Burberry Group Limited

Registered Number : 3458224

Annual Report and Financial Statements

for the year ended 31 March 2001

Burberry Group Limited

Directors	D G Bury 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 2001

The directors present their report and audited financial statements of the Company for the year ended 31 March 2001.

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 £40,365,000 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
D A Tyler
D Morris
P A Atkinson

Directors' interests

Mr D G Bury and Mr D A Tyler were directors of GUS plc, the Company's ultimate parent undertaking, throughout the year and their interests are disclosed in the financial statements of that company.

Mr Morris and Mr Atkinson held beneficial interests in the ordinary shares of GUS plc as follows:

	31 March 2001	31 March 2000
Mr D Morris	2,000	2,000
Mr P A Atkinson	800	2,500

Details of options granted to Mr Morris and Mr Atkinson in respect of the ordinary shares of GUS plc, under that company's executive share option schemes, are set out in the table below. No options were exercised or lapsed during the year.

Directors' interests (continued)

	Number of options at 1 April 2000	Options granted during the year	Number of options at 31 March 2001	Exercise price	Period of exercise
Mr D Morris					
9 December 1998	16,890	-	16,890	580.2p	From 9 December 2001 to 8 December 2008
23 June 1999	14,850	-	14,850	690.2p	From 23 June 2002 to 22 June 2009
7 April 2000	-	28,480	28,480	375.7p	From 7 April 2003 to 6 April 2010
	31,740	28,480	60,220		
Mr P A Atkinson					
9 December 1998	13,788	-	13,788	580.2p	From 9 December 2001 to 8 December 2008
23 June 1999	13,039	-	13,039	690.2p	From 23 June 2002 to 22 June 2009
7 April 2000	-	26,617	26,617	375.7p	From 7 April 2003 to 6 April 2010
	26,827	26,617	53,444		

Details of options granted to Mr Morris and Mr Atkinson in respect of the ordinary shares of GUS plc, under that company's Save As You Earn share option scheme, are set out in the table below. No options were exercised or lapsed during the year.

	Options granted during the year	Number of options at 31 March 2001	Exercise price	Period of exercise
Mr D Morris				
9 February 2001	2,522	2,522	384p	From 1 May 2004 to 31 October 2004
Mr P A Atkinson				
9 February 2001	4,394	4,394	384p	From 1 May 2006 to 31 October 2006

Burberry Group Limited

Directors' report (continued)

for the year ended 31 March 2001

Directors' interests (continued)

In addition Mr Morris and Mr Atkinson hold deferred rights to acquire in April 2003, at no cost, ordinary shares in GUS plc under that company's Performance Share Plan, subject to performance targets based on total shareholder return. The initial awards under that plan were as follows:

	Shares awarded on 7 April 2000
Mr D Morris	17,088
Mr P A Atkinson	15,970

By Order of the Board

P G Cooper
Secretary

Date: 3 January 2002

Burberry Group Limited

Statement of directors' responsibilities

for the year ended 31 March 2001

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: 3 January 2002

Burberry Group Limited

Independent auditors' report to the members of Burberry Group Limited

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Manchester
Date: 3 January 2002

Burberry Group Limited

Profit and loss account

for the year ended 31 March 2001

	Notes	2001 £'000	2000 £'000
Operating income	2	6,775	605
Dividends from subsidiary undertakings		33,115	18,348
Profit on ordinary activities before interest		39,890	18,953
Interest income	3	3,582	3,587
Profit on ordinary activities before taxation		43,472	22,540
Taxation	4	(3,107)	(1,258)
Profit on ordinary activities after taxation	5	40,365	21,282
Dividends	6	-	(18,348)
Retained profit for the year		40,365	2,934

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

Burberry Group Limited

Balance sheet at 31 March 2001

	Notes	2001 £'000	2000 £'000 (restated) (Note 1 (b))
Fixed assets			
Investments	7	292,679	292,679
Current asset			
Debtors	8	97,740	64,314
Creditors			
Amounts due within one year	9	(152,267)	(159,206)
Net current liabilities		(54,527)	(94,892)
Net assets		238,152	197,787
Capital and reserves			
Called up share capital Allotted and fully paid Ordinary shares of £1 each	10	-	-
Share premium account	11	89,371	89,371
Profit and loss account	12	148,781	108,416
Equity shareholders' funds	13	238,152	197,787

Approved by the Board on 3 January 2002 and signed on its behalf by:

D Morris David Morris

P A Atkinson Paul Atk

Directors

Burberry Group Limited

Notes to the financial statements

for the year ended 31 March 2001

1. **Accounting policies**

(a) Basis of accounting

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

(b) Prior year adjustment

The financial statements for the period ended 31 March 1999 did not include share capital issued to a group undertaking in consideration for the transfer of the investment in another group undertaking. A prior year adjustment has been made with the investment in subsidiary undertakings increased by £13,638,849, issued share capital increased by £100 and share premium increased by £13,638,749.

(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.

(d) 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 income**

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

3. **Interest income**

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

4. **Taxation**

	2001 £'000	2000 £'000
UK Corporation tax at 30%	9,089	5,355
Double taxation relief	(5,982)	(4,097)
	3,107	1,258

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 after double taxation relief.

5. Profit on ordinary activities after taxation

No directors received any remuneration from the Company during the year ended 31 March 2001 (2000 nil). No employee costs are included in these financial statements. The auditors received remuneration of £100 during the year ended 31 March 2001 (2000 £100) which was paid by the ultimate parent undertaking.

6. Dividends

	2001 £'000	2000 £'000
Interim dividend paid (nil per share (2000 £31,863 per share))	-	9,559
Final dividend proposed (nil per share (2000 £17,578 per share))	-	8,789
	-	18,348

7. Investments

	Subsidiary undertakings £'000	Other £'000	Total £'000
Cost			
At 1 April 2000			
As previously reported	144,580	134,460	279,040
Prior year adjustment (Note 1(b))	13,639	-	13,639
At 1 April 2000 and 31 March 2001	158,219	134,460	292,679

7. Investments (continued)

The principal subsidiary undertakings at 31 March 2001, 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
The 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	Finance company
Burberry US Limited	England	Ordinary	Finance 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 15).

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 2001 was held by fellow subsidiary undertakings of GUS plc.

8. Debtors

	2001 £'000	2000 £'000
Amounts owed by group undertakings	97,740	64,314

9. Creditors – amounts due within one year

	2001 £'000	2000 £'000
Amounts owing to group undertakings	149,160	149,159
Taxation	3,107	1,258
Proposed final dividend	-	8,789
	152,267	159,206

10. **Called up share capital**

	2001	2000
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*

*Share capital has been restated in the year to 31 March 2000 to include share capital issued to a group undertaking previously omitted (see Note 1(b)).

11. **Share premium account**

	2001 £'000
As previously reported	75,732
Prior year adjustment (Note 1(b))	13,639
At start and end of year	89,371

12. **Profit and loss account**

	2001 £'000	2000 £'000
At start of year	108,416	105,482
Retained profit for the year	40,365	2,934
At end of year	148,781	108,416

13. Reconciliation of movement in equity shareholders' funds

	2001 £'000	2000 £'000
Profit on ordinary activities after taxation	40,365	21,282
Dividends	-	(18,348)
Retained profit for the year	40,365	2,934
Proceeds of issue of ordinary share capital	-	51,017
	40,365	53,951
Opening equity shareholders' funds (originally £184,148,000 restated for prior year adjustment of £13,369,000)	197,787	143,836
	238,152	197,787

14. 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.

15. 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, PO Box 99, Universal House, Devonshire Street, Manchester M60 1XA.

GUS

The retail and business services group

THIS DOCUMENT IS
TO BE FILED WITH
THE COMPANY RECORDS
OF COMPANY NO.
3458224
(BURBERRY GROUP
LIMITED).

ATTENTION IS DRAWN TO
THE FACT THAT TWO
SETS OF ACCOUNTS
WITH DIFFERENT COMPANY
NUMBERS MUST BE
KEPT TOGETHER

Annual Report 2001

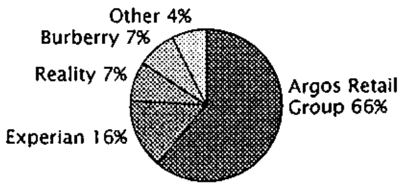
1/02

Highlights

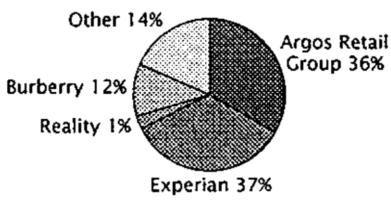
Group sales	Up 7% to £6bn
Group profit before amortisation of goodwill, exceptional items and taxation	Up 9% to £487m
Earnings per share before amortisation of goodwill and exceptional items	Up 8% to 37.2p
Dividend per share	Up 0.4p to 21.0p for the year

- Profit before amortisation of goodwill, exceptional items and taxation: £487m (2000: £448m)
- Earnings per share before amortisation of goodwill and exceptional items: 37.2p (2000: 34.5p)
- Final dividend up 3% to 14.8p, making 21.0p for the year (2000: 20.6p)
- Experian: record profit of £217m despite US economic slowdown; continued strong growth from Experian International
- Argos Retail Group: underlying profit at Argos up by over 20%; Home Shopping up 8%; cost savings on track
- Reality: good progress in improving efficiency and increasing third party business
- Burberry: profits more than trebled; taking greater control of Asia-Pacific in 2002; preparation on track for partial Initial Public Offering within 12 months, subject to market conditions

2001 – Sales by division



2001 – Profit by division



Focusing on the individual consumer

GUS operates today in a very different marketplace from the one in which it developed its pioneering home shopping business. The "information age" has transformed the relationship between buyers and sellers, creating a market in which decisions increasingly have to be focused on the individual consumer.

Businesses have the opportunity now to be highly informed about the demands and aspirations of those who buy their products and services. They can communicate with them as individuals, recognise their particular needs and circumstances, and build meaningful relationships.

At the same time, consumers have become far better informed about the choices available to them. They can exercise their judgement in the pursuit of a better product or service, better value or a better overall experience. They can decide how they want the relationship to be conducted. Their loyalty to individual businesses, brands or products has become more fragile.

Today's consumer is firmly in the driving seat and nowhere more so than on the Internet, where information about competing alternatives has never been so plentiful or so accessible.

Success in this increasingly consumer-centric marketplace means managing the customer experience at every stage. It means being able to master three fundamental elements:

Understanding — being able to recognise the needs of individual consumers

Choice — being able to cater for those different needs

Service — being able to fulfil the brand promise at every touch point

It is in these three areas of expertise that GUS is today focusing its skills and resources.

Getting closer to the customer
Through our information solutions business, Experian, we help companies understand the particular needs and circumstances of their customers in order to make better decisions at every point of contact.

Understanding

Few, if any, companies understand the consumer better than Experian. It provides the building blocks for one-to-one relationships.

Experian evolved out of GUS' own retail operations. Its large databases of consumer information helped the Group to offer credit to those who could afford it and to target promotional offers at those who would find them relevant. Strong demand for its services, coupled with major acquisitions in North America and Europe, have established Experian as a global company.

Today, Experian helps businesses around the world to understand consumer lifestyles and motivations in order to market their products or services more successfully. It helps them to use information about their customers to build loyalty and identify opportunities for growing these relationships.

Consumers demand ever more from the businesses who seek their custom. Through Experian, GUS is helping businesses to make better decisions at every point of contact with their customers.

Service with a smile

Through our outsourcing business, Reality, we help companies manage every aspect of their relationship with customers in order to deliver on their brand promise.

Spoilt for choice

Through our many retail brands, we enable consumers to match the shopping experience to their own lifestyles and aspirations.

Choice

GUS has long been synonymous with consumer choice through its many retail brands.

Argos Retail Group builds on this long experience and on the strength of the Argos and GUS Home Shopping brands. Its mission is to combine exceptional value with the widest ever choice of what to buy, how to buy it and how to get it home.

Argos Retail Group is a true multi-brand, multi-channel retailer. Customers can choose from a huge range of merchandise, such as toys, jewellery, computers and electrical goods, clothing and household furnishings. They can make their purchases by telephone, in the store (there is one within 20 miles of 90% of the UK population), through digital television or via the Internet. They can arrange insurance or credit on their purchases and either collect them from the store or have them delivered to their home or work.

At Lewis Stores in South Africa, GUS is developing this long established business along similar principles. In the furnishings and electrical markets, Lewis already offers the widest range of goods and distribution outlets in Southern Africa.

At Burberry, GUS is fulfilling a very different demand, the desire for luxury. Burberry is the original British luxury brand, synonymous with the famous trench coat, but now revived to appeal to a much broader audience of fashion-conscious consumers.

Through these retailing businesses GUS is focusing on choice to enable consumers to match the shopping experience to their own lifestyles and aspirations.

Service

Reality is the UK market leader in consumer service. This major outsourcing business has the ability to manage every aspect of an organisation's contact with its customers.

Reality is building on GUS' long heritage of service through its nationwide logistics network and customer contact centres. The business is ideally placed to respond to the growing demand from consumers for "remote shopping" and for greater flexibility in the relationships they have with their suppliers.

Reality is helping companies inside and outside the Group to fulfil this demand by delivering the best possible service to their customers. Its capabilities range from designing websites to hosting customer management systems, from processing customer orders to handling customer calls, and from warehousing products to delivering them to the customer's door.

Through Reality, clients trust GUS with their most important asset, their relationship with their customers.

Leading in a new age of retailing

By focusing the Group on these core principles of understanding, choice and service, GUS has positioned itself as a leader in a new age of retailing. It is uniquely placed to satisfy an ever more discerning consumer.

Chairman's statement

To effect significant change in a business, while at the same time improving performance, is a real challenge. Yet in the last year we have done both and it is greatly to the credit of the GUS team at all levels that we have made such good progress. I would therefore like to thank everyone at GUS for their tremendous endeavour and achievement this year.

Sir Victor Blank
Chairman

Financial performance

Our financial performance showed a growth in underlying profits for the first time since 1998, up 9% to £487m. All our main businesses contributed to this growth through advances in profit over the previous year. Earnings per share grew and cash flow has been strong.

The Board has declared a final dividend of 14.8p, making 21.0p for the year (2000: 20.6p)

Group strategy

Alongside the achievement in performance, we have established the shape of the Group, set out our strategy and positioned each of the main businesses strongly in their marketplaces.

Experian is today a global information solutions company, helping clients to find new customers and build profitable customer relationships. Argos Retail Group is the UK's largest multi-channel retailer, providing customers with greater choice, convenience and value. Reality is a major outsourcing business that helps organisations, including Argos and GUS Home Shopping, to fulfil their customer service promise. Burberry is a world class luxury brand and Lewis Stores is one of South Africa's largest furniture and electrical retailers.

We have invested strongly in these businesses during the year, through acquisitions such as Burberry's Spanish licensee and jungle.com, and through new initiatives such as the Argos store card and Experian North America's new automotive database. We have also greatly strengthened the management team throughout the Group.

Our aim as a Group continues to be the creation of value for our shareholders through profitable growth. In achieving this, we are committed to a working environment that provides challenge, reward and enjoyment and that enables us to build one team of the very best people.

Board changes

Lord Wolfson of Sunningdale retired during the year and, on behalf of the Group, I would like to acknowledge a particular debt of gratitude to him. During his tenure as

Profit before taxation £m	2001	2000
Experian	**216.6**	200.6
Argos Retail Group	**212.1**	188.7
Reality	**5.1**	2.8
Burberry	**69.5**	21.7
Other	**57.8**	98.1
	561.1	511.9
Interest expense	**(74.3)**	(64.0)
Profit before amortisation of goodwill, exceptional items and taxation	**486.8**	447.9
Amortisation of goodwill	**(92.3)**	(79.4)
Exceptional items	**(84.7)**	11.1
Profit before taxation	**309.8**	379.6

Chairman, he re-positioned the Group, establishing the base from which we are now able to develop growth. Peter Weigh retired after more than 25 years and Michael de Kare-Silver moved on to new pastures. I would like to thank them all for their contribution and wish them well for the future.

This year's AGM will see the retirement from the Board of Eric Barnes, Jonathan Charkham and David Bury. Eric Barnes, our Deputy Chairman, is standing down after almost five decades with GUS. He is the longest serving board member and has guided successive chairmen over many years. Eric has played important roles in all parts of the Group and was influential in the formation in 1980 of CCN (now Experian), where he has been chairman since the outset. Eric has been at the heart of GUS for a long time and it is difficult to express adequately our appreciation for his extraordinary contribution to the Group.

Jonathan Charkham has been an invaluable source of advice on corporate governance and as a member of the Audit Committee, which he previously chaired. David Bury, our Group Commercial Director and Treasurer, joined the Board in 1997 and was instrumental in establishing a modern and professional treasury within GUS. We thank these board members for the important contribution they have made to the Group's development over the years.

Change of name

Today most people know the Group as GUS. The name The Great Universal Stores no longer describes what we do or what we are and so we propose making a simple change in our name to GUS plc. Shareholders will be asked to approve this change at our AGM.

