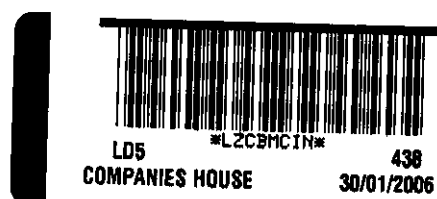


Burberry (No. 1) Unlimited

Registered Number: 4452028

Directors' report and Accounts

For the year to 31 March 2005



Burberry (No. 1) Unlimited

Directors' report for the year to 31 March 2005

The directors submit their report and the audited financial statements for the year to 31 March 2005.

Principal activities

The company's principal activity is to act as a finance company.

Results and dividends

The company's loss for the year is £107,717 (2004: £126,188). This amount has been transferred to reserves. The directors do not recommend the payment of a dividend (2004:£nil).

The company intends to continue to act as a finance company for the foreseeable future.

Directors and their interests

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

S L Cartwright
C A Gibbons
R J H Kessell

The interests of S L Cartwright, who is also a director of Burberry Group plc, and are shown in the annual report of that company.

The interests of C A Gibbons and R J H Kessell, who are also directors of Burberry Limited, are shown in the annual report of that company.

Burberry (No. 1) Unlimited

Directors' report for the year to 31 March 2005 (Continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 in business.

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

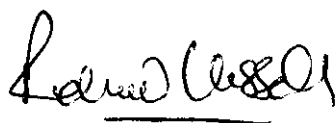
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

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

By order of the board

26 January 2006



R J H Kessell
Director

Burberry (No. 1) Unlimited

Independent auditors' report to the members of Burberry (No. 1) Unlimited

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

Respective responsibility 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 in to 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.

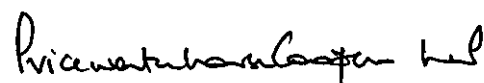
Basis of audit opinion

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 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 as at 31 March 2005 and of its loss 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

26 January 2006

Burberry (No. 1) Unlimited

Profit and loss account for the year to 31 March 2005

	<i>Note</i>	2005 £	2004 £
Interest income		17,552	-
Foreign exchange (loss)/gain		(171,434)	180,268
(Loss)/profit on ordinary activities before taxation	2	(153,882)	180,268
Taxation on (loss)/profit on ordinary activities	3	46,165	(54,080)
(Loss)/profit on ordinary activities after taxation and retained (loss)/profit for the year	7, 8	(107,717)	126,188

The above activities relate to continuing operations.

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

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Burberry (No. 1) Unlimited

Balance sheet as at 31 March 2005

	Note	2005 £	2004 £
Current assets			
Debtors	4	124,304,521	108,095,987
Creditors - amounts falling due within one year	5	(20,773,665)	(4,457,413)
Net assets		103,530,857	103,638,574
Capital and reserves			
Called up share capital	6	103,112,986	103,112,986
Profit and loss account	7	417,871	525,588
Equity Shareholders' Funds	8	103,530,857	103,638,574

The notes on pages 6 to 9 form part of these financial statements.

Approved by the board on 26 January 2006


C A Gibbons
Director

Burberry (No. 1) Unlimited

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

1 Accounting policies

The principal accounting policies of the company are:

(a) Basis of accounting

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, which have been applied on a consistent basis.

(b) Foreign currency

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 period end are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange differences on monetary items are taken to the profit and loss account.

(c) 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 cash flow statement under the terms of Financial Reporting Standard 1 ("FRS 1") (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 ("FRS 8") from disclosing related party transactions with entities that are part of the Burberry Group.

2 Result for the year

No directors received any remuneration from the company during the year to 31 March 2005 (2004: £nil).

No employee costs are included in these financial statements. The auditors received remuneration of £750, (2004: £700), which was paid by Burberry Limited, a fellow subsidiary.

3 Taxation on profit on ordinary activities

The corporation tax credit/(charge) is based on the taxable (loss)/profit for the year and comprises:

Current tax	2005 £	2004 £
Corporation tax at 30% (2004;30%)	46,165	(54,080)

Burberry (No. 1) Unlimited

Notes to the financial statements for the year to 31 March 2005 (continued)

3 Taxation on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs to the standard rate of corporation tax in the UK (30%) (2004:30%).

The differences are explained below:

	2005 £	2004 £
(Loss)/profit on ordinary activities before tax	(153,882)	180,268
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	46,165	(54,080)
Total current tax	46,165	(54,080)

4 Debtors

	2005 £	2004 £
Amounts falling due within one year		
Corporation tax	46,165	-
Amounts due from group undertakings	108,156,571	28,417
	108,202,736	28,417
Amounts falling due after one year		
Amounts due from group undertakings	16,101,785	108,067,570
Total	124,304,521	108,095,987

Amounts falling due from group undertakings within one year consist of two loans. One loan of £98,597,785 is unsecured, interest free and repayable on 26 September 2005. The other loan of £9,558,786 is repayable on 26 September 2005. On the 26 September 2005 the repayment date for both of these loans was extended to 26 September 2008. This includes a principal sum of £1,346,480 on which interest is payable at 5.45%.

Amounts due from group undertakings after one year consist of two loans. One loan of £11,120,876 is unsecured, interest free and is repayable on 18 December 2008. The other loan of £4,980,909 is also unsecured interest free and repayable on 28 August 2008.

5 Creditors - amounts falling due within one year

	2005 £	2004 £
Amounts due to group undertaking	20,773,665	4,457,413

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

Burberry (No. 1) Unlimited

Notes to the financial statements for the year to 31 March 2005 (continued)

6 Called up share capital

	2005 Number	2004 Number	2005 £	2004 £
Authorised				
Ordinary shares of £1 each	200,000,000	200,000,000	200,000,000	200,000,000
Allotted, issued and fully paid				
Ordinary shares of £1 each				
As at 1 April	103,112,986	98,132,077	103,112,986	98,132,077
Issue of shares on 18 December 2003	-	41,980,909	-	41,980,909
Repurchase of shares 18 December 2003	-	(37,000,000)	-	(37,000,000)
As at 31 March	103,112,986	103,112,986	103,112,986	103,112,986

All shares are issued or repurchased for cash at par. No expenses were incurred in issuing or repurchasing these ordinary shares.

7 Reserves

	Profit and loss account £
As at 1 April 2004	525,588
Retained loss for the year	(107,717)
As at 31 March 2005	417,871

8 Reconciliation of movement in Shareholders' Funds

	2005 £	2004 £
(Loss)/profit for the year	(107,717)	126,188
Proceeds of issue of ordinary share capital	-	41,980,909
Repurchase of own shares	-	(37,000,000)
Net (reduction)/addition to Shareholders' Funds	(107,717)	5,107,097
Opening Shareholders' Funds	103,638,574	98,531,477
Closing Shareholders' Funds	103,530,857	103,638,574

Burberry (No. 1) Unlimited

Notes to the financial statements for the year to 31 March 2005 (continued)

9 Immediate and ultimate parent company

The immediate parent undertaking is Burberrys Limited, which is registered in England and Wales.

The parent undertaking of the smallest group to consolidate these financial statements is Burberry Group plc which is registered in England and Wales. 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 the Burberry Group was demerged from GUS plc and from this date the ultimate parent company of the Group became Burberry Group plc.