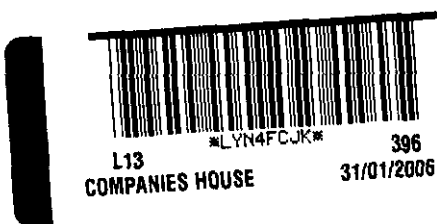


The Scotch House Limited

Registered Number: 103819

Directors' Report and Accounts

For the year ended 31 March 2005



The Scotch House Limited

Directors' Report for the year ended 31 March 2005

The directors present their report and the audited financial statements for the year ended 31 March 2005.

Principal activities

The Scotch House Limited brand is primarily traded through a licence in Japan. The directors anticipate that the company's trading activities will continue in the future.

Results and dividends

The profit for the year after taxation amounted to £1,233,000 (2004: £1,440,000). The directors paid no dividend during the year (2004: £Nil) and do not recommend the payment of a final dividend.

The retained results for the year have been transferred to reserves.

Directors and their interests

The directors who held office during the year were as follows:

R M Bravo
S L Cartwright
C A Gibbons

The interests of S L Cartwright and R M Bravo, who were also directors of Burberry Group plc during the year, are shown in the annual report of that company.

The interests of C A Gibbons, who was also a director of Burberry Limited during the year, are shown in the annual report of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 to business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

The Scotch House Limited

Directors' Report for the year ended 31 March 2005 (continued)

Auditors

The company has passed elective resolutions dispensing with the need to hold an Annual General Meeting and annually reappoint auditors. Accordingly, PricewaterhouseCoopers LLP is deemed to have been re-appointed as auditors for the forthcoming year.

By order of the board

27 January 2005

A handwritten signature in black ink, consisting of several vertical strokes followed by a long horizontal flourish.

M Mahony
Secretary

The Scotch House Limited

Independent auditors' report to the members of The Scotch House Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

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.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

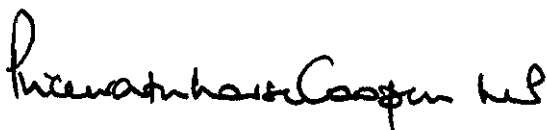
Basis of audit opinion

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 judgments 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

27 January 2005

The Scotch House Limited

Profit and Loss Account for the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
Turnover	2	1,036	1,041
Cost of Sales		-	-
Gross Profit		1,036	1,041
Other Operating Income		738	1,038
Operating profit and profit on ordinary activities before taxation	3	1,774	2,079
Tax on profit on ordinary activities	5	(541)	(639)
Profit on ordinary activities after taxation and retained profit for the year	11, 12	1,233	1,440

The above activities relate to continuing operations.

The company has no recognised gains or losses during the period other than those reflected in the above profit and loss account.

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

The notes on pages 6 to 11 form part of these financial statements.

The Scotch House Limited

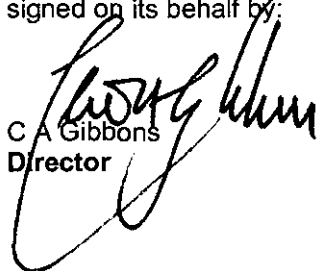
Balance Sheet as at 31 March 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	6	-	11
Current assets			
Debtors	7	7,536	6,615
Deferred tax	8	120	152
		7,656	6,767
Creditors – amounts falling due within one year	9	(1,481)	(1,836)
Net current assets		6,175	4,931
Total assets less current liabilities and net assets		6,175	4,942
Capital and Reserves			
Called-up share capital	10	-	-
Profit and loss account	11	6,175	4,942
Equity shareholders' funds	12	6,175	4,942

The notes on page 6 to 11 form part of these financial statements.

The financial statements were approved by the board of directors on 27 January 2005 and were signed on its behalf by:

C A Gibbons
Director



27 January 2005

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

1 Accounting policies

The principal accounting policies of the company are detailed below.

(a) Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

(b) Turnover

Turnover, which is stated excluding VAT, relates to royalties receivable.

Royalties receivable from licences are accrued as earned on the basis of the terms of the royalty agreement.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation of fixed assets is calculated to write off the cost of the asset in equal instalments over their estimated useful lives at the following rates: -

Leaseholds – less than 50 years unexpired	Over the unexpired term of the lease
Plant, machinery, fixtures and fittings	3 – 8 years

(d) Properties

Leasehold properties are carried at original cost and are depreciated over the remainder of the lease term on a straight-line basis.

(e) Taxation including deferred taxation

Deferred taxation has been recognised as a liability or asset in full on all timing differences that had occurred by the balance sheet date, which result in an obligation to pay more tax or a right to pay less tax at a future date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

(f) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction or at the forward contract rate where hedged. Monetary assets and liabilities denominated in foreign currencies, which are held at year-end, are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange differences on monetary assets and liabilities are taken to the profit and loss account.

(g) Operating leases

Rental income and expenditure in respect of operating leases is recognised on a straight-line basis over the period of the leases.