Sir Victor Blank
Chairman

Chief executive's review

The year under review has been one of progress for GUS in terms of greater strategic focus, improved operational performance and strengthened management teams. It has also been a year in which we have invested significantly for the future.

John Peace
Group Chief Executive

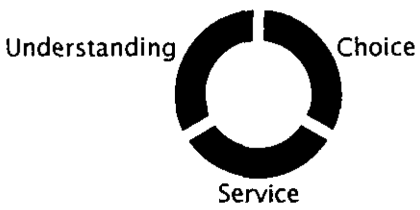
Greater strategic focus
GUS is now focused on three key inter-related businesses: Experian (information services), Argos Retail Group (multi-channel retailing) and Reality (outsourcing), while continuing to invest in our other businesses, especially Burberry, to maximise shareholder value.

During the last year, we reshaped our portfolio of businesses to enable us to drive growth:

- We created Reality and Argos Retail Group (ARG) in May and June 2000 respectively.
- We acquired our Burberry licensee in Spain in June 2000 and jungle.com in September 2000.
- We sold Highway Vehicle Management in August 2000; Universal Versand, our Austrian home shopping business, in March 2001; and K.C. Finance, the Channel Islands subsidiary of General Guarantee Finance, also in March 2001.
- We continued to wind down General Guarantee Finance and our property joint venture in order to release cash.

Improved operational performance
Profit during the year grew by 9% to £486.8m, with Argos, Burberry and Experian International all generating record profits. Despite a further planned reduction in sales at UK Home Shopping, underlying profitability was up 8%. Against the background of a slowing US economy, Experian North America held profits broadly flat in dollar terms. Reality made good progress in its first ten months of operation. Excluding the Finance and Property divisions, which are being wound down, profit growth from continuing businesses was 12%.

Investing for the future
We are continuing to invest across the Group in existing and new businesses. Investment in new initiatives charged to profits during the year totalled £29.6m,



GUS is focusing its skills and resources on the three areas of consumer understanding, choice and service in order to satisfy an ever more discerning consumer.

comprising £8.0m in launching store and credit cards within ARG Financial Services, £7.7m in the roll out of Argos Additions to all stores, £12.6m in gusco.com to fund the Group's e-commerce ventures and a £1.3m loss from jungle.com. Together, this represented 6% of Group profits at £487m.

In the year to March 2002, GUS will continue to invest both revenue and capital for growth. Capital expenditure, which was £268m in 2001, will rise by about £100m in 2002, with major projects such as the supply chain programme at Argos, new buildings and a UK data centre for Experian, and new stores for Burberry. Cash will also be invested in the build-up of the debtor book for the Argos store card and continued credit-related promotions at UK Home Shopping. Given the run-down of General Guarantee Finance and our property joint venture, we still expect the Group to be cash generative during 2002, before acquisitions or disposals.

Strengthened management teams

GUS is a business with a remarkable range of assets and capabilities. Today we also have a very strong management team.

Our operating philosophy as a Group is to give managers the freedom to manage and to grow their businesses

During the year, we significantly strengthened management at all levels across the Group and made some very senior appointments. Craig Smith was appointed Chief Executive for Experian North America and John Saunders became Chief Executive of a newly combined Experian UK and Rest of World. Kate Swann, previously Managing Director of Homebase, was appointed Managing Director of Argos. Trevor Hilliard, formerly a main board director of Alliance & Leicester Plc, joined as Managing Director of ARG Financial Services. Reg Sindall, previously at Bass PLC, became Group Human Resources Director.

We recognise that our core competency today has to be the ability to attract the best people and to get the very best from them. This is why our operating philosophy as a Group is to give managers the freedom to manage and to grow their businesses. At the same time, we are committed to sharing ideas and best practice across the Group and will be quick to capitalise on opportunities for greater efficiency and growth as they arise.

Experian has continued to build on its position as a leader in the global information market

Experian

Experian has continued to build on its position as a leader in the global information market. The company's strength today lies not just in its expertise and resources, but in the trust it has earned amongst organisations worldwide.

In North America, the business is focusing on the opportunities created by its large databases and by the demand for value-added information products. Despite a weakening US economy, Experian made good progress, assisted by new product initiatives and strategic partnerships.

Experian International performed strongly throughout the year, with significant new business wins. Demand for decision support products increased as companies adopted more sophisticated ways of using information to develop and manage customer relationships.

Experian became increasingly synonymous with the concept of CRM (customer relationship management), as companies seek to build a comprehensive picture of their customers in order to manage them as individuals. Experian is already a vital data source for effective CRM and has now developed sophisticated techniques for bringing information together about individuals across different data sources. This integration of customer information is at the heart of CRM.

The Internet created new opportunities for Experian, as companies look for ways to authenticate visitors to their sites and reduce the high risk of fraud. The new e-series product range has transferred Experian's core skills in risk management and target marketing to the web, enabling clients to trade with greater confidence and, increasingly, to personalise the experience that visitors have to their sites.

Experian also continued to develop new data sources, such as its vehicle database in North America. This provides prospective purchasers of used cars with vital information about the history of the vehicle they are about to buy. In the UK, Experian launched a new national business database for business-to-business direct marketing.

Argos Retail Group is now firmly established as a leading multi-channel retailer

Argos Retail Group

Argos Retail Group is now firmly established as a leading multi-channel retailer. Many new initiatives were undertaken during the year to extend its vision of greater choice, value and convenience.

Argos maintained strong growth, despite a very competitive marketplace. There were 12 new store openings and 64 store refurbishments. New layouts were completed in all stores, together with an intranet to improve internal communications.

The award-winning Argos website was relaunched in August and was consistently amongst the top five most visited e-commerce sites in the UK. Visa customers voted it the best "Bricks to Clicks" website, recognising Argos' successful integration of its High Street, catalogue and Internet operations. Internet sales across ARG were £78m, compared to £15m in the previous year.

The Argos Additions catalogue, which offers competitively priced clothing and household products from the Home Shopping range, was made available in all Argos stores in January. It is now on track to create a profitable new business with annual sales of up to £300m in three years.

Within UK Home Shopping, the main priority has been to stabilise the business by focusing on the most profitable customers and reducing expenditure on finding new customers. Looking forward, the business is undertaking a range of initiatives to improve the customer proposition, including its first mid-season catalogue, improved stock availability and the introduction of CRM technology for enhancing the management of customer relationships.

In Continental Europe, Wehkamp has maintained its position as market leader in Holland and our Swedish business is starting to benefit from synergies with ARG in the UK, particularly in logistics and buying. We disposed of Universal Versand, our loss-making Austrian home shopping business, as part of the Group's wider strategy of focusing on businesses with strong growth potential.

An important investment during the year was the acquisition of jungle.com, which will enable Argos Retail Group to become a significant player in the growing market for computers and related products. jungle.com is one of the strongest brand names in e-tailing, with considerable potential for further development.

Financial services is another major part of the ARG strategy. Applications for the new Argos store card, which was rolled out across all stores in January, have been ahead of expectations. Going forward, we will be focusing on services that directly support the multi-channel buying experience, such as product insurance and personal loans.

Reality

Our outsourcing business, Reality, had a successful first year and made good progress in its two key objectives of improving the efficiency of its cost base and winning third party contracts.

Reality was created largely from the warehousing, delivery and call centre operations that had supported the Group's home shopping business. It is now the UK's largest logistics and customer care organisation, providing a total outsourcing solution that extends from designing and hosting websites to delivering goods to the customer's door. Reality is taking advantage of the growth in remote shopping and the readiness of companies to outsource many aspects of customer service, particularly those driven by computerised information.

Reality is now the UK's largest logistics and customer care organisation, providing a total outsourcing solution

Reality's largest client is Argos Retail Group, where its services have been key to the growth of Argos Additions and Argos Direct. ARG has also benefited from the efficiency savings achieved by Reality over the last year and by improved service levels, particularly during the peak Christmas shopping period.

Integrating all the different parts of Reality and creating a new customer service culture amongst 20,000 employees has been a significant challenge this year. The business is now setting standards of service that are at least the equal of its competitors and has a breadth of capability that none can match. Reality won over 20 contracts during the year, covering all parts of the business, and is in discussions with other potential new customers.

Burberry had a very successful year, firmly establishing it as one of the great luxury brands

Burberry

Burberry had a very successful year, firmly establishing it as one of the great international luxury brands.

The brand's revitalisation has been led by strong design, which is appealing to a more fashion-conscious consumer and supported by very effective advertising. The opening of the flagship New Bond Street store in London was a major milestone, providing a powerful brand showcase. It will be the model for other stores around the world and has already been the blueprint for the first Burberry store in Japan.

The range of Burberry accessories was considerably increased during the year to include items such as shoes, swimwear and fragrances. These were much in demand and introduced the brand to a much broader audience of consumers.

Burberry also took important steps to increase control of the brand through the successful renegotiation of its Japanese licence and the acquisition of Burberry Spain. In January 2002, Burberry intends taking control of existing distribution, agency and licensing arrangements in Asia-Pacific, excluding Japan, after these come to an end.

In November 2000, we announced our intention to arrange a partial IPO for Burberry. This will take place in the next 12 months, subject to market conditions. Progress is being made in preparing the company to become a separate plc, while we continue to drive the business strongly forward.

South African Retailing

Our South African business operates in a very challenging retail market. The business undertook a range of initiatives during the year, which began to see an improvement in sales. These included the greater use of value-added promotional offers and the expansion of financial services. The business is also continuing to extend its chain of Best Electric stores and is making greater use of information products to improve its credit management and marketing.

Commitment to corporate social responsibility

GUS recognises the strong pressure there is today for companies to act in a socially responsible manner and to report on the measures they are adopting. We welcome this and are committed to playing a leading role in the movement for Corporate Social Responsibility (CSR). During the year, we published our first Environmental Report and were able to report a 20% improvement on our score in the Business in the Environment Index. We also joined a two-year CSR demonstration project, co-ordinated by Business in the Community, to publish on the Internet our progress across all areas of ethical practice.

Engaging our people

Our greater strategic focus has brought with it considerable changes across the Group – in personnel, in structures, in responsibilities and in the way we do things. It has been a challenging time for people at GUS.

Within Reality and UK Home Shopping particularly, employees have been involved in major "change programmes" with the aim of establishing highly customer-focused businesses. There has been a strong emphasis on communication and culture, which has involved every part of these two organisations.

GUS, like other businesses, depends upon the commitment of its people and on its ability to engage and motivate them. The introduction of a Group "Sharesave" Scheme was a particularly important development. It gave employees the opportunity to take a stake in the business through a three or five year save-as-you-earn share option plan. Almost 40% of eligible employees joined the scheme, which was substantially higher than expected.

Leading in a new age of retailing

GUS is well placed to take advantage of today's fast developing consumer markets. Through our information services business, Experian, we are helping organisations to reach consumers and to build successful one-to-one relationships. Through Argos, Burberry and our other retail businesses, we are satisfying a much more demanding and brand conscious consumer. And through Reality, our customer care and logistics business, we are helping organisations like our own to deliver exceptional customer service.

These are all growing businesses, as well as leading companies in their own markets. They represent the future for GUS.

GUS is well placed to take advantage of today's fast developing consumer markets

John Peace
Group Chief Executive

Operational review

Throughout the world, Experian helps its clients to make more informed decisions in targeting and acquiring new customers, building successful customer relationships and managing financial risk. It is a global business serving a broad array of markets, such as finance, retail, utilities and automotive.

Experian is detecting up to 90% of fraudulent transactions for clients operating over the Internet

Experian has clients in more than 50 countries

Experian

For Experian as a whole, sales grew by 7% and profit by 8%. At constant exchange rates and excluding acquisitions and divestments, sales for Experian grew by 6% and profit by 2%. Exchange rate movements benefited sales by £46m and profit by £10.8m.

Experian North America

Experian North America's key objectives are to protect and grow its traditional businesses, to re-engineer processes in order to increase efficiency and to deliver on strategic growth opportunities.

The year to March 2001 saw progress in all these initiatives against a background of a weakening US economy, which slowed sharply from November 2000. This initially led to many of Experian's clients reassessing, and in many cases delaying, discretionary spend, but sales performance in the second half of the year (4% underlying growth) improved over the first half, when underlying sales were flat.

This improvement was the result of market demand recovering in some areas, most notably mortgage refinancing, prescreen and list rental; together with some recent initiatives starting to benefit the sales line. For example, share has been regained with major strategic accounts; more Marketing Solutions products are being sold to financial services companies and revenue streams have started from new products such as the automotive database and direct-to-consumer credit reports. Action has also been taken to reduce our cost base, specifically non-revenue producing support activities.

Sales were up 2% in the year at constant exchange rates and excluding two businesses previously put into joint ventures. This does not take into account the rationalisation of non-strategic product lines, which reduced sales by 2%. Sales in Information Solutions (about 60% of North American turnover) fell by 2% in the year, with a better performance in the second half (H1 –4%; H2 +1%). Marketing Solutions delivered 5% sales growth for the year, comparatively steady between halves (H1 +4%; H2 +6%).

At constant exchange rates, profits fell slightly year-on-year, due to the sudden slowdown in the US

Experian

12 months to 31 March	2001	2000	Underlying change*
Sales £m	**1,018**	949	6%
Operating profit £m	**216.6**	200.6	2%
Operating margin	**21.3%**	21.1%	

*at constant exchange rates excluding divestments

Experian North America

12 months to 31 March	2001	2000	Underlying change*
Sales £m	**661**	617	+2%
Operating profit			
Managed businesses £m	**145.2**	137.6	-2%
FARES/other associates £m	**10.2**	7.1	+36%
Total £m	**155.4**	144.7	-1%
Operating margin			
(excluding associates)	**22.0%**	22.3%	

*at constant exchange rates, excluding divestments

Craig Smith
Chief Executive
Experian North America

economy in the third quarter and continued investment in the future of the business. However, lower interest rates led to a recovery in the mortgage refinancing market leading to a significantly higher contribution from FARES, the real estate joint venture. This was offset in part by a loss of £2.2m by the NuEdge associate.

Looking forward, it is not possible to be certain of the impact on Experian North America of a slowing US economy. Nonetheless, measurable progress is being made to capitalise on the opportunities available to this business.

The senior management team is being further strengthened. Don Robert was appointed President of Information Solutions in April 2001 and is joined by a new Chief Technology Strategist, Chief Marketing Officers for Information Solutions and Marketing Solutions and a Senior VP for Decision Solutions.

Exactis, an e-mail distribution company, was acquired in May 2001 for $13.5m. This enables Experian to deliver promotions for its direct marketing clients for both traditional mail and e-mail campaigns in both the US and UK.

In the United States, Experian maintains credit information on 205 million consumers and 14 million businesses

Several new products and services have been launched to provide a continuing source of future revenue growth. For example, Visa USA expects to reduce its on-line credit card disputes by up to 50% by using e-series, Experian's on-line authentication service. Experian's direct-to-consumer initiative opens up a new growth channel providing individual consumers with real time credit reports and a broad range of tools to understand better their personal credit report.

In the past six months, five major contracts have been won to provide customer relationship management (CRM) services. These include a multi-year, multi-million dollar contract with GE Capital, hosting its private-label credit card database.

Experian has some of the largest mainframe computer installations in the world, providing round-the-clock support for clients

Experian processes 1.4 million consumer transactions each day on behalf of clients, at an average speed of half a second per transaction

John Saunders
Chief Executive
Experian International

Experian International

Experian continues to build on its strong market position in the UK and developing positions in Continental Europe and other markets. Since these businesses increasingly share the same customers, products and R&D programmes, they were combined during the year to form Experian International, enabling it to improve the quality of service to its customers.

All business lines and all principal regions performed strongly. At constant exchange rates and excluding acquisitions and divestments, sales were up by 13% and profits by 11%.

Significant contract wins during the year include:

- First National Retail Finance, Time Retail Finance (account processing);
- EULER Trade Indemnity (information services);
- Bass, Egg, Northern Rock (database management);
- Prud'homales, Imagine R, Groupama, Cegetel (France outsourcing);
- ConTakt, Family & Friends (Germany account processing).

Together, the value over the life of major contracts won in the last year is about £200m, with annualised sales of over £25m.

Experian International
12 months to 31 March

	2001	2000	Underlying change*
Sales £m	**357**	332	13%
Operating profit £m	**61.2**	55.9	11%
Operating margin	**17.1%**	16.8%	

*at constant exchange rates, excluding divestments

UK

Sales grew by 13% during the year, helped by particularly good performances from decision support, value-added products and automotive services.

Profit growth of 7% reflects greater investment in the second half of the year in start-up costs for major contract wins and additional technical resources to support the rollout of e-series, the web-enabled product suite.

Rest of World

At constant exchange rates and excluding divestments, underlying sales growth in the Rest of World was also 13%. This excludes the French facilities management business, which was sold in July 2000 and which generated sales of £20m last year. Sales growth was driven by strong performances in France and in European decision support, together with a significant short-term call centre contract in Italy in the first nine months of the year, which accounted for growth of 4%.

Underlying profit growth for the year was 36%, boosted by the Italian call centre contract and a one-off gain of £1.3m following the sale of the French facilities management business in the first half.

