

BURTON PROPERTY TRUST LIMITED
(REGISTERED NUMBER 1848857)

DIRECTORS' REPORT AND ACCOUNTS

28TH AUGUST 1999



BURTON PROPERTY TRUST LIMITED

DIRECTORS' REPORT FOR YEAR ENDED 28TH AUGUST 1999

The directors present their annual report together with the audited accounts of the company for the year ended 28th August 1999.

ACTIVITIES AND RESULTS

In 1995 the company disposed of its remaining development properties and terminated its joint ventures. The company continues to incur expenses in connection with its ongoing obligations under the sale and development agreements.

The results of the company for the period set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' INTERESTS

The following served as directors during the year:

D N Brown
GA Bullworthy
A A Goldman
I P Jackman
DL Shaw (resigned 26th February 1999)

At the year end none of the directors had an interest in the share capital of the company. Their interests in the share and loan capital of the ultimate parent undertaking, Arcadia Group plc were as follows:

	<u>D N</u> <u>Brown</u>	<u>G A</u> <u>Bullworthy</u>	<u>AA</u> <u>Goldman</u>	<u>IP</u> <u>Jackman</u>
<u>At 28th August 1999</u>				
Ordinary shares of 80p each	3,305	21,671	696	29,271
Options to acquire ordinary shares of 80p each	35,305	9,068	32,227	122,831
Provisional share allocation	1,099	1,382	753	4,975
Options exercised	-	-	-	-
Options waved	6,984	1,396	6984	6,984
Options granted	17,726	4,837	25,096	54,953
<u>At 29th August 1998</u>				
Ordinary shares of 80p each	1,568	19,368	29	30,064
Options to acquire ordinary shares of 80p each	24,563	5,627	14,115	74,862
Provisional share allocation	2,596	3,367	753	11,962

BURTON PROPERTY TRUST LIMITED

DIRECTORS' REPORT FOR YEAR ENDED 28TH AUGUST 1999 (CONTINUED)

YEAR 2000

The Group has substantially completed all the steps identified as necessary to achieve millennium compliance for all critical business systems and equipment containing embedded chips. The comprehensive review of strategic suppliers has also been completed with the aim of ensuring that there will be no significant risks to the supply of merchandise through the millennium period. The focus of activity is now on continuous end-to-end testing of the Group's systems and completion of any remedial work, together with the completion of appropriate contingency planning.

While all reasonable steps have been taken to address the year 2000 issue, there can be no absolute assurance that some disruption to the business will not occur or that additional costs will not be incurred. The total estimated revenue cost of the project is £5 million, of which £0.9 million was spent in the year under review.

ECONOMIC AND MONETARY UNION (EURO)

The company is a subsidiary of Arcadia Group plc, which is making preparation for the introduction of the Euro on behalf of the whole group, including the company. Should the UK adopt the Euro in future, the impact on all of Arcadia Group's business would be significant. All systems would be affected and all of them would have to be made Euro-compatible. Group contingency planning for the necessary investment in systems and training are in place. The Group's planning is consistent with the United Kingdom Government's National Changeover Plan.

DIRECTORS' RESPONSIBILITIES

The directors set out below their responsibilities in connection with the financial statements.

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 and of the profit or loss of the company for the period. In preparing these 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 maintaining adequate 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.

BURTON PROPERTY TRUST LIMITED
DIRECTORS' REPORT FOR YEAR ENDED 28TH AUGUST 1999 (CONTINUED)

AUDITORS

PricewaterhouseCoopers have indicated their willingness to be re-appointed at the forthcoming annual general meeting.

On behalf of the Board



D N Brown
Director

Registered Office:

Colegrave House
70 Berners Street
London W1P 3AE

19th October 1999

BURTON PROPERTY TRUST LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company at 28th August 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Benson House
33 Wellington Street
Leeds LS1 4JP

Chartered Accountants
and Registered Auditors

19th October 1999

BURTON PROPERTY TRUST LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE FINANCIAL YEAR ENDED 28TH AUGUST 1999

	<u>Notes</u>	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Administrative expenses		<u>(27)</u>	<u>(281)</u>
LOSS BEFORE TAXATION	2	(27)	(281)
Taxation	3	<u>-</u>	<u>17</u>
RETAINED LOSS FOR THE YEAR	8	<u>(27)</u>	<u>(264)</u>

The only recognised gains and losses for the year are those dealt with in the profit and loss account above.