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

(h) Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Burberry Group plc and is included in the consolidated financial statements of Burberry Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 ("FRS1") (revised 1996).

Financial Reporting Standard 8, 'Related Party Disclosures' ("FRS 8") requires the disclosure of the details of material transactions between the reporting entity and related parties. The company has taken advantage of the exemption under the terms of FRS 8, not to disclose details of transactions with entities that are part of Burberry Group plc.

2 Turnover

	2005 £'000	2004 £'000
Turnover by origin and destination:		
Japan	1,036	1,041

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets	11	39
Property rental income under operating leases	(765)	(995)
Operating lease rentals – land and buildings	19	25
Auditors' remuneration	3	2

4 Directors and staff costs

The company had no employees in the year (2004: nil). Consequently no staff costs were incurred in either year.

The emoluments of R M Bravo and S L Cartwright are paid by a fellow subsidiary, which makes no recharge to the company. Their emoluments are included in the Report on Directors Remuneration in the financial statements of Burberry Group plc.

The emoluments of C A Gibbons are paid by a fellow subsidiary, which makes no recharge to the company. Their emoluments are included in the aggregate directors' emoluments disclosed in the financial statements of Burberry Limited.

The number of directors to whom retirement benefits are accruing under the GUS plc defined benefit scheme in respect of qualifying services is 1 (2004 : 2).

The number of directors to whom retirement benefits are accruing under defined contribution schemes in respects of qualifying services is 2 (2004: 3).

The number of directors to whom retirement benefits are accruing under a funded unapproved retirement benefits scheme in respect of qualifying services is 1 (2004: 2).

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

5

Taxation

	2005 £'000	2004 £'000
Current Tax		
UK Corporation Tax at 30% (2004: 30%)	500	588
Adjustment in respect of prior year	9	-
Double taxation relief	(104)	(104)
Overseas taxation	104	104
Total current tax	509	588
UK Deferred Tax		
Origination and reversal of timing differences	32	43
Adjustment in respect of prior year	-	8
Total deferred tax	32	51
Tax on profit on ordinary activities	541	639

The rate of current tax on profit on ordinary activities varies from the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	1,774	2,079
Profit on ordinary activities multiplied by the standard rate in the UK: 30% (2004: 30%)	532	624
Adjustment in respect of prior year	9	-
Effects of:		
Permanent disallowables	-	7
Other timing differences	(32)	(43)
Total current tax	509	588

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

6 Tangible Assets

	Leasehold less than 50 years £'000	Fixtures and other equipment £'000	Total £'000
Cost			
At 1 April 2004 and 31 March 2005	481	93	574
Depreciation			
At 1 April 2004	470	93	563
Provided in the year	11	-	11
At 31 March 2005	481	93	574
Net book value at 31 March 2005	-	-	-
Net book value at 31 March 2004	11	-	11

7 Debtors

	2005 £'000	2004 £'000
Due within one year:		
Prepayments and accrued income	204	226
Amounts owed by group undertakings - Fellow subsidiaries	7,332	6,389
	7,536	6,615

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

8 Deferred tax asset

	£'000
At 1 April 2004	152
Credit to the profit and loss account	(32)
At 31 March 2005	120

The analysis of the deferred tax balance is shown below:

	2005 £'000	2004 £'000
Accelerated capital allowances	-	42
Short term timing differences	120	110
Deferred tax asset	120	152

The deferred tax asset is likely to reverse as it is recorded in operations that are currently profitable.

The deferred tax asset is not discounted.

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

9 Creditors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts owed to group undertakings – Parent company	795	795
Corporation tax	259	300
Other creditors	12	32
Value added tax	-	109
Accruals and deferred income	415	600
	1,481	1,836

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

10 Share capital

	2005 £	2004 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	100	100

11 Reserves

	Profit and Loss account £'000
At 1 April 2004	4,942
Retained profit for the year	1,233
At 31 March 2005	6,175

12 Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit on ordinary activities after taxation	1,233	1,440
Opening equity shareholders' funds	4,942	3,502
Closing equity shareholders' funds	6,175	4,942

The Scotch House Limited

Notes to the financial statements for the year ended 31 March 2005

13 Operating lease commitments

	2005 Land and buildings £'000	2004 Land and buildings £'000
Payments committed to be made in the next year analysed between those in which the leases expire:		
Within two to five years	-	19
	-	19

14 Immediate and ultimate parent company

The immediate parent undertaking is Burberry Group plc which is registered in England and Wales and is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the consolidated accounts can be obtained from the Company Secretary at Burberry Group plc, 18-22 Haymarket, London, SW1Y 4DQ.

The ultimate parent undertaking and controlling party is GUS plc, which is the parent company of the largest group to consolidate these financial statements. Copies of GUS plc consolidated financial statements can be obtained from the Company Secretary at GUS plc, One Stanhope Gate, London W1K 1AF.

On 13 December 2005 the Burberry Group was demerged from GUS plc and from this date the ultimate parent company of the Group became Burberry Group plc.