Experian helps many of the best known names in retailing to make decisions on the design and location of stores

More than one-seventh of the world's population has been classified by Experian into demographic groups for target marketing

Looking forward, further growth at Experian International will come from more clients taking up recently developed products, including:

- The e-series products, which are now live across all product areas and in use by 12 clients.
- The customer data integration and matching products (called Truvue), which support clients' CRM projects.
- The customer account processing system (GEMS), which is a best-of-class credit card, retail account and personal loan customer management system. This system currently supports Morgan Stanley Dean Witter and Argos and will be rolled out to additional clients in the coming year.

Given common management and the extent of shared costs between Experian UK and Rest of World, it is no longer appropriate to report these businesses separately. From 1 April 2001, sales for UK and Rest of World will be reported separately, but profits will be combined.

Experian UK *12 months to 31 March*	**2001**	*2000*	Underlying *change*
Sales £m	**216**	187	+13%
Operating profit £m	**51.6**	48.2	+7%

Experian Rest of World 12 months to 31 March	**2001**	2000	Underlying change*
Sales £m	**141**	145	+13%
Operating profit £m	**9.6**	7.7	+36%

*at constant exchange rates, excluding divestments

Argos Retail Group was formed in June 2000, combining the skills and assets of Argos and GUS Home Shopping to create a multi-brand, multi-channel business. It maintains separate retail brands, each with its own customer proposition. Support functions are integrated and benefits of scale are driven by combined buying and merchandising. Its retail brands provide the convenience of home shopping through a multi-channel offer, combining catalogues and e-commerce, and are focused on broadening customer choice through the development of new products and services.

Terry Duddy
Chief Executive
Argos Retail Group

Argos has over 470 stores throughout the UK and Republic of Ireland. At least 90% of the population are within 20 miles of an Argos store

Argos Retail Group

Despite significant investment in the year, sales and profits for Argos Retail Group (ARG) as a whole grew by 6%, excluding exceptional costs in 2001 and the £11.5m of restructuring costs incurred by UK Home Shopping in 2000.

E-commerce developments

In ARG, e-commerce sales (defined as via the Internet or digital TV) were £78m, compared to £15m in the previous year. Excluding jungle.com's e-commerce sales, this is four times the level of a year ago. Argos' website, which was relaunched in September 2000 to include the full product range, is consistently in the top five most frequently visited retail sites and was number one in December 2000. 7% of sales by Wehkamp, the Dutch home shopping business, were ordered over the Internet during the year, with 10% in the final quarter.

Argos

Through constant improvement of choice, value and convenience for its customers, Argos continues to deliver strong sales growth, while investing in improving its infrastructure and rolling out new initiatives.

Improved choice: Argos has continued to increase the choice of products and services available to its customers. The total number of lines in the Spring/Summer 2001

Argos

12 months to 31 March	**2001**	2000	change
Sales £m*	**2,387**	2,057	+16%
Operating profit £m*	**160.8**	137.4	+17%
Operating margin	**6.7%**	6.7%	

*includes 100% of Argos Additions and jungle.com in 2001

Argos Retail Group

12 months to 31 March £ million	Sales 2001	 2000	Operating profit 2001	 2000
Argos	**2,387**	2,057	**160.8**	137.4
Home Shopping UK and Ireland	**1,540**	1,622	**25.1**	11.8*
Financial Services	**–**	–	**4.5**	14.4
Home Shopping Continental Europe	**322**	337	**21.7**	25.1
Total	**4,250**	4,016	**212.1**	188.7
Operating margin			**5.0%**	4.7%

*after £11.5m of redundancy and restructuring costs

catalogue is now over 8,500, up by 14%. White goods have been successfully established and product ranges extended in furniture and home office.

Improved value: During the year, buying gains have been re-invested in lower prices, while still improving the overall gross margin. For example, the average price of products re-included in the Spring 2001 catalogue was 3% lower than a year earlier. Prices are constantly reviewed during the life of the catalogue and over 20% of product prices are normally reduced during the season.

Improved convenience: During the year, Argos opened 12 more stores, bringing the total to 472. It completed in-store improvements and new layouts in all stores, as well as fully re-furbishing a further 64 stores. Argos Direct, the delivery to home operation, accounted for 12% of sales during the year, up from 10% previously.

Sales in the full year, excluding Argos Additions and jungle.com, were ahead by 11%, of which new space contributed 3% and like-for-like growth 8%. The single catalogue, which was introduced in August 1999 to offer 30% more products in Argos' 350 smaller stores, was the biggest driver of the 11% like-for-like sales growth seen in the first half of the year. Following the anniversary of the single catalogue, Argos maintained strong momentum in the second half of the year, with like-for-like growth of 6%. Sales benefited from particularly strong performances in furniture, mobile phones and jewellery.

Gross margins were firm, driven by improved product mix, enhanced buying terms and more direct importing, which has more than doubled to over 10% of sales in the last two years. There has been significant investment during the year at Argos in systems, in e-commerce and in the start of a major supply chain programme. Excluding Argos Additions and jungle.com, operating profit at Argos grew by over 20%.

In the coming year, Argos plans to open about another 15 new stores, refurbish approximately 50 stores and further widen the product choice, with, for example, a trial in nearly 100 stores of an Office at Home catalogue. Increased uptake of the Argos store card is also expected to help merchandise sales.

Argos Additions

The Argos Additions catalogue was launched into test markets in August 1999 to provide Argos customers with a good value fashion and home offer, for delivery to home, office or store. Fashion accounts for about 70% of lines. Its aim is to create a profitable new business with annual sales of up to £300m within three years, leveraging the Argos customer base, the ARG product pool and Reality's fulfilment infrastructure.

jungle.com is the second most recognised e-tailer in the UK

Argos was the most visited retail website in the UK last Christmas. Visa customers voted it the best "Bricks to Clicks" website

Argos Additions was rolled out to all Argos stores in January. There is an Argos catalogue in more than two-thirds of UK homes

Argos Additions was rolled out to all UK stores in January 2001 and has met all expectations in these early stages in terms of sales, catalogue offtake, conversion and size and frequency of purchases. Orders can now be processed at all Argos tills following systems development, while the Additions website accounted for 5% of demand during the year.

Sales at Argos Additions were £55m in 2001, resulting in a loss in line with expectations of £7.7m. This covered the costs of national roll out, systems development and growing the customer base.

In the current year, Argos Additions is testing different forms of marketing support and promotions to grow customer numbers and improve customer retention.

jungle.com

Since its acquisition in September 2000, jungle.com has generated sales of £44m, with an operating loss of £1.3m. A new scaleable, enterprise-wide system is being introduced to improve operational efficiencies. Buying improvements are being made and new product ranges are being introduced to broaden the customer offer. jungle.com continues to appear regularly in the top five most visited retail websites in the UK.

Home Shopping UK and Ireland

In June 2000, GUS announced its intention to stabilise UK agency home shopping profits by reducing costs, concentrating on profitable customers and building market share in direct home shopping.

The year under review has seen considerable progress in achieving these objectives:

- Marketing spend has been reduced by £20m to stop recruiting unprofitable customers, while focusing the remaining spend on building loyalty among profitable customers. As a result, the active agency customer base has fallen by 12% to 3.0m, while average spend per customer is 8% higher. GUS' share of the declining agency home shopping market has, however, grown this year.
- Other costs have been reduced by £15m, including a contribution from Reality of £7m.
- The plan to achieve £80m annual savings over three years is on track.
- UK Home Shopping has supported the roll out of Argos Additions, through the sourcing and merchandising of its product range. Combined revenues for Argos Additions and UK Home Shopping were down by less than 2% on last year.

Sales in UK Home Shopping separately were down 5% year-on-year, largely reflecting the planned reduction in recruitment spend. Sales in the back end of the book (home and leisure products) were up 3% in the year, with fashion down by over 10%. Gross margins were maintained, with reduced markdowns offsetting the trend towards lower margin home and leisure products. As a result of the cost savings discussed above, profits were up 8% year-on-year, excluding the £11.5m of restructuring costs charged to profit in the year to March 2000.

Home Shopping UK and Ireland

12 months to 31 March	**2001**	2000	underlying change
Sales £m	**1,540**	1,622	-5%
Operating profit £m*	**25.1**	11.8	+8%
Operating margin	**1.6%**	0.7%	

*operating profit in 2000 is after charging £11.5m of redundancy and restructuring costs. In 2001, these categories of costs have been charged to exceptional items.

The Argos Retail Group is the UK's largest catalogue retailer

The Argos store card was rolled out nationally in January 2001

Wehkamp is Holland's market leader in home shopping

A key part of the marketing promotion has been the targeted use of "Buy Now Pay Later" offers. Although these promotions have an effect on cash flow, they are attractive to customers, especially when buying higher priced items. They will remain part of the marketing strategy.

The main objective in the current year remains the stabilisation of profits, via ongoing cost saving programmes, while testing growth opportunities and improvements in the customer proposition. Home Shopping is trialing a mid-season fashion catalogue as well as new direct brands and test-launching a variety of new services.

Financial Services

Financial Services comprise the insurance and banking businesses, which were previously part of the Finance Division, together with the provision of a range of financial services such as insurance, warranties, personal loans and store and credit cards to Argos Retail Group customers. Profit for the year has been reduced by £8m, primarily due to the launch costs of the Argos store card, with the remainder arising from trials of a Home Shopping credit card. As previously indicated, development spend is expected to peak at up to £25m in 2002.

The Argos store card was launched in October 2000 in 86 stores and rolled out nationally in January 2001 to all channels (stores, Argos Direct and Argos Additions). By mid May, over 200,000 cards had been issued to customers, which is ahead of expectations. Early indications of repeat usage are encouraging and should support future sales growth in Argos. All account processing and management systems have been developed in-house with the help of Experian and Reality.

Financial Services

12 months to 31 March	**2001**	2000
Operating profit £m	**4.5**	14.4

Home Shopping Continental Europe

Our Continental European home shopping operations continue to operate in competitive markets. Wehkamp has maintained its position as market leader in Holland, while our Swedish business is starting to benefit from synergies in logistics and buying with ARG in the UK. We sold Universal Versand, our loss-making Austrian home shopping business, on 31 March 2001.

At constant exchange rates and excluding the Dutch retail furniture business and Universal Versand which have been sold, sales were up 5% and profits up by 2%. The weakness of the euro reduced reported sales by £13m and profits by £0.9m in the year.

European Home Shopping

12 months to 31 March	**2001**	2000	Underlying change*
Sales £m	**322**	337	+5%
Operating profit £m	**21.7**	25.1	+2%
Operating margin	**6.7%**	7.4%	

*at constant exchange rates, excluding the Dutch retail furniture business which was sold in September 1999, and excluding Universal Versand, which was sold on 31 March 2001

Reality was formed in May 2000, combining call centre and logistics assets from UK Home Shopping with the newly acquired Reality Solutions web design business. Argos Retail Group is its largest customer, accounting for 80% of sales. Reality has two main objectives: to improve the efficiency of its cost base for the benefit of both Argos Retail Group and external customers; and to increase its business with third parties across all of its activities. Last year saw good progress in both.

Reality has a national network of contact centres handling over 75 million customer contacts a year

Reality delivers to approximately 75% of all UK households. Its depots are within one hour's drive of 85% of all UK homes

Martin Trees
Chief Executive
Reality

Working with ARG

Total sales to ARG grew by 4%, with Reality instrumental in supporting the growth of both Argos Additions and Argos Direct. Sales to these two brands more than compensated for the decline in sales to UK Home Shopping.

Service levels, particularly in the peak Christmas trading period for parcel deliveries, were significantly improved over the previous year.

During the year, Reality reduced the level of costs charged to Home Shopping by £7m on a like-for-like basis. ARG was charged at cost in the year under review. From April 2001, an arms-length service level agreement will govern the ARG/Reality relationship setting out how future costs and benefits will be shared.

Reality operates 10 out of the top 20 e-commerce websites in the UK

Increasing third-party business

During the first ten months of its operation, Reality has won over 20 third-party contracts, with a total value in excess of £130m and an annualised sales value of over £30m. These include contracts with Readers Digest, FNRF and Deutsche Post. In the 12 months to 31 March 2001, sales to third parties grew by 21%.

Operating profit on external sales grew to £5.1m before exceptionals, reflecting the increase in external sales partly offset by greater investment in management and marketing.

Looking forward, Reality will continue to invest in developing its asset base and capabilities. In call centres, this will include further enhancements to automated call handling capabilities to drive productivity. In logistics, investments will be made to develop over time the offer for premium services.

Reality

12 months to 31 March	**2001**	2000	change
Sales to external customers £m	**93**	77	+21%
Sales to ARG £m	**383**	367	+4%
Total sales £m	**476**	444	+7%
Operating profit £m	**5.1**	2.8	n/a
Operating margin*	**5.5%**	3.6%	

*operating profit as % of sales to external customers

Burberry continued its repositioning as a world-class luxury goods brand, with a distinctly British image, building on its globally recognised icons, including the check and the trenchcoat. Burberry products are sold through 58 directly-operated stores, as well as through leading speciality retailers worldwide.

Rose Marie Bravo
Chief Executive
Burberry

The year under review has seen significant progress:

- Demand for Burberry products grew significantly both from existing and new customers, buoyed by product innovation and new ranges. Accessories in particular saw strong growth, with sales doubling in directly-operated stores.
- The New Bond Street flagship store was opened in August 2000, showcasing the repositioned brand. Its financial performance has exceeded expectations. The London flagship will be the model for future stores and was used as a prototype for the first free-standing Burberry store in Japan, which was opened on the Ginza in Tokyo in December 2000.
- The property adjacent to the Burberry New York store was purchased in October 2000. This will double the existing selling area on 57th Street when the new flagship store opens in Autumn 2002.
- Burberry product licensing activities focused on

The new Burberry Touch fragrance was launched in Autumn 2000 and has achieved over £40m in sales

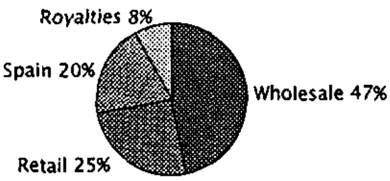
The New Bond Street flagship was opened in August 2000 and is the model for future stores around the world

The range of Burberry accessories has been greatly extended, introducing the brand to many more fashion-conscious consumers

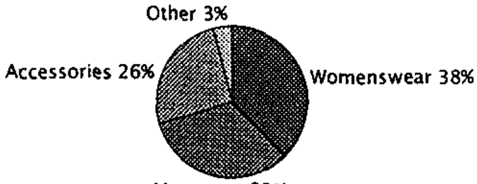
12 months to 31 March	**2001**	2000	underlying change*
Sales £m	**425**	230	+47%
Operating profit £m	**69.5**	21.7	n/a
Operating margin	**16.4%**	9.4%	

*excluding the acquisition of Burberry Spain, discontinued Wholesale activities and at constant exchange rates

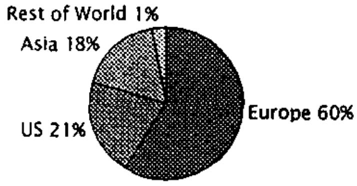
Sales by distribution channel



Retail sales by product category



Sales by market



growing specific ranges such as sunglasses and fragrances. Burberry Touch fragrance was launched in Autumn 2000 and has since achieved over £40m in sales at retail value.

■ Burberry is a leading international brand in Japan and its licensees' sales grew during the year, despite weakness in the local economy. The renegotiated Japanese licence contributed strongly to profits in the year.

■ The acquisition of the Burberry licensee in Spain in June 2000, for £137m plus an earnout of up to £26m, was earnings enhancing and brought an infrastructure and strong management team to aid Burberry's growth in Europe.

■ The management team was further strengthened during the year, with appointments in Design, HR, Finance and Information Technology.

■ Burberry continued to rationalise its operations, selling its sock manufacturing business and withdrawing certain ranges.

Burberry achieved a record operating profit of £69.5m in the year. Sales, excluding Spain and discontinued wholesale activities, rose by 47% at constant exchange rates in the full year, with wholesale up by over 50% and retail up by over 30%. Operating profit benefited from this strong sales growth, as well as an increased contribution from the Japanese licence (£14m at constant exchange rates) and a nine-month contribution from Spain (£17m). Operating margin increased strongly to 16.4%, even after further significant investment in infrastructure, design and marketing, as well as costs associated with the preparation for the planned IPO.

Burberry Spain has contributed sales of £118m and profits of £17m since acquisition. For the 12 months to March 2001, sales and profits increased by 8% and 3% respectively in local currency.

Since the start of the current financial year, Burberry has made further progress in:

■ continued range extensions and product innovation, while carefully managing the use of the icon check;

■ the appointment of a new Design Director, to work with its in-house design teams;

■ developing new stores. New retail sites have been secured in Beverly Hills, California and Westchester, New York, with a replacement site agreed in Düsseldorf;

■ an extensive store refurbishment programme, covering such stores as Chicago, Paris and Berlin;

■ extending its presence in premier speciality stores, with shop-in-shops;

■ identifying synergies with Burberry Spain in sourcing, production and distribution;

■ strengthening its infrastructure. In summer 2001, Burberry will bring together its UK-based design, marketing and administrative staff into one central London site; and

■ taking a greater share of the value chain in Asia. Burberry's existing distribution, agency and licensing arrangements in Asia-Pacific, excluding Japan, will come to an end in December 2001. It is intended that Burberry will take control of these arrangements in January 2002. This will help enhance the consistency of Burberry's marketing and merchandising throughout the world and will increase profitability.

Our South African Retailing business, consisting mainly of 464 Lewis furniture and electrical stores, continues to operate in a difficult and competitive market.

We opened 21 new Best Electric stores last year

Lewis is one of the best known names in South African furniture retailing

Alan Smart
Chief Executive
South African Retailing

South African Retailing

Sales in the first half of the year were down 16% in rand, largely as a result of deflection of consumer spending towards mobile phones, the state lottery and wide scale no-deposit financing schemes from competitors. However, sales in the second half grew by 6%, driven by Lewis' own no-deposit offers to selected customers with good credit records and strong promotional offers on *exclusive product lines. Profits for the year were down* 26% in rand. The weakness of the rand reduced reported sales by £13m and profit by £2.8m in the year.

Looking forward, management will:

- Continue the rollout of Best Electric, its small store format for high traffic areas. There are currently 37 stores, with some 20 openings planned for *the current year.*
- Expand the range of financial services offered to top credit-rated Lewis customers, with, for example, the launch of small unsecured loans.
- Better target marketing spend, especially on brochures, as a result of recent investment in data warehousing and data mining capabilities.

Reported profits next year will be rephased between the first and second halves, reflecting more appropriate provisioning policies. Had these been adopted in the 12 months to March 2001, first half profits in South Africa and for the Group would have been £5.8m higher, with a corresponding fall in the second half. Full year profits are unaffected.

South African Retailing 12 months to 31 March	**2001**	2000	Underlying change*
Sales £m	**150**	170	-4%
Operating profit £m	**30.7**	46.0	-26%
Operating margin	**20.5%**	27.1%	

*at constant exchange rates

Finance

As part of our strategy to focus the Group on fewer activities, we are withdrawing from vehicle financing.

In August 2000, GUS sold its vehicle contract hire business, Highway Vehicle Management, to First National Group for £169m in cash. This business contributed £0.7m to profits during the year. In March 2001, K.C. Finance, the Channel Islands subsidiary of General Guarantee Finance (GGF), was sold for £54m. This business contributed £3.8m to profits this year.

The Group is also winding down the rest of GGF, by making no new advances and collecting in the debtor book. During the year, the size of the GGF debtor book was reduced by £457m; £296m of this was used to repay securitised debt, with the balance reducing other Group borrowings. At 31 March 2001, GGF's outstanding book, net of provisions, was £681m. We anticipate collecting in practically all of GGF's outstanding advances by March 2003.

During the year, 436 employees out of a total of 610 were made redundant and 41 of the 45 offices closed. The costs were covered by an exceptional charge of £13.1m.

Finance

12 months to 31 March	**2001**	2000
*Operating profit £m**	**20.2**	25.1

*before exceptional costs of £13.1m in 2001, and net of funding costs

Property

Our property joint venture with The British Land Company PLC continues to dispose of properties and use the funds realised to repay debt and to return cash to the two shareholders.

During the year, a further 53 properties were sold raising £80m. GUS' 50% share of operating profit declined by £4.3m, reflecting the fall in rental income as properties were sold. However, the Group's interest expense was reduced by a similar amount. The joint venture owned 253 properties with a value of £997m at 31 March 2001.

The joint venture has agreed to sell a portfolio of 81 high street properties for a minimum of £113m, with the proceeds due later this year. Further disposals during the year are likely.

Property

12 months to 31 March	**2001**	2000
Operating profit £m	**29.6**	33.9

gusco.com

Revenue spend during the year totalled £12.6m on projects including MyPoints Europe, a web-based loyalty scheme, breathe.com and two US ventures in credit management and on-line services for catalogue companies. As previously indicated, revenue spend is expected to be up to £10m in the current year.

A profit of £4.6m (2000 £11.1m) was earned from the sale of listed e-commerce investments. This is not included in the spend of £12.6m above, but is included within exceptional items.

gusco.com

12 months to 31 March	**2001**	2000
Operating loss £m	**(12.6)**	-

Financial review

The Group this year has delivered improved financial performance with growth in sales, underlying earnings per share and cash flow in a period when we have been refocusing the Group's activities.

David Tyler
Group Finance Director

Overview

This financial year has seen a great deal of change with the formation of Reality and the Argos Retail Group, the scaling back of the UK Home Shopping business, the wind down of our Property and Finance Divisions and investment in new revenue streams in financial services and e-commerce. We sold Highway Vehicle Management, Universal Versand and K.C. Finance and acquired Burberry Spain, Reality Solutions and jungle.com. Against this background of change, Burberry, Argos and Experian all achieved record profits.

Sales

The Group's turnover grew by 7% from £5,658m to £6,041m, including £158m from acquisitions. Excluding acquisitions and currency movements, Group turnover was 4% higher than last year.

Profit

Group profit before amortisation of goodwill and exceptional items increased by 9% to £487m. This is after revenue investment of £29m in Argos Additions, financial services and e-commerce activities. Return on sales before goodwill amortisation and exceptional items rose from 7.9% to 8.1%. The improvement reflects a focus on our core businesses together with the disposal of under-performing businesses. The goodwill amortisation charge increased to £92m from £79m as a result of the acquisitions during the year.

Shareholder return and dividends

Earnings per share before goodwill amortisation and exceptional items was 37.2p in the year ended 31 March 2001 compared to 34.5p last year. The Board has proposed a final dividend of 14.8p per share, a rise of 0.4p (3%) on last year. The total dividend for the year of 21.0p is covered 1.8 times from pre-exceptional earnings.

Shareholders' funds

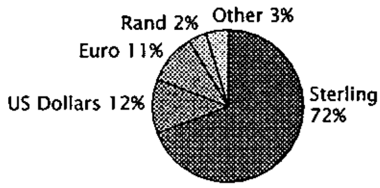
Shareholders' funds amount to £2,423m, a reduction of £43m in the year. This is equivalent to 241p per share compared with 245p last year.

Group cash flow £m	2001	2000
Profit before goodwill, exceptionals and tax	**487**	448
Exceptional items	**(85)**	11
Corporation tax	**(95)**	(81)
Change in working capital	**226**	(62)
Capital expenditure	**(268)**	(264)
Depreciation	**216**	220
Free cash flow	**481**	272
Dividends	**(206)**	(207)
Acquisitions and divestments	**63**	44
Net cash flow	**338**	109
Foreign exchange movements	**(119)**	29
Securitisation (repayments)/proceeds	**(296)**	478
Movement in net debt	**(77)**	616

Cash flow and investment in the business

Free cash flow (i.e. cash flow before acquisitions, disposals and dividends) amounted to £481m compared to £272m in the previous year. This reflects the growth in profits and a reduction in working capital partly arising from the rundown in General Guarantee Finance's debtor book. Capital expenditure of £268m was 24% higher than the depreciation charge for the year.

Group sales by currency



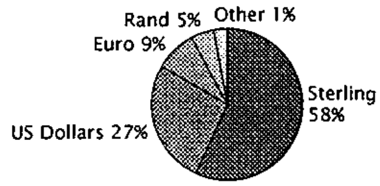
Liquidity and funding

At 31 March 2001, the Group had net borrowings of £1,712m, including securitised loans of £582m. This shows a £220m reduction in net borrowings which were £1,932m at 31 March 2000, including securitised loans of £878m. The maturity, currency and interest rate profile of the Group's borrowings are shown in note 33 to the financial statements.

Treasury and risk management

The Group's Treasury function seeks to reduce or eliminate financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. It does not operate as a profit centre and transacts only in relation to underlying business requirements. It operates policies and procedures which are periodically reviewed and approved by the Board and is subject to regular Group Internal Audit reviews.

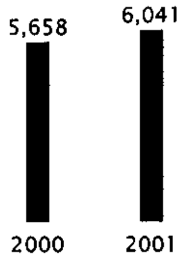
Group profit by currency



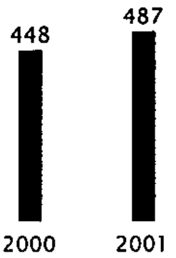
Interest rate management

The Group's interest rate exposure is managed by the use of fixed and floating facilities and by the use of interest rate swaps to hedge the exposure of floating rate facilities to interest rate movements. The Group also mixes the duration of its deposits and borrowings to smooth the impact of interest rate fluctuations.

Sales £m

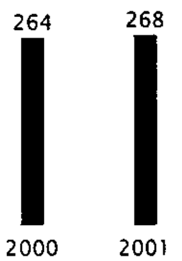


Profit before exceptionals £m



EBITDA £m

Capital expenditure £m



The profit and loss account shows total interest expense (pre-exceptionals) of £88.2m. The funding costs of the Finance Division's securitised debt of £47.7m (2000 £43.4m) are excluded from the interest expense following the adoption of the linked presentation. Within current assets, securitised loans are netted off against the securitised element of General Guarantee's receivables.

Currency risk management

The Group's reported profit can be significantly affected by currency movements. Approximately 42% of the Group's operating profit generated in the year ended 31 March 2001 was earned in foreign currencies. In order to hedge currency fluctuations on the profits and investments in overseas countries, the Group borrows in foreign currencies, principally US dollars and euros, as well as in sterling. It also uses derivatives in the form of foreign exchange contracts. Additionally, the Group has a policy of hedging foreign currency denominated transactions by entering into forward exchange sale and purchase contracts.

Reorganisation costs and savings

The costs of reorganising the Argos Retail Group and Reality business are shown as an exceptional item in the profit and loss account, and amounted to £30.5m in 2001. Our *plan was to achieve annualised cost savings of £80m and to date we have achieved* savings of £35m which are included within the results for the year.

Exceptional items

In addition to the reorganisation of the Argos Retail Group and Reality, we incurred exceptional costs of £50.3m relating to disposals including Highway Vehicle Management (£13.0m) and Universal Versand (£23.0m). The closure costs of General Guarantee Finance amounted to £13.1m. These costs were offset by £4.6m of exceptional VAT refunds in UK Home Shopping and £4.6m profit from the sale of e-commerce investments in North America.

Taxation

The Group's effective tax rate for the year, based on profit before amortisation of goodwill and the loss on sale of businesses, was 23.5%. This is lower than the UK standard corporate tax rate, largely because of the corporate reorganisation undertaken in 1998.

Share price

The share price of GUS ranged from a low of 354.5p to a high of 555.5p during the financial year. On 31 March 2001, the mid-market price was 495.0p, giving a market capitalisation of £5.0bn on that date.

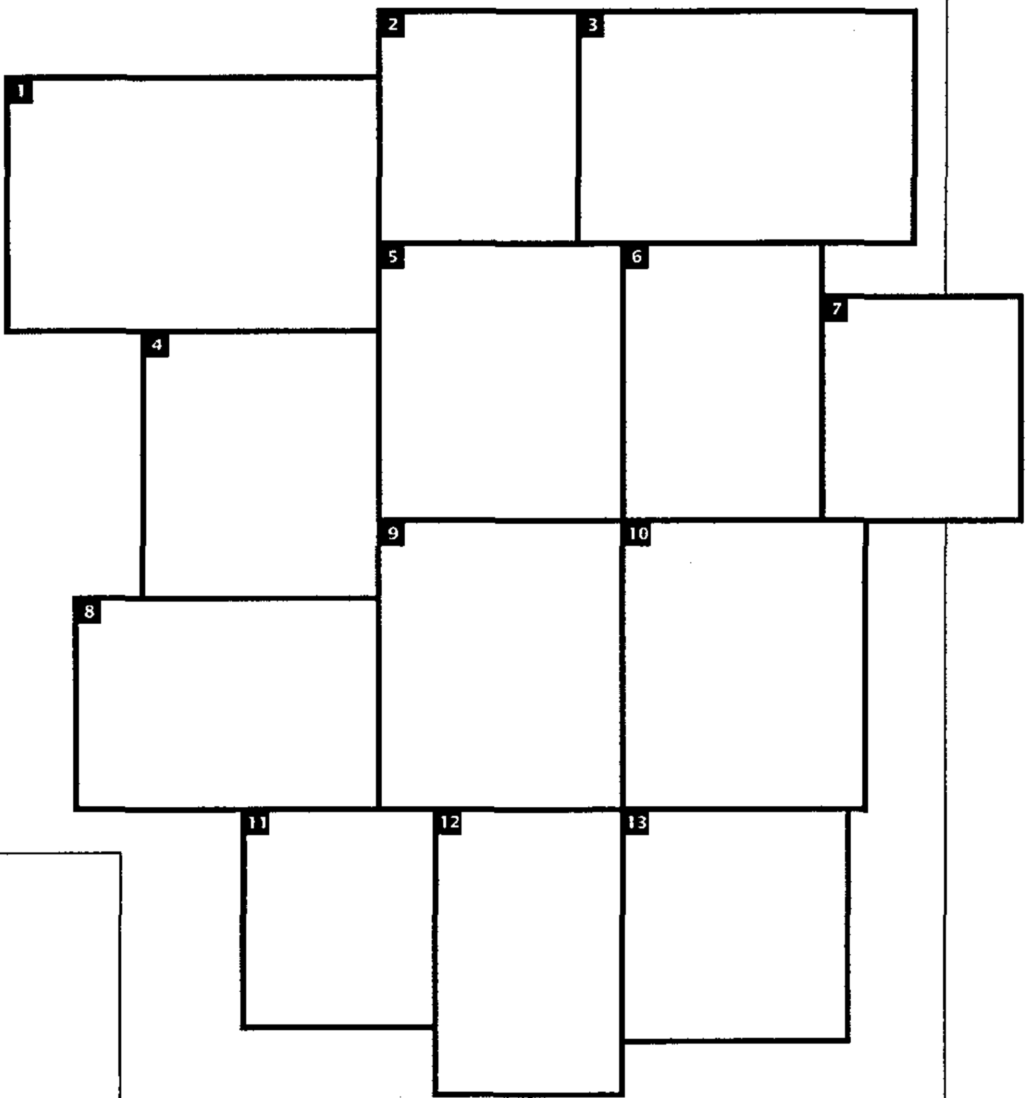
Accounting policies and standards
The principal accounting policies used by the Group are shown on pages 58 and 59. No new accounting standards came into effect during the year.

The euro
Those Group companies affected by the launch of European Economic and Monetary Union have successfully addressed its operations and financial impact. Planning continues in order to be ready for the introduction of euro-denominated notes and coins in January 2002.

David Tyler

David Tyler
Group Finance Director

Board of directors



1 Sir Victor Blank (58)
Non-Executive Chairman
Appointed to the Board in 1993 and Chairman in 2000. Chairman of the Nomination Committee. Chairman of Trinity Mirror PLC, Deputy Chairman of Coats Viyella plc and Non-Executive Director of Chubb plc. *Chairman of the charity* WellBeing. Formerly Chairman of Charterhouse plc.

2 Eric M. Barnes (68) DBA, FCIS, Deputy Chairman
Appointed to the Board in 1984 and Deputy Chairman since 1996. Chairman of Experian. Non-executive Chairman of Nottingham Forest PLC.

3 John W. Peace (52)
Group Chief Executive
Appointed to the Board in 1997 and Group Chief Executive in January 2000. Formerly Chief Executive of Experian. Chairman of the Board of Governors of Nottingham Trent University.

4 Victor J. Barnett (68) (USA)
Chairman, Burberry
Appointed to the Board in 1987. Chairman of Burberry since 1997. Director of Grey Global Group, Inc.

5 David G. Bury (58) FCA
Group Commercial Director and Treasurer
Appointed to the Board in 1997. Formerly Group Finance Director of Hawker Siddeley Group (1986-1992) and Chief Financial Officer of a Monaco-based private industrial holding group (1992-1997).

6 Jonathan P. Charkham (70)
Non-Executive Director
Appointed to the Board in 1993. Formerly adviser to the Governor of the Bank of England and a member of the Cadbury Committee.

7 Terry Duddy (45)
Chief Executive
Argos Retail Group
Appointed to the Board in 1998. Chief Executive of Argos from 1998. Formerly Managing Director of PC World, part of Dixons Group plc (1995-1998).

8 Lord Harris of Peckham
(58) Non-Executive Director
Appointed to the Board in 1986. Chairman and Chief Executive of Carpetright plc. Chairman of Harris Ventures Ltd. Chairman of Prostate Cancer "Investing In Life" Campaign and Generation Trust, Guys Hospital. Deputy Chairman NSPCC National Appeal Board and Executive Committee.

9 Lady Patten of Wincanton
(47) Non-Executive Director
Appointed to the Board in 1997. Chairman of the Remuneration Committee. Member of the Advisory Board of Bain & Company and a non-executive director of Brixton plc, Hilton Group plc and Somerfield plc.

10 Sir Alan Rudge (63)
CBE, PhD, FREng, FRS
Non-Executive Director
Appointed to the Board in 1997. Chairman of the e-Commerce Developments Committee. Chief Executive of MSI Cellular Investments Holdings BV, Chairman of ERA Technology *Limited and non-executive* director of Marconi Plc. Formerly Deputy Chief Executive of British Telecommunications plc and Chairman of W S Atkins plc.

11 Alan J. Smart (56)
(South Africa) Chief Executive
South African Retailing
Appointed to the Board in 1996. Chief Executive of Lewis Stores since 1991.

12 Oliver H. J. Stocken (59)
Non-Executive Director
Appointed to the Board in April 2000. Formerly Group Finance Director of Barclays PLC (1993-1999). Non-executive director of 3i Group plc, Rank Group plc, Novar plc and Pilkington plc. Non-executive chairman of Rutland plc, Lupus Capital plc *and Stanhope plc. Chairman of* the Audit Committee. Chairman of the charity Children's Leukaemia Trust.

13 David A. Tyler (48) FCMA
Group Finance Director
Appointed to the Board in 1997. Formerly Group Finance Director of Christie's International plc (1989-1996) and in various financial and commercial positions at Unilever and County NatWest.

Secretary
David Morris FCA

Auditors
PricewaterhouseCoopers

Solicitors
Linklaters & Alliance
Berwin Leighton Paisner

Registered Office
Universal House
Devonshire Street
Manchester M60 1XA
Company No. 146575

Registrars and transfer office
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Audit Committee:
Oliver Stocken
Jonathan Charkham
Lady Patten
Sir Alan Rudge

Remuneration Committee:
Lady Patten
Jonathan Charkham
Sir Alan Rudge
Oliver Stocken

Nomination Committee:
Sir Victor Blank
Eric Barnes
John Peace
Lady Patten
Sir Alan Rudge
Oliver Stocken

Directors' report

The directors present their Annual Report to shareholders together with the audited financial statements for the year ended 31 March 2001.

Principal activities and business review

The activities of the Group are Information Services (Experian), Multi Channel Retailing (Argos and other brands), Outsourcing (Reality), Burberry, South African Retailing and Property. The review of the results for the year and an indication of future developments appear on pages 6 to 27.

Profit and dividends

The profit and appropriations for the year are shown in the Group profit and loss account on page 53. An interim dividend of 6.2p per share was paid to the Ordinary shareholders of the Company on 1 February 2001 and, on 4 June 2001, the directors recommended the payment, on 31 August 2001, of a final dividend of 14.8p per share, giving a total dividend for the year of 21.0p per share (2000 20.6p). The final dividend, once approved, will be paid to those persons on the Register of Members at the close of business on 3 August 2001.

Directors

The names and biographical details of the directors holding office at the date of this report are shown on page 33. The following directors resigned from the Board during the course of the year under review:

- Lord Wolfson of Sunningdale on his retirement on 26 July 2000.
- Peter Weigh on 8 September 2000 following the sale of Highway Vehicle Management and the decision to wind down the activities of General Guarantee Finance.
- Michael de Kare-Silver on 28 September 2000 following the decision to place the responsibility for the Group's e-commerce development within the operating divisions.

The directors named on page 33 held office throughout the year to 31 March 2001.

The directors retiring by rotation are Sir Victor Blank, Jonathan Charkham, Sir Alan Rudge and David Bury.

Jonathan Charkham and David Bury will retire from the Board at the Annual General Meeting on 25 July 2001 and, accordingly, are not seeking re-election. Sir Victor Blank and Sir Alan Rudge, being eligible, will offer themselves for re-election.

Eric Barnes has announced his intention to retire and he, too, will step down from the Board on 25 July 2001.

During the year the Company maintained liability insurance for its directors and officers.

Interests of directors, who held office at 31 March 2001, in the shares of the Company and its subsidiaries appear on page 47. There has been no change in the directors' interests in shares between the end of the year and 1 June 2001.

Corporate governance

The Company's statement on Corporate Governance is set out on pages 38 to 40.

Acquisitions and disposals

As reported last year, the Company acquired Reality Group Limited (Reality) on 16 May 2000 for a consideration of £35m. Reality provides services to enable companies to define and implement their Internet strategies. This business now forms part of the Group's Outsourcing Division which trades under the Reality name.

On 3 July 2000, the Company's Burberry Division acquired 100% of the equity of Burberry (Spain) S.A., its Spanish licensee. The purchase price was €209m (£132m) together with the assumption of €8m (£5m) debt, with a further element of deferred consideration of up to €42m (£26m) dependent upon performance.

On 7 September 2000, the Company completed the acquisition of the whole of the issued share capital of jungle.com for a cash consideration of £37m including the repayment of approximately £12m of debt. jungle.com sells personal computers and software as well as console and computer games, music and videos through its websites, catalogues and telesales operation.

On 1 August 2000, the Company sold its vehicle contract hire business, Highway Vehicle Management, to First National Group for a consideration of £169m.

The Company also received offers for General Guarantee Finance (GGF), a company providing asset finance for the purchase of vehicles to consumers and small to medium sized businesses. However, as these offers did not adequately reflect the true value of the business and given that GGF was not seen as key to the Company's future plans, it was decided that maximum shareholder value would be achieved by closing GGF to new business on 1 August 2000 and implementing an orderly run-off of advances then in place. On 30 March 2001, the sale of KC Finance Limited, GGF's Channel Islands business, to Close Brothers was completed for a consideration of £54m.

On 31 March 2001, the Company completed the sale of Universal Versand, its Austrian home shopping business, to Otto Versand for a consideration of £13m.

Substantial shareholding

As at 1 June 2001, the Company had been notified that Lazard Frères & Co LLC, doing business as Lazard Asset Management, and its subsidiaries held 39,155,192 Ordinary shares which represented 3.89 per cent of the nominal value of the issued share capital of the Company at that date.

At that date, the Company had not received notification that any other person held 3 per cent or more of the nominal value of its issued share capital.

Interests in own shares

Details of the Company's interests in its own shares are set out in Note 16 to the financial statements on page 66.

Annual General Meeting

The eighty-third Annual General Meeting of the Company will be held at the British Academy of Film and Television Arts (BAFTA), 195 Piccadilly, London, W1V OLN at 11.30 am on Wednesday 25 July 2001.

The Notice of Meeting is included in a separate Circular to Shareholders which accompanies this Annual Report. Resolutions 1 to 6 deal with the receipt of the report of the directors and the financial statements of the Company for the year to 31 March 2001, together with the report of the auditors, the receipt of the remuneration report, the declaration of a final dividend, the re-election of directors and the reappointment of PricewaterhouseCoopers as auditors and the authorisation of the directors to fix their remuneration. In addition, there will be resolutions covering the following matters:

a. Purchase of own shares

At the Annual General Meeting of the Company held on 26 July 2000, authority was given for the Company to make market purchases of up to 9.9 per cent of the issued Ordinary share capital of the Company. Since this authority expires at the 2001 Annual General Meeting, Resolution 7 will be proposed as a special resolution to renew the authority to purchase up to 100,000,000 Ordinary shares, being 9.9 per cent of the issued Ordinary share capital as at 1 June 2001. The Company will only exercise the power of purchase after careful consideration and in circumstances where, in the light of market conditions prevailing at the time, it is satisfied that it is in the best interests of the shareholders of the Company generally to do so and where there would be a resulting increase in earnings per share.

b. Powers to allot shares and disapply pre-emption rights

Resolution 8, which will be proposed as an ordinary resolution, seeks to renew the directors' authority under Section 80 of the Companies Act 1985 to allot unissued share capital, this year up to an aggregate nominal amount of £60,920,351 being approximately 24 per cent of the Company's issued Ordinary share capital (and representing the whole of the unissued Ordinary share capital) as at 1 June 2001.

Resolution 9, which will be proposed as a special resolution, renews the directors' powers to allot shares for cash without first offering those shares pro rata to existing shareholders, this year up to an aggregate nominal amount of £12,578,982 representing 5 per cent of the Company's issued Ordinary share capital as at 1 June 2001.

The directors consider that it is in the best interests of the Company and its shareholders generally that they should have the flexibility conferred by the above authorities to make small issues of shares for cash as suitable opportunities arise, although they have no present intention of exercising either of these authorities. Both of these authorities will expire on the earlier of 24 October 2002 and the conclusion of the Annual General Meeting to be held in 2002.

c. Change of name and amendments to the Company's Articles of Association
An explanation of Resolutions 10 and 11, proposing a change of name of the Company and amendments to the Company's Articles of Association are set out in the Circular to Shareholders which accompanies the Annual Report.

Corporate social responsibility
A Corporate Social Responsibility report appears on pages 48 to 51. This deals with:
- Environmental matters
- Community involvement including charitable donations. No political contributions were made during the year under review
- Ethical policy
- Human rights

Employment policies
The GUS Group consists of a number of trading divisions operating in different business sectors. While employment practices may vary between these divisions and subsidiaries, there is, nevertheless, a common approach in the following areas which are of particular importance to the Group.
- All employees should receive fair and equal treatment irrespective of gender, ethnic origin, age, nationality, marital status, religion, sexuality and disability.
- The working environment should be free from sexual and racial harassment and intimidation.
- Disabled persons, whether registered or not, should have equal opportunities when applying for vacancies, having due regard to their aptitudes and abilities. In addition to complying with legislative requirements, procedures should be in place to ensure that disabled employees are fairly treated and that their training and career development needs are carefully managed. For those employees becoming disabled during the course of their employment, every effort should be made, whether through retraining or redeployment, to provide an opportunity for them to remain with the Group.
- The need to provide appropriate training for their employees should be recognised.

The Board takes the view that employees should be encouraged to acquire a stake in the Company and, as reported on page 42, a Save As You Earn share option scheme has been introduced, with the first award of share options having been made on 9 February 2001.

Health and safety
Group companies have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions, for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The Group's operating divisions pursue the objective of minimising the instances of occupational accidents and illnesses. Examples of this are to be seen in the employment of health and safety advisers and occupational health staff and in the establishment of detailed policies and statements of intent.

Employee involvement

Group companies consult their staff on matters of concern to them in the context of their employment. In those Group companies where there are recognition agreements with Trade Unions there is a consultation process through national and local Trade Union representatives and through joint consultative committees.

Information on matters of concern to employees is also disseminated through conferences, meetings, publications and electronic media.

Creditor payment

For all trade creditors, it is Group policy to:

- Agree and confirm the terms of payment at the commencement of business with that supplier;
- Pay in accordance with contractual and other legal obligations; and
- Continually review the payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining a good working relationship.

Trade creditor days of the Group at 31 March 2001 were 25 days (2000 33 days) based on the ratio of Group trade creditors at the end of the year to the amounts invoiced during the year by trade creditors. The Company has no trade creditors.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors of the Company will be proposed at the Annual General Meeting.

By Order of the Board
David Morris
Secretary
25 June 2001

Registered Office:
Universal House
Devonshire Street
Manchester M60 1XA

Corporate governance

The Board of GUS supports the broad principles of corporate governance advocated by the Combined Code (the Code) and, with one exception, in respect of directors' service contracts, fully complied with its provisions throughout the year under review.

The Board's policy over many years has been to limit the service contracts of executive directors to one-year rolling terms and, to this extent, it complies with the relevant provision of the Code. However, it has made an exception in the case of Alan Smart, Chief Executive – South African Retail Division, in whose case, for the reasons explained on page 44, the contractual period of notice is 24 months.

Although the Combined Code provides that the annual remuneration report to shareholders need not be a standard agenda item for annual general meetings, there is an emerging view among institutional shareholders that this should be the case. For this reason, the Board has decided, this year, to make the remuneration report an agenda item at the forthcoming Annual General Meeting.

Directors

The Board consists of a Chairman, a Chief Executive plus six executive directors and five non-executive directors. *Sir Alan Rudge is the recognised senior member of the Board to whom concerns can be conveyed.*

The Board met eight times during the year under review. It has a formal schedule of matters specifically reserved to it for decision.

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

There is a procedure agreed by the Board under which directors, in the furtherance of their duties, are able to take independent professional advice, if necessary, at the Company's expense. In addition, all directors have direct access to the advice and services of the Company Secretary.

The five non-executive directors and the Chairman are, in the opinion of the Board, independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgement. However, as some institutions have deemed Lord Harris not to be independent, because of the length of time he has served as a non-executive director of the Company, recognition has been given to this in Lord Harris standing down as a member of the Remuneration Committee. This change took place on 31 August 2000.

The non-executive directors play a major role on the Audit, Remuneration and Nomination Committees of the Board. The non-executive directors are appointed for specified terms.

The Audit Committee consists of four independent non-executive directors: Oliver Stocken (Chairman), Jonathan Charkham, Lady Patten and Sir Alan Rudge. It normally meets at least four times a year with both the external auditors and the Group Internal Auditor present.

The Audit Committee carries out a six-monthly review, against established guidelines, of fees for non-audit services provided by the Company's auditors, with the aim of seeking to balance the maintenance of objectivity and value for money. Work involving tax and transaction-related advice is often assigned to the auditors. The Audit Committee, in its monitoring role, understands the reasons for this, namely that the auditors' deep knowledge of the Group's affairs provides advantages which third parties would not have. In other circumstances, proposed assignments are put out to competitive tender and decisions taken on the basis of demonstrable competence and cost-effectiveness.

The Remuneration Committee consists exclusively of independent non-executive directors. The application of corporate governance principles in relation to directors' remuneration is described in the Report of the Board on pages 41 to 47.

The Nomination Committee comprises: Sir Victor Blank (Chairman), Lady Patten, Sir Alan Rudge, Oliver Stocken, Eric Barnes and John Peace.

The training needs in respect of new appointments to the Board are assessed and arrangements put in place as appropriate.

All directors are subject to re-election by shareholders at the first opportunity after their appointment and thereafter in accordance with Article 76.1 of the Company's Articles of Association. This ensures compliance with the Code by providing that all directors are required to submit themselves for re-election at least once every three years.

Relations with shareholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report and at the Annual General Meeting. Although it does not have precise rules covering meetings with its institutional shareholders, it is always ready to enter into a dialogue with significant investors, and meetings take place frequently.

All directors normally attend the Annual General Meeting and are available to answer shareholders' questions. Voting is by way of a show of hands by members present at the meeting unless a poll is validly called. Following each vote on a show of hands, the level of proxies lodged on each resolution and the number of proxy votes for and against the resolution is announced.

Accountability and audit

It is a requirement of the Code that the Board should present a balanced and understandable assessment of the Company's position and prospects. In this context, reference should be made to the Statement of Directors' Responsibilities on page 40, which includes a statement in compliance with the Code regarding the Group's status as a going concern, and to the Report of the Auditors on page 52, which includes a statement by the auditors about their reporting responsibilities.

The Board recognises that its responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators as well as information required to be presented by law.

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has reviewed the effectiveness of the key procedures which have been established to provide internal control.

Following publication of guidance for directors on internal control (The Turnbull Guidance) the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process was in place throughout the year under review and up to the date of approval of the Annual Report. The process is regularly reviewed by the Audit Committee which reports its findings for consideration by the Board and is in accordance with The Turnbull Guidance.

The key procedures, which operated throughout the year, are as follows:

■ Risk assessment:

- The Group clearly sets out its objectives as part of its medium-term planning process. These objectives are then incorporated as part of the budgeting and planning cycle and are supported by the use of both financial and non-financial key performance indicators.
- The operating divisions are required to make presentations on risk to the Audit Committee which reports regularly to the Group Board on the risks facing the businesses.
- The detailed assessment of strategic risks is delegated to the Group Chief Executive. This review is carried out as part of the annual budgeting and the monthly reporting and reforecasting cycles.
- The Audit Committee has delegated responsibility for considering operational, financial and compliance risks on a regular basis and receives reports on the controls over these risks biannually.

■ Control environment and control activities:

- The Group consists of a number of major trading divisions each with its own management and control structures.
- The Group has established procedures for delegated authority which ensure that decisions that are significant, either because of the value or the impact on other parts of the Group, are taken at an appropriate level.
- The Group has implemented appropriate strategies to deal with each significant risk that has been identified. These strategies include not only internal controls but other approaches such as insurance, joint ventures and specialised treasury instruments.

- The divisions operate within a framework of policies and procedures laid down in organisation and authority manuals, and personnel are required to comply with these procedures. Policies and procedures cover key issues such as authorisation levels, segregation of duties, compliance with legislation and physical and data security.

■ Information and communication:

- The Group has a comprehensive system of budgetary control including monthly performance reviews for each major business and division. These reviews are at a detailed level within the trading divisions and at a high level for the Group Board.
- On a monthly basis, the achievement of business objectives, both financial and non-financial, is assessed using a range of key performance indicators. These indicators are reviewed to ensure that they remain relevant and reliable.
- There are clear procedures in the major trading divisions for employees to report suspected improprieties.

■ Monitoring:

- A range of procedures is used to monitor the effective application of internal control in the Group including control self assessment, management confirmation of compliance with standards and internal audit reviews.
- The internal audit department's responsibilities include reporting to the Audit Committee on the effectiveness of internal control systems focusing on those areas of greatest financial risk to the Group.
- Follow-up procedures ensure there is an appropriate response to changes in risks and controls.

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 52, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for the financial year.

The directors consider that, in preparing the financial statements, appropriate accounting policies have been consistently applied, supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors are satisfied that the Group has adequate resources to meet its operational needs for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

The Company has a website which contains up to date information on Group activities and published financial results. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on directors' remuneration and related matters

The Board presents its report to shareholders on directors' remuneration which has been prepared in compliance with the provisions of Section 1 of the Combined Code. It confirms that the figures set out therein in relation to remuneration, share options and pension entitlements have been subject to audit.

The Remuneration Committee

The Remuneration Committee is made up exclusively of non-executive directors who are considered by the Board to be independent and free from any conflict of interest. The members of the Committee are Lady Patten (Chairman), Jonathan Charkham, Sir Alan Rudge and Oliver Stocken.

The Committee makes recommendations to the Board, within laid-down terms of reference, on the Company's executive remuneration and its cost. It determines, on behalf of the Board, specific remuneration packages for each of the executive directors.

The remuneration of the Chairman and the non-executive directors are matters reserved for the Board.

The Committee met six times during the year under review and it had regular access to external professional advisers on remuneration matters.

Policy

The main objective of the Board's remuneration policy is that executive directors should receive remuneration which is appropriate to their position of responsibility, and which will attract, motivate and retain executives of the necessary calibre to run the Company successfully in all the countries in which it operates.

The Company's reward strategy is that executive directors should be rewarded significantly in relation to their success in creating value for the Group as a whole and by long-term incentive arrangements which pay predominantly in shares rather than in cash. Following the strategic review of the Group's business, a review of the reward strategy is also in progress. The emphasis on value creation will remain but the Remuneration Committee is considering how current practice can be adapted better to support the Group's growth objective.

The Remuneration Committee is provided with information on the pay and employment conditions of senior executives across the Group.

Remuneration of the executive directors consists of annual salary, taxable benefits in kind, pension contributions, annual performance related bonuses based on relevant divisional profit or on personal achievement, and long-term incentive arrangements.

Base salary

There is an annual review, in consultation with the Group Chief Executive and, in the case of the Group Chief Executive himself with the Chairman, under which the Remuneration Committee approves, on behalf of the Board, the base salary for each executive director, taking account of individual performance and external professional advice which focuses on the median remuneration levels in an appropriate set of comparator companies.

Annual Incentive Plan

Annual incentive targets are set each year to take account of current business plans and conditions and there is a threshold performance below which no award is made. Awards are based on financial tests subject to appropriate adjustments as determined by the Remuneration Committee. The Annual Incentive Plan awards use the key performance measure of growth in profit before tax.

The target incentive award for an executive director is 50 per cent of base salary. However, in the case of exceptional results, the annual incentive payment may increase up to a maximum of twice the target.

Long-term incentive arrangements

As explained further below, the primary long-term incentive plans now operated by the Group are Share Options and a Performance Share Plan. The Divisionally based long-term incentive plans are being discontinued. Details of awards made under the Group's long-term incentive arrangements are as follows:

Share options

Details of options granted to executive directors, under the Company's executive share option schemes, are set out in the table below:

	Number of options at 1 April 2000	Options granted during the year	Number of options at 31 March 2001	Exercise price	Date from which exercisable	Expiry date
David Bury						
09.12.98	39,210	–	39,210	580.2p	09.12.01	08.12.08
23.06.99	33,975	–	33,975	690.2p	23.06.02	22.06.09
07.04.00	–	64,013	64,013	375.7p	07.04.03	06.04.10
	73,185	64,013	137,198			
Terry Duddy						
07.04.00	–	93,159	93,159	375.7p	07.04.03	06.04.10
07.08.00	–	81,737	81,737	428.2p	07.08.03	06.08.10
	–	174,896	174,896			
John Peace						
07.04.00	–	146,393	146,393	375.7p	07.04.03	06.04.10
David Tyler						
09.12.98	43,088	–	43,088	580.2p	09.12.01	08.12.08
23.06.99	37,308	–	37,308	690.2p	23.06.02	22.06.09
07.04.00	–	86,505	86,505	375.7p	07.04.03	06.04.10
	80,396	86,505	166,901			

The exercise prices represent the average of the middle market quotations of a GUS share as derived from the Daily Official List of The London Stock Exchange for the three immediately preceding dealing days to the date on which options were granted.

The options were granted at a value equivalent to basic annual salary in accordance with the current rule that annual option grants to any individual should not be in respect of shares with a value in excess of basic annual salary (or twice salary in exceptional circumstances). As disclosed in the table above, a second and exceptional award, again at a value equivalent to basic annual salary, was made to Terry Duddy in recognition of his enlarged responsibilities for the combined Argos and Home Shopping Divisions.

The options may not be exercised unless, during a period of three consecutive financial years, Group earnings per share have increased by an average of at least 4 per cent per annum more than the Retail Prices Index.

The market price of the shares at the end of the financial year was 495p; the highest and lowest prices during the financial year were 555.5p and 354.5p respectively.

US Share Options

In order to ensure that the value of long-term incentives for executives in North America matches competitive market practice in that country, the Group has set up a US share option plan. No options will be granted over unissued shares and directors of the Parent Company are not eligible to participate in the plan.

Phantom Share Option A "phantom" share option was granted to Victor Barnett with effect from 1 August 2000. The option is exercisable in the period from 1 August 2003 to 31 July 2006. On exercise Mr Barnett will be paid a cash sum equal to any increase in the value of 164,007 shares in the Company from 1 August 2000 – when the share price was 430p – to the date of exercise. This payment will not be pensionable and will be forfeited if Mr Barnett terminates his employment.

As permitted by paragraph 13.13A(b) of the Listing Rules of the Financial Services Authority, shareholder approval of this option was not sought because the option was granted specifically to facilitate the retention of Mr Barnett in unusual circumstances. These circumstances were that Mr Barnett was not eligible to participate in the Company's long-term senior executive incentive schemes.

SAYE Share Option Scheme

The Board reached the view that it was important, also, that employees should be given the opportunity to acquire shares in the Company and, with this in mind, shareholder approval was sought and obtained at last year's Annual General Meeting to enable schemes to be introduced through Save As You Earn (SAYE) option arrangements or through All Employee Share Ownership Plans or, indeed, a combination of the two. A SAYE share option scheme has now been introduced for employees in the UK and Ireland and, on 9 February 2001, options were granted over 11.54m shares to 14,041 employees at an exercise price of 384p per share. This represented a take-up rate of 36 per cent among eligible employees.

Options granted to directors under the SAYE share option scheme were as follows:

	Options granted during the year (on 9.02.01)	Number of options at 31 March 2001	Exercise price	Date from which exercisable	Expiry date
Sir Victor Blank	4,394	4,394	384p	01.05.06	31.10.06
Terry Duddy	4,394	4,394	384p	01.05.06	31.10.06
Lord Harris of Peckham	2,522	2,522	384p	01.05.04	31.10.04
Lady Patten of Wincanton	2,522	2,522	384p	01.05.04	31.10.04
John Peace	4,394	4,394	384p	01.05.06	31.10.06
Oliver Stocken	4,394	4,394	384p	01.05.06	31.10.06
David Tyler	4,394	4,394	384p	01.05.06	31.10.06

Performance Share Plan

The Company's Performance Share Plan provides potential benefits additional to those set out above. An award under the Plan takes the form of a deferred right to acquire shares at no cost to the participant.

The first and, to date, only award under the Plan, was made on 7 April 2000. It is subject to the performance conditions described below.

Performance targets are based on total shareholder return (TSR) against the comparator group of UK and international quoted companies set out below. Full vesting of awards will only occur if the Company's TSR performance, over a three-year period from the date of the award, is in the upper quartile of this comparator group. 40 per cent of awards will vest if performance is at the median level, with vesting for performance between these levels taking place on a sliding scale. No vesting of awards will occur if performance is below the median level. As a secondary condition, and to underpin TSR, no awards will be made unless the Remuneration Committee considers that the Company's underlying financial progress over the performance period has been satisfactory.

The comparator group of companies is as follows:

Acxiom	Harte Hanks	Next	Reuters
Boots	Kingfisher	Pinault Printemps	Signet
Dixons	Marks & Spencer	Reed Elsevier	Tesco
Equifax	N. Brown		

The initial awards to present directors under the Plan were as follows:

	Shares awarded on 7 April 2000	Price
David Bury	51,211	375.7p
Terry Duddy	74,527	375.7p
John Peace	146,393	375.7p
David Tyler	69,204	375.7p

The price by reference to which awards are determined represents the average of the middle market quotations of a GUS share as derived from The Daily Official List of The London Stock Exchange for the three immediately preceding dealing days to the date on which awards were made. The awards vest in June 2003.

Long-term incentive plans

As a result of the introduction of the Performance Share Plan, referred to above, the then existing LTIP arrangements of participating chief executives have not been renewed. The first of the three-year plans commenced on 1 April 1998 and the second plan commenced on 1 April 1999. The Home Shopping Division plans were cancelled. John Peace (former Chief Executive of Experian) and Terry Duddy (Argos) will continue to participate in any benefits which become payable under these existing plans but these have not been renewed.

The plans for Experian were approved by shareholders in 1998 and 1999. The Argos plan which commenced on 1 April 1999 was approved by shareholders in 1999.

The Experian plans which commenced in 1998 and 1999 provide for a conditional award to receive a cash payment from the employing company by reference to a performance period commencing on 1 April 1998 and ending on 31 March 2001 and 1 April 1999 and 31 March 2002 respectively. The amount of cash received by participants, if any, will depend upon the performance of the division against pre-set objective profit targets over the performance periods. The maximum potential payment for John Peace for the 1998-2001 performance period was up to six times earnings. The maximum payment for the 1999-2002 performance period would be up to two times base salary at the beginning of the performance period. A payment to Mr Peace for the performance period 1 April 1998-31 March 2001 has been made and is shown in the Directors' Remuneration tables. The payment has not been taken into account in determining Mr Peace's pension entitlements. There is likely to be a payment under the 1999-2002 scheme for Mr Peace.

The Argos plan which commenced in 1999 provides for a conditional award to receive a cash payment from the employing company by reference to a performance period commencing on 1 April 1999 and ending on 31 March 2002. The amount of cash received by participants, if any, will depend upon the performance of the division against pre-set objective profit targets over the performance period. The maximum potential payment for Terry Duddy would be up to one times basic salary at the start of the performance period. Any payments under the plan would not be pensionable.

The Lewis Stores Long Term Incentive Plans have been cancelled and Alan Smart will participate in the Share Option Plan from April 2001.

Service contracts

The Board's policy over many years has been to limit service contracts of executive directors to one-year rolling terms. There is one exception to this policy which the Board believes to be in shareholders' interests. Alan Smart, Chief Executive – South African Retailing Division, has a contract, dated 30 September 1997, which provides for 24 months' notice on the part of both the Company and the Executive. This is a reflection of local employment conditions in South Africa where such high quality executives are in great demand.

Directors' remuneration

		2001 £'000	2000 £'000
Emoluments	– salary	2,631	2,952
	– performance related bonuses	1,449	421
	– taxable benefits in kind	133	164
	– non-executive directors	382	385
		4,595	3,922
Long-term incentive plans (LTIPs)		683	–
Payments to former directors (Notes 3 and 6)		158	–
Compensation for loss of office		346	–
Pension contributions		243	230
Pensions in respect of former directors		191	154
		6,216	4,306

The following table shows an analysis of the remuneration of the individual executive directors.

		Salary £'000	Annual bonus £'000	LTIPs £'000	Taxable benefits £'000	Total 2001 £'000	Total 2000 £'000
Eric Barnes	(Note 1)	216	–	–	26	242	241
Victor Barnett		356	178	–	–	534	475
David Bury		240	75	–	16	331	272
Michael de Kare-Silver	(Note 2)	147	–	–	11	158	159
Terry Duddy		432	288	–	17	737	415
Paul Harris	(Note 3)	–	–	–	–	–	338
John Peace	(Note 4)	564	344	683	17	1,608	452
Alan Smart	(Note 5)	104	301	–	7	412	134
David Tyler		325	203	–	12	540	317
Peter Weigh	(Note 6)	79	60	–	–	139	189
Lord Wolfson of Sunningdale	(Note 7)	168	–	–	8	176	527

Benefits for executive directors comprise a fully expensed company car or cash equivalent, private medical insurance and, in the case of Lord Wolfson of Sunningdale, permanent health insurance.

The following table provides details of the emoluments of the individual non-executive directors. There were no taxable benefits other than those disclosed in note 8 below.

		2001 £'000	2000 £'000
Sir Victor Blank	(Note 8)	210	150
Jonathan Charkham		29	30
Lord Harris of Peckham		25	25
Lady Patten of Wincanton		32	30
Sir Alan Rudge	(Note 9)	55	150
Oliver Stocken	(Note 10)	31	–

Notes:

1. Eric Barnes has been paid £216,000 to reflect the amount of time spent in the business during the year. As reported last year, Mr Barnes has taken up the pension rights to which he was entitled from a Group pension scheme.
2. Michael de Kare-Silver resigned from the Board on 28 September 2000, following the decision to place the responsibility for the Group's e-commerce development within the operating divisions. In addition to the sums disclosed in the above table, he received £346,000, as compensation for loss of office, representing 12 months' salary and benefits.
3. Paul Harris retired on 29 March 2000. During the year under review, he received £57,000 under a consultancy agreement. This agreement was terminated on 30 September 2000.
4. The remuneration reported for John Peace includes a payment from the Experian Divisional Long Term Incentive Plan of £683,000. This was due to him from his services as Chief Executive of Experian prior to his appointment as Group Chief Executive.
5. The remuneration reported for Alan Smart includes a bonus of £301,000 payable in connection with both his role in managing the controlled rundown of the operations of GUS Canada, the successful sale of its properties and the collection of its hire purchase loan book, and his ongoing responsibilities in the South African business.
6. Peter Weigh resigned from the Board on 8 September 2000 following the sale of Highway Vehicle Management and the decision to wind down the activities of General Guarantee Finance. He will remain in the Group's employment until 31 July 2001. His salary for the period 9 September 2000 to 31 March 2001 was £101,000.
7. Lord Wolfson resigned from the Board on 26 July 2000 on the occasion of his retirement at the conclusion of last year's Annual General Meeting.

8. Sir Victor Blank's remuneration consists of £160,000 as Chairman for an eight-month period, £42,000 under a now terminated consultancy agreement (covering the four months leading up to his appointment as Chairman) and £8,000 in respect of four months as a non-executive director. He also has the use of a company car, the taxable benefit for which in the year under review was £19,000.
9. Sir Alan Rudge's remuneration consists of £30,000 as a non-executive director and, as reported last year, £25,000 as Chairman of the Company's e-Commerce Developments Committee.
10. Oliver Stocken was appointed to the Board on 1 April 2000.

Directors' pension entitlements

The Company provides pension benefits for executive directors on a final salary basis. Executive directors, in the United Kingdom, are entitled to membership of the Group's pension schemes which will provide them, on retirement at age 65, with a pension of up to two-thirds of their final salary subject to Inland Revenue limits. They are entitled to convert part of their pension into a lump sum cash payment, receive life assurance cover of four times salary during employment, receive pensions payable in the event of illness and pensions payable to dependants upon death.

In the coming months there will be a review of retirement arrangements to ensure that they are in line with market practice.

Historically, bonuses normally formed a relatively small part of overall remuneration and, in certain cases, it was established Company policy to include bonuses within the definition of pensionable remuneration. However, following Peter Weigh's resignation from the Board on 8 September 2000, there are no longer any serving directors for whom bonuses form a part of pensionable remuneration.

Lord Wolfson had a deferred pension in respect of a prior period of employment by the Group. This was recognised in calculating his pension on retirement, having vested over a three-year period. He receives from the Company Pension Scheme the maximum pension which the Trustees are able to pay, having regard to Inland Revenue limits, with the balance of the entitlement being provided from the Company's own resources on an unfunded basis. During the year an amount of £162,000 was charged against profit to provide for this unfunded arrangement.

Other executive directors affected by the pensions cap have available to them a Funded Unapproved Retirement Benefit Scheme (FURBS) designed to provide pension benefits in excess of the Inland Revenue cap and place them in broadly the same position as directors whose pension is unaffected by this cap. Alternatively there is the choice of an unfunded commitment, on the part of the Company, to provide benefits in excess of the cap or a cash sum to enable a director to make his own arrangements.

Victor Barnett has an unfunded pension arrangement for which provision has been made in the financial statements. During the year an amount of £83,000 was charged against profit in order to provide for this unfunded arrangement.

David Bury has an unfunded commitment from the Company that it will provide pension benefits in excess of the pensions cap. During the year an amount of £63,000 was charged against profit in order to provide for this unfunded arrangement.

Michael de Kare-Silver elected not to join a GUS Pension Scheme but, instead, to take a cash sum to enable him to make his own arrangements for the provision of pension, life assurance and permanent health insurance. The amounts so paid in the year under review were £10,000 in respect of pension and £4,000 in respect of life assurance and permanent health insurance.

Terry Duddy is a member of the Argos Pension Scheme which will provide him on retirement at age 60 with a pension of up to two-thirds of the pensions cap subject to Inland Revenue limits. In addition, his contract provides for the choice of a funded or unfunded scheme to provide benefits in excess of the pensions cap. Mr Duddy has elected to have paid to him a cash sum for investment at his own discretion. The amount so paid in the year under review was £155,000.

Alan Smart is a member of the pension scheme operated by the Company's South African subsidiary. The arrangement, under which he previously enjoyed membership of the UK scheme by reference to that part of his remuneration relating to services performed in the UK, has now ceased.

David Tyler has been provided with a FURBS, the cost of which in the year to 31 March 2001 was £114,000.

The disclosure of directors' pension entitlements in the following table, covering benefits provided through tax exempt pension schemes and unfunded arrangements, complies with the rules of the Financial Services Authority which reflect recommendations made by the Institute and Faculty of Actuaries.

	Accrued Pension Details: Increase during the year to 31 March 2001 £'000	Accrued Pension Details: Accumulated total as at 31 March 2001 (See Note 2) £'000	Transfer value of the increase in accrued pension in the year to 31 March 2001 (See Note 3) £'000
David Bury	6	26	79
Terry Duddy	2	4	15
John Peace	50	297	626
David Tyler	1	6	13
Peter Weigh	9	120	126
Lord Wolfson of Sunningdale	19	164	287
	US$'000	US$'000	US$'000
Victor Barnett (Note 1)	–	199	–
	Rand '000	Rand '000	Rand '000
Alan Smart	214	718	1,693

Notes:

1. Accrued pension at age 65, the normal retirement age.
2. The accrued pension at 31 March 2001 represents the amount of pension to which the director would have been entitled, had he left the Group at that date, or is entitled to having left the Group during the year.
3. The actuarial value of the increase in accrued pension is calculated as the amount of cash required to secure that increase in accrued pension.

Directors' interests

The beneficial interests of the directors together with non-beneficial interests in the Ordinary shares of the Company are shown below in sections (i) and (ii). Share options granted to directors and awards under the Performance Share Plan are shown on pages 42 and 43. The directors have no interests in the debentures of the Company or in any shares or debentures of the Company's subsidiaries.

	31 March 2001	1 April 2000 or date of appointment
(i) Beneficial holdings		
Eric Barnes	30,000	20,000
Victor Barnett	1,721,668	1,721,668
Sir Victor Blank	100,000	45,000
David Bury	7,500	7,500
Jonathan Charkham	8,000	8,000
Terry Duddy	2,500	2,500
Lord Harris of Peckham	7,200	7,200
Lady Patten of Wincanton	4,370	–
John Peace	30,000	10,000
Sir Alan Rudge	3,950	3,950
Alan Smart	–	–
Oliver Stocken	12,500	–
David Tyler	20,000	10,000
(ii) Non-beneficial holdings		
Sir Victor Blank	3,000	–
Lord Harris of Peckham	25,000	–

On behalf of the Board
Lady Patten of Wincanton
Chairman – Remuneration Committee
4 June 2001

Corporate social responsibility

There is a growing focus on Corporate Social Responsibility (CSR) by institutional investors, the Government, non-governmental organisations and the media. The case to demonstrate corporate responsibility grows stronger as expectations continue to rise and so, this year, we devote a separate section of the Annual Report to the subject.

Frameworks
We are committed to being a good corporate citizen. This means upholding some key principles in the way we do business, and as a starting point the Board of GUS has set high ethical standards by approving a position paper on ethical conduct. Important elements are as follows:

Our Approach
We approach all our relationships on the basis that they will be long term. This means that we conduct them honestly and scrupulously. We do not deceive. What we say we will do, we do; if we are prevented, we say so as soon as we know. We know that business depends on trust; we will do all we can to earn it and nothing to impair it. The quality we aim for in all our dealings is integrity.

The Company
We all depend on the Company. We try to enhance its name and reputation and do not act in ways that would bring discredit to it. We keep its secrets secret. If we are faced with a conflict of interest we declare it. We look after its assets as if they were our own.

Stakeholders
The paper goes on to discuss each stakeholder group in more detail, for example:

Employees: We do not let personal ambition drive us into behaviour of which we would be ashamed were it known. We do not discriminate on grounds of race, religion or gender.

Community: We observe the laws and regulations to the letter and in the spirit in any country in which we trade. We have regard and respect for the environment and the local community in which we work.

Customers: We do not bribe to obtain or keep business; if we pay commissions, they must appear on the face of the documents. We keep customers' secrets.

Suppliers: We treat our suppliers fairly, observing our contracts; we pay when due. We do not accept any form of gift that might put us under an obligation to the giver, and only such entertainment as we can reciprocate.

Shareholders: We do not give shareholders' funds away for political purposes without their permission. We keep shareholders accurately informed.

Over the coming year, each operating division will be preparing a policy statement tailored to its own circumstances, based on these general principles which are held to be Group-wide. These principles will, in turn, form the basis of our future sustainability programmes.

Both principles and programmes are the responsibility of a newly formed CSR Group, chaired by the Company Secretary and reporting to the Board. Its members include employees with wide experience in this area and, in addition, it receives advice from external consultants.

The Group has recently announced its decision to participate in a two-year demonstration project with Business in the Community aimed at putting into practice the recommendations of the latter's Business Impact Task Force. The Task Force, established by the Prince of Wales in 1998, suggested a framework for companies to use in measuring and reporting their impact on society.

Environment

In GUS, we do not handle toxic substances or manage industrial processes. Nevertheless, GUS is one of the largest companies in the UK and it has a responsibility to consider its impact upon the environment. Our environmental policy provides the framework against which we will measure our performance and manage our activities.

Policy

We intend to:

- comply with all environmental legislations;
- measure and continually improve our performance with respect to our main environmental impacts;
- report openly on our impacts and progress towards meeting our goals;
- encourage our suppliers to improve their own environmental performance;
- ask our customers for their perceptions on environmental issues relating to the Company; and
- compare our environmental activities with those of others in our sector to help us improve.

Reporting

We recently published our first Environmental Report, which states our Policy in full, explains our impacts and our goals, and reports on our progress towards them. This is available, on request, from the Company Secretary's office or on the GUS website.

Benchmarking

The most important benchmark of environmental performance is an annual survey by Business in the Environment, a non-governmental organisation.

In the early days of the index, GUS was not well rated, but our performance is now comparable with our peers among the general retailers. By way of illustration, this year GUS was ranked 60 from 78 FTSE 100 participants, one place below Marks & Spencer and one place above Kingfisher. Last year, GUS was ranked 65 from 76 FTSE 100 participants, 17 places below Marks & Spencer and eight places below Kingfisher. We can still do better and this is our aim.

Community

We respect the local communities in which the Group operates and try to add to their coherence. This is achieved in a number of ways:

- In financial terms, through the work of the GUS Charitable Trust through which the Group's support for charitable causes is channelled;
- Through projects involving our staff in community affairs. Two of our operating divisions have appointed Community Affairs Managers whose roles are focused on such issues;
- Through the time given by individuals to community affairs.

GUS Charitable Trust (The Trust)

The GUS Charitable Trust was established in October 1997 as the vehicle through which the Group's support for charitable causes would be channelled.

The Trust's income from the Company in respect of the year ended 31 March 2001 was £600,000.

The Trustees' stated intention is that awards would be directed towards the following categories and in circumstances where it was felt that the funds would have a significant impact:

- Links with universities and educational establishments in localities in which the Group has a significant presence and focused on one of its areas of activity.
- Charities in the field of medical research.
- Children and the elderly.

The Trustees now intend to discuss their current objectives with heads of community affairs within the operating divisions in order further to develop a unified, coherent policy reflecting the GUS ethos.

In the period since its inception the Trust has made awards totalling some £1.2m. The most significant of these have been as follows:

- £500,000 was committed over a five year period to the Christie Hospital, a centre of excellence for the treatment of cancer in the North West of England. Of this sum £45,000 was raised by employees in the Home Shopping Division of Argos Retail Group.
- A grant of £150,000 was made to the University of Nottingham to equip a learning centre for both University and community use.
- £86,000 was donated to the University of Cape Town Trust to help fund a computer laboratory in the Faculty of Commerce.
- £50,000 was donated to Nottingham City Council in connection with the "Playing for Success" Scheme, a project located at the Nottingham Forest football ground and providing youngsters with after-school opportunities to use computers.
- A grant of £50,000 was made to Southampton University in connection with a project to investigate a complementary treatment for hay fever.
- £50,000 was given to Nottingham Trent University in connection with an on-line statistics gateway project.
- A commitment of £45,000 was made to the University of Manchester for research into the most effective ways of delivering home care to cancer patients.
- A donation of £50,500 was made towards the general work of the Cystic Fibrosis Trust and £50,000 was donated to Crocus Trust (a bowel cancer charity connected to Charing Cross Hospital).

Community Involvement

GUS recognises that we depend upon thriving local communities. We actively support these with a continuous Corporate Community Involvement programme of volunteering, community sponsorship and charitable donations.

Our involvement differs, depending upon the needs of each community, but in all cases we aim to work in a consultative way with our stakeholders to create an effective programme.

This programme starts at Group level: Our Chairman, Sir Victor Blank, is Chairman of WellBeing, a charity linked to the Royal College of Obstetricians and Gynaecologists and concerned with medical research on the health of women and babies. Sir Victor is also a member ot the Council of Oxford University and is actively involved in a number of other communal and charitable activities. Our Group Chief Executive, John Peace, is Chairman of the Board of Governors of Nottingham Trent University. Eric Barnes, our Deputy Chairman, is Chairman of The Industrial Trust – East Midlands and Chairman of the Nottingham Trent University Enterprise Board. Our Company Secretary, David Morris, is a member of Court at the University of Manchester.

In Group companies, the **Argos Retail Group** (ARG), with its wide High Street presence, supports hundreds of small community projects each year. Argos employees raise thousands of pounds taking part in national and local charity events. As one of the largest employers in Milton Keynes, Argos was a founder-member of the Milton Keynes Community Foundation, which allocates funds to local charities and community projects. Still within ARG, jungle.com has close links with the Rainbow Forest Foundation, supporting indigenous people and traditional populations of the world's rainforests in their efforts to protect both their rights and the environment. Reference has already been made to the efforts of the Home Shopping employees in raising £45,000 for Christie Hospital.

Reality, too, has a programme encouraging its employees to make a difference in the community. In a vote, the staff chose National Children's Homes (NCH) as Charity of the Year, and will now support NCH through fundraising events, sponsored activities and volunteering. More locally, Reality aims to strengthen links with the communities where it is based including the development of a Local Community Involvement programme, building skills on themes of technology, leadership, teamwork and communication. At the individual level, Reality has a part-matched funding scheme and payroll giving enabling staff to support the charities of their choice. Reality gave extensive support to the Comic Relief Red Nose Day, providing sponsorship for the Red Nose Ball in Glasgow (which raised over £130,000), while volunteers at its contact centres in Newtown and Burnley took thousands of pledge calls worth over £500,000. Martin Trees, Reality's Chief Executive, is a Board member of Business in the Community and Chairman of its comm.unity campaign. Bill Howie, its Logistics Director, is a trustee of TRANSAID International, a charity working to improve transport in developing countries to assist in the struggle against poverty, and Chris Gorman, its Chief Entrepreneur, is on the Scottish Board of Save the Children.

Experian's primary resources are its people and the skills they bring to the business. They are encouraged to work co-operatively and creatively towards innovative and highly effective solutions for its clients and business partners. Its people are also the cornerstone for all its community initiatives, the focus of which is education.

It supports its communities through a programme of employee volunteering, sponsorships and charitable donations and is committed to both formal education and community-based learning. It is a leader in the Adopt-a-School scheme where its people have used their skills to benefit children in the use of IT, reading and numeracy and it partners a number of universities in innovative developments. It is also helping to regenerate the cities in which it is based through a commitment to Information and Communication Technology development programmes in Government priority areas. It has contributed advice and financial support for funding bids and has helped deliver projects such as an after-school study support centre and summer school learning opportunities.

Getting involved in a big way is also encouraged through support for the second biggest road race in the UK, the Experian Robin Hood Marathon. Over 500 Experian people take part by either running, marshalling or supporting a drinks station.

Burberry has made use of its influential position in society to develop events that raise very substantial funds for charity. A dinner hosted by Burberry for the Crocus Trust raised over £100,000 for bowel cancer research and a party in the Bond Street store for the Sargent Cancer Fund for Children raised £36,000. Burberry has a link with Captain Scott (Thomas Burberry was the outfitter for his Antarctic expedition) and, along with the GUS Charitable Trust, was pleased to support the education element of an exhibition 'South: the race to the Pole' at the National Maritime Museum.

In South Africa, the **Lewis Stores** Commerce Computer Laboratory at the University of Cape Town has 60 powerful multimedia workstations funded with the help of the GUS Charitable Trust. It continues to provide access to quality computing facilities for talented students, many from very disadvantaged backgrounds.

Human Rights

We are developing new procedures to increase our confidence in the human rights, labour standards and health and safety issues in the supply chain. For example, Argos has developed a requirement statement on manufacturing conditions, including standards on child labour, working conditions and rewards.

The next steps are to harmonise the standards across the Group and to develop all the standards to the level of best practice. A particular focus will be on ensuring that standards are measurable and enforceable, and developing assurance systems to confirm compliance.

Workforce

Information on our employment policies, health and safety management and employee involvement can be found on pages 36 and 37 in the Directors' Report.

Report of the auditors

Independent auditors' report to the members of The Great Universal Stores P.L.C.
We have audited the financial statements which comprise the Group profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits, the reconciliation of movement in shareholders' funds, the Group balance sheet, the Parent Company balance sheet, the Group cash flow statement, and the notes to the financial statements.

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 40.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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 or the Listing Rules 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. The other information comprises only the chairman's statement, the chief executive's review, the operational review, the financial review, the directors' report, the corporate social responsibility report, the corporate governance statement, the report on directors' remuneration and related matters and the statement of directors' responsibilities.

We review *whether the corporate governance statements on pages 38 to 40 reflects the Company's compliance with* the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are *not required to consider whether the board's statements on internal control cover all risks and controls, or to* form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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 affairs of the Company and the Group at 31 March 2001 and of the result and cash flows of the Group for the year then ended and have been properly prepared *in accordance with the Companies Act 1985.*

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
4 June 2001

Group profit and loss account

for the year ended 31 March 2001

	Notes	2001 Before Exceptional Items £m	2001 Exceptional Items (Note 5) £m	2001 Total £m	2000 £m
Turnover – continuing operations		**6,040.6**	**–**	**6,040.6**	5,658.4
Cost of sales		**(3,625.4)**	**1.3**	**(3,624.1)**	(3,436.1)
Gross profit		**2,415.2**	**1.3**	**2,416.5**	2,222.3
Net operating expenses (including amortisation of goodwill £92.3m (2000 £79.4m))	4	**(1,973.7)**	**(43.6)**	**(2,017.3)**	(1,801.6)
Operating profit – continuing operations		**441.5**	**(42.3)**	**399.2**	420.7
Share of operating profit of BL Universal PLC (joint venture)		**29.6**	**–**	**29.6**	33.9
Share of operating profit of associated undertakings		**11.6**	**–**	**11.6**	11.3
Profit on sale of fixed asset investments		**–**	**4.6**	**4.6**	11.1
Trading profit		**482.7**	**(37.7)**	**445.0**	477.0
Loss on sale of businesses		**–**	**(50.3)**	**(50.3)**	–
Profit on ordinary activities before interest		**482.7**	**(88.0)**	**394.7**	477.0
Net interest	6	**(88.2)**	**3.3**	**(84.9)**	(97.4)
Profit on ordinary activities before taxation	7	**394.5**	**(84.7)**	**309.8**	379.6
Tax on profit on ordinary activities	8			**(106.1)**	(104.5)
Profit on ordinary activities after taxation	9			**203.7**	275.1
Dividends	10			**(209.9)**	(207.2)
(Loss)/profit for the year				**(6.2)**	67.9
Basic and diluted earnings per share	11			**20.3p**	27.4p
Basic and diluted earnings per share before amortisation of goodwill and exceptional items	11			**37.2p**	34.5p

Statement of total recognised gains and losses

for the year ended 31 March 2001

	2001 Group* £m	2001 BL Universal PLC (Joint venture) £m	2001 Associated undertakings £m	2001 Total £m	2000 Group* £m	2000 BL Universal PLC (Joint venture) £m	2000 Associated undertakings £m	2000 Total £m
Profit on ordinary activities after taxation	**190.7**	**2.6**	**10.4**	**203.7**	260.5	4.9	9.7	275.1
Revaluation of properties	**(0.3)**	**(16.8)**	**–**	**(17.1)**	–	14.3	–	14.3
Currency translation differences	**(64.6)**	**–**	**3.8**	**(60.8)**	(19.6)	–	(0.3)	(19.9)
Total recognised gains and losses for the year	**125.8**	**(14.2)**	**14.2**	**125.8**	240.9	19.2	9.4	269.5

*Excluding joint venture and associated undertakings.