There is no difference between the results disclosed above and the results on an unmodified historical cost basis.

BURTON PROPERTY TRUST LIMITED**BALANCE SHEET - 28TH AUGUST 1999**

	<u>Notes</u>	<u>1999</u> £'000	<u>1998</u> £'000
CURRENT ASSETS			
Debtors	4	58,760	59,779
Cash at bank and in hand		<u>24</u>	<u>-</u>
		58,784	59,779
CREDITORS (DUE WITHIN ONE YEAR)	5	<u>(1,052)</u>	<u>(1,085)</u>
NET CURRENT LIABILITIES		<u>(57,732)</u>	<u>(58,694)</u>
CREDITORS (DUE AFTER ONE YEAR)	6	<u>(199,977)</u>	<u>(200,912)</u>
NET LIABILITIES		<u>(142,245)</u>	<u>(142,218)</u>
CAPITAL AND RESERVES			
Share capital	7	250	250
Profit and loss account - deficit	8	<u>(142,495)</u>	<u>(142,468)</u>
SHAREHOLDERS' FUNDS	8	<u>(142,245)</u>	<u>(142,218)</u>

Approved by the Board on 19th October 1999



DN Brown
DIRECTOR

BURTON PROPERTY TRUST LIMITED

NOTES TO THE ACCOUNTS – 28TH AUGUST 1999

1 ACCOUNTING CONVENTION

The accounts are drawn up under the historical cost convention and in accordance with applicable accounting standards.

2 LOSS BEFORE TAXATION

None of the directors received any emoluments in respect of their services to the company. Auditors' remuneration has been borne by the ultimate parent undertaking.

3 TAXATION

	<u>1999</u> £'000	<u>1998</u> £'000
Based on the loss for the year:		
UK corporation tax at 30.58% (1998: 31%)	<u>-</u>	<u>(17)</u>

4 DEBTORS

	<u>1999</u> £'000	<u>1998</u> £'000
Amount due from parent undertaking	29,353	30,373
Group relief relievable	<u>29,407</u>	<u>29,406</u>
	<u>58,760</u>	<u>59,779</u>

5 CREDITORS (DUE WITHIN ONE YEAR)

	<u>1999</u> £'000	<u>1998</u> £'000
Accruals	457	450
Bank overdraft	-	5
Other Creditors	<u>595</u>	<u>630</u>
	<u>1,052</u>	<u>1,085</u>

BURTON PROPERTY TRUST LIMITED**NOTES TO THE ACCOUNTS – 28TH AUGUST 1999 (CONTINUED)****6 CREDITORS (DUE AFTER ONE YEAR)**

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Loan from ultimate parent undertaking	<u>199,997</u>	<u>200,912</u>

The loan from the ultimate parent undertaking bears no interest and has no fixed repayment date.

7 SHARE CAPITAL

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Authorised, allotted and fully paid: 250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

8 SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Total <u>1999</u> <u>£'000</u>	Total <u>1998</u> <u>£'000</u>
Loss for the financial year	—	(27)	(27)	(264)
Net change in the year	—	(27)	(27)	(264)
Opening shareholders' funds	250	(142,468)	(142,218)	(141,954)
Closing shareholders' funds	<u>250</u>	<u>(142,495)</u>	<u>(142,245)</u>	<u>(142,218)</u>

9 CONTINGENT LIABILITY

The company has guaranteed the overdrafts of the ultimate parent undertaking and certain fellow subsidiary undertakings which, at 28th August 1999, amounted to £nil (1998: £548,000).

10 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY DISCLOSURES

The company's ultimate parent undertaking is Arcadia Group plc and the company is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Arcadia Group plc group or investees of Arcadia Group plc. Copies of the accounts of Arcadia Group plc can be obtained by writing to the Secretary at Colegrave House, 70 Berners Street, London W1P 3AE.

Arcadia Group plc has indicated its willingness to provide the necessary financial support so as to enable the company to meet its liabilities to third parties.