Note of historical cost profits

for the year ended 31 March 2001

	2001 £m	2000 £m
Reported profit on ordinary activities before taxation	**309.8**	379.6
Realisation of property revaluation gains of previous years	**127.9**	40.3
Difference between historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	**1.1**	0.1
Historical cost profit on ordinary activities before taxation	**438.8**	420.0
Historical cost retained profit for the year after taxation and dividends	**122.8**	108.3

The realisation of property revaluation gains of previous years arises mainly on the repayment of loans by BL Universal PLC.

Reconciliation of movement in shareholders' funds

for the year ended 31 March 2001

	2001 £m	2000 £m
Profit on ordinary activities after taxation	**203.7**	275.1
Dividends	**(209.9)**	(207.2)
	(6.2)	67.9
Goodwill on disposals	**40.4**	–
Goodwill (charged)/credited to reserves*	**(1.2)**	6.5
Shares issued under option schemes	**1.5**	0.5
Revaluation of properties	**(17.1)**	14.3
Currency translation differences	**(60.8)**	(19.9)
	(43.4)	69.3
Opening shareholders' funds	**2,466.3**	2,397.0
Closing shareholders' funds	**2,422.9**	2,466.3

*Deferred consideration in respect of acquisitions by Experian prior to the adoption of FRS 10.

Group balance sheet

at 31 March 2001

	Notes	2001 £m	2001 £m	2000 £m	2000 £m
Fixed assets					
Goodwill	12		**1,516.2**		1,437.6
Other intangible assets	13		**178.9**		139.1
Tangible assets	14		**737.4**		834.7
Investment in joint venture	15				
Share of gross assets		**525.0**		535.0	
Share of gross liabilities		**(409.8)**		(405.6)	
		115.2		129.4	
Loans to joint venture		**93.8**	**209.0**	81.5	210.9
Other investments	16		**87.9**		53.4
			2,729.4		2,675.7
Current assets					
Stocks	17		**570.8**		528.6
Debtors – due within one year	18		**1,561.3**		1,525.7
– due after more than one year	18		**221.9**		311.0
Securitised receivables	19	**646.7**		909.7	
Less: non-recourse borrowings		**(581.5)**	**65.2**	(877.7)	32.0
Investments	20		**53.3**		33.7
Bank balances and cash			**304.7**		388.5
			2,777.2		2,819.5
Creditors					
Amounts due within one year	21		**(2,236.2)**		(1,683.8)
Net current assets			**541.0**		1,135.7
Total assets less current liabilities			**3,270.4**		3,811.4
Creditors – amounts due after more than one year	22		**(713.5)**		(1,207.2)
Provisions for liabilities and charges	24		**(134.0)**		(137.9)
Net assets			**2,422.9**		2,466.3
Capital and reserves					
Called up share capital	25		**251.6**		251.5
Share premium account	26		**1.8**		0.4
Revaluation reserve	26		**136.6**		280.9
Profit and loss account	26		**2,032.9**		1,933.5
Shareholders' funds			**2,422.9**		2,466.3

Approved by the Board
on 4 June 2001

John Peace Group Chief Executive
David Tyler Group Finance Director

Parent company balance sheet

at 31 March 2001

	Notes	2001 £m	2001 £m	2000 £m	2000 £m
Fixed assets					
Tangible assets	14		**3.4**		6.7
Investments in group undertakings	16		**3,158.6**		3,163.1
Investment in joint venture	15				
Shares		**2.4**		2.4	
Loans		**93.8**	**96.2**	81.5	83.9
Other investments	16		**14.4**		–
			3,272.6		3,253.7
Current assets					
Debtors – due within one year	18		**3,859.3**		3,092.7
Bank balances and cash			**165.1**		105.0
			4,024.4		3,197.7
Creditors					
Amounts due within one year	21		**(4,413.2)**		(3,808.4)
Net current liabilities			**(388.8)**		(610.7)
Total assets less current liabilities			**2,883.8**		2,643.0
Creditors – amounts due after more than one year	22		**(655.3)**		(646.2)
Provisions for liabilities and charges	24		**(16.5)**		(15.9)
Net assets			**2,212.0**		1,980.9
Capital and reserves					
Called up share capital	25		**251.6**		251.5
Share premium account	26		**1.8**		0.4
Revaluation reserve	26		–		2.7
Profit and loss account	26		**1,958.6**		1,726.3
Shareholders' funds			**2,212.0**		1,980.9

Approved by the Board
on 4 June 2001

John Peace Group Chief Executive
David Tyler Group Finance Director

Group cash flow statement

for the year ended 31 March 2001

	Notes	2001 £m	2000 £m
Cash flow from operating activities	31(a)	**659.6**	1,147.6
Dividends received from associated undertakings		**6.9**	6.7
Returns on investments and servicing of finance	31(b)	**(68.5)**	(62.2)
Taxation		**(94.7)**	(80.8)
Capital expenditure	31(c)	**(267.6)**	(263.8)
Financial investment	31(d)	**(38.5)**	61.4
Acquisition of subsidiaries	31(e)	**(172.7)**	(6.1)
Disposal of subsidiaries	31(f)	**228.9**	-
Dividends paid		**(206.4)**	(207.2)
Cash inflow before management of liquid resources and financing		**47.0**	595.6
Management of liquid resources	31(g)	**118.9**	(120.9)
Financing – issue of shares		**1.5**	0.5
– change in debt and lease financing	31(h)	**(195.5)**	(411.8)
(Decrease)/increase in cash		**(28.1)**	63.4
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash		**(28.1)**	63.4
Cash outflow from movement in debt and lease financing		**195.5**	411.8
Cash (inflow)/outflow from movement in liquid resources		**(118.9)**	120.9
Movement in net debt resulting from cash flows		**48.5**	596.1
Loans and finance leases acquired with subsidiary		**(3.1)**	-
New finance leases		**(3.4)**	(9.3)
Exchange movements		**(118.7)**	29.3
Movement in net debt		**(76.7)**	616.1
Net debt at beginning of year	31(i)	**(1,053.7)**	(1,669.8)
Net debt at end of year	31(i)	**(1,130.4)**	(1,053.7)

Notes to the financial statements

for the year ended 31 March 2001

1. Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards in the United Kingdom which have been applied on a consistent basis with previous years.

The results by division are presented in the new reporting structure, separating out Reality and Argos Retail Group Financial Services, with comparative figures restated. A significant portion of Reality's turnover comprises sales within the Group and these are shown, together with Experian sales within the Group, as inter-divisional turnover.

Compliance with SSAP 19, "Accounting for Investment Properties", requires a departure from the requirements of the Companies Act 1985 relating to the depreciation of investment properties, as explained below.

Basis of consolidation
The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated results from, or up to, the effective date of acquisition or disposal.

Turnover
Turnover represents goods and services sold to customers outside the Group, less returns and sales taxes, and earned finance income.

Joint ventures and associated undertakings
The Group's share of the profits of joint ventures and associated undertakings is included in the Group profit and loss account. Loans to joint ventures and associated undertakings and the Group's share of net assets are included in the Group balance sheet.

Goodwill
For acquisitions of subsidiary undertakings and investments in joint ventures and associated undertakings made on or after 1 April 1998, goodwill (being the excess of purchase consideration over the fair value of net assets) is capitalised as an intangible fixed asset. Fair values are attributed to the identifiable assets and liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to bring the accounting policies of acquired businesses into alignment with those of the Group. Goodwill arising on acquisitions is amortised by equal annual instalments over its estimated useful economic life.

Goodwill on acquisitions prior to 1 April 1998 was written off to reserves in the year of acquisition. On the disposal of a business, any goodwill previously written off against reserves is included in the profit or loss on disposal.

Other intangible fixed assets
Intangible fixed assets other than goodwill comprise the data purchase and data capture costs of internally developed databases and are capitalised under SSAP 13 to recognise these costs over the period of their commercial use. Depreciation is provided by equal annual instalments on the cost of the assets over three to five years.

Tangible fixed assets
Investment properties are revalued annually and included in the balance sheet at their open market value. In accordance with SSAP 19, no depreciation is provided in respect of investment properties except for leaseholds with less than 20 years to run. This represents a departure from the Companies Act 1985 requirement concerning the depreciation of fixed assets. Had SSAP 19 not been followed the depreciation charge for the financial year would not have been material.

As permitted by FRS 15 the Group has adopted a policy of not revaluing trading properties and previously revalued trading properties are included at their valuation at 31 March 1996 less depreciation. Certain Reality specialist warehouses, all Argos properties and leasehold trading properties with 20 years or less to run had not previously been revalued and remain at depreciated historical cost.

Land is not depreciated. Freehold buildings are depreciated over 50 years by equal annual instalments. Leasehold premises with unexpired lease terms of 50 years or less are depreciated by equal annual instalments over the remaining period of the lease. Plant, vehicles and equipment are depreciated by equal annual instalments over two to ten years according to the estimated life of the asset. Equipment on hire or lease is depreciated over the period of the lease.

1. Accounting policies continued

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value.

Instalment and hire purchase debtors
The gross margin from sales on extended credit terms is recognised at the time of sale. The finance charges relating to these sales are included in the profit and loss account as and when instalments are received. The income in the Finance Division under instalment agreements is credited to the profit and loss account in proportion to the reducing balances outstanding.

Leases
The book value of finance lease receivables is included in debtors. Net income is credited to the profit and loss account to achieve a constant rate of return on the net funds invested. Gross rental income and expenditure in respect of operating leases are recognised on a straight line basis over the periods of the leases.

Assets acquired under finance leases are included in tangible fixed assets. The interest element of lease rentals is charged to the profit and loss account over the life of the lease in proportion to the outstanding lease commitment. All other leases are operating leases, and the annual rentals are charged to the profit and loss account as incurred.

Foreign currency
Assets and liabilities of overseas undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date and the results are translated into sterling at average rates of exchange. Differences arising on the retranslation of opening net assets, profits and losses at average rates and borrowings designated as hedges are dealt with through reserves. Exchange profits and losses which arise from normal trading activities are included in the profit and loss account.

Derivative financial instruments
The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign currency exchange rates and interest rates. Derivative instruments utilised by the Group include interest rate swaps, currency swaps and forward currency contracts. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to net interest expense over the period of the contract. Forward currency contracts are accounted for as hedges, with the instrument's impact on profit deferred until the underlying transaction is recognised in the profit and loss account. Financial instruments hedging the risk on foreign currency assets are revalued at the balance sheet date and the resulting gain or loss is offset against that arising from the translation of the underlying assets into sterling.

Deferred taxation
Deferred taxation is provided in respect of timing differences to the extent that it is probable that a liability will become payable in the foreseeable future.

Incentive plans
The Group's share based incentive plans are accounted for in accordance with Urgent Issues Task Force (UITF) Abstract 17 "Employee Share Schemes". The cost of shares acquired by the Group's ESOP trusts or the fair market value of the shares at the date of the grant, less any consideration to be received from the employee, is charged to the profit and loss account over the period to which the employee's performance relates. Where awards are contingent upon future events (other than continued employment) an assessment of the likelihood of these conditions being achieved is made at the end of each reporting period and an appropriate accrual made.

The Company operates a Save As You Earn scheme that allows for the grant of share options at a discount to the market price at the date of the grant. The Company has made use of the exemption under UITF Abstract 17 not to recognise any compensation charge in respect of these options.

Pension costs
The Group operates pension plans throughout the world. There are two major defined benefit pension schemes both of which are in the United Kingdom with their assets held in independently administered funds. The cost of providing pension benefits is charged to the profit and loss account over the anticipated period of employment in accordance with recommendations made by independent qualified actuaries.

The Group operates a defined contribution pension scheme in the United Kingdom, with assets held in an independently administered fund. The cost of providing pension benefits recognised in the profit and loss account comprises the amount of contributions payable to the pension scheme in respect of the year.

Notes to the financial statements

for the year ended 31 March 2001

2. Divisional analysis

	Turnover 2001 £m	Turnover (restated) (Note 1) 2000 £m	Profit before taxation 2001 £m	Profit before taxation (restated) (Note 1) 2000 £m	Net assets 2001 £m	Net assets (restated) (Note 1) 2000 £m
Experian	**1,018.4**	949.2	**216.6**	200.6	**508.1**	392.4
Argos Retail Group						
Argos	**2,387.0**	2,057.0	**160.8**	137.4	**284.0**	161.9
Home Shopping – UK & Ireland	**1,540.4**	1,622.0	**25.1**	11.8	**502.8**	553.8
Financial Services	**–**	–	**4.5**	14.4	**33.3**	11.3
Home Shopping – Continental Europe	**322.2**	336.5	**21.7**	25.1	**184.1**	222.9
	4,249.6	4,015.5	**212.1**	188.7	**1,004.2**	949.9
Reality	**476.0**	444.2	**5.1**	2.8	**105.3**	116.6
Burberry	**424.7**	229.8	**69.5**	21.7	**168.6**	96.7
South African Retailing	**150.2**	169.7	**30.7**	46.0	**147.4**	152.5
Finance Division	**113.8**	225.3	**34.1**	58.5	**737.8**	1,312.7
Property	**–**	–	**29.6**	33.9	**209.1**	210.9
gusco.com	**1.0**	–	**(12.6)**	–	**1.0**	–
	6,433.7	6,033.7	**585.1**	552.2	**2,881.5**	3,231.7
Inter-divisional turnover	**(393.1)**	(375.3)				
	6,040.6	5,658.4				
Central costs			**(10.1)**	(6.9)		
			575.0	545.3		
Net interest			**(88.2)**	(97.4)		
Profit before amortisation of goodwill, exceptional items and taxation			**486.8**	447.9		
Goodwill (principally Argos)			**(92.3)**	(79.4)	**1,516.2**	1,437.6
Exceptional items (Note 5)			**(84.7)**	11.1		
Profit before taxation			**309.8**	379.6		
Net borrowings (including non-recourse borrowings)					**(1,711.9)**	(1,931.4)
Dividends and taxation					**(221.0)**	(271.6)
Acquisition consideration due					**(41.9)**	–
Net assets					**2,422.9**	2,466.3

As a result of the securitisation of receivables and the adoption of the linked presentation, turnover and profit before taxation for the Finance Division have been reduced by financing costs of £47.7m (2000 £43.4m).

The profit before taxation of the Property division represents the Group's share of the operating profit of the joint venture, BL Universal PLC.

3. Geographical analysis

	Turnover by destination 2001 £m	Turnover by destination 2000 £m	Turnover by origin 2001 £m	Turnover by origin 2000 £m	Profit before taxation 2001 £m	Profit before taxation 2000 £m	Net assets 2001 £m	Net assets 2000 £m
United Kingdom & Ireland	**4,377.2**	4,130.0	**4,550.9**	4,324.1	**332.3**	309.8	**2,017.6**	2,513.4
Continental Europe	**668.2**	611.4	**582.4**	478.7	**50.2**	35.6	**278.4**	256.2
North America	**753.5**	678.7	**745.7**	676.5	**154.3**	147.4	**437.6**	305.9
Rest of World	**241.7**	238.3	**161.6**	179.1	**38.2**	52.5	**147.9**	156.2
	6,040.6	5,658.4	**6,040.6**	5,658.4	**575.0**	545.3	**2,881.5**	3,231.7
Net interest					**(88.2)**	(97.4)		
Profit before amortisation of goodwill, exceptional items and taxation					**486.8**	447.9		
Goodwill (principally Argos)					**(92.3)**	(79.4)	**1,516.2**	1,437.6
Exceptional items (Note 5)					**(84.7)**	11.1		
Profit before taxation					**309.8**	379.6		
Net borrowings (including non-recourse borrowings)							**(1,711.9)**	(1,931.4)
Dividends and taxation							**(221.0)**	(271.6)
Acquisition consideration due							**(41.9)**	–
Net assets							**2,422.9**	2,466.3

4. Net operating expenses	2001 £m	2000 £m
Distribution costs	**872.5**	829.4
Administrative expenses (including amortisation of goodwill £92.3m (2000 £79.4m))	**1,144.8**	972.2
	2,017.3	1,801.6

Administrative expenses include an exceptional charge of £43.6m (2000 nil) in respect of restructuring costs (Note 5).

5. Exceptional items	2001 £m	2000 £m
Exceptional items comprise:		
Restructuring costs:		
Redundancy and other costs incurred in connection with the combination of Argos and Home Shopping operations and the formation of Reality	**(30.5)**	–
Redundancy and associated costs incurred in connection with the closure of General Guarantee Finance to new business	**(13.1)**	–
	(43.6)	–
VAT refunds in UK Home Shopping (including interest of £3.3m)	**4.6**	–
Profit on sale of fixed asset investments	**4.6**	11.1
	(34.4)	11.1
Loss on sale of businesses	**(50.3)**	–
Exceptional (charge)/credit	**(84.7)**	11.1

It is anticipated that income to be earned by General Guarantee Finance will at least match the further costs of closure during the remainder of the three year wind down period.

The profit of £4.6m (2000 £11.1m) on the sale of fixed asset investments relates to the disposal by Experian of Internet related investments in the US.

The loss on sale of businesses comprises the disposals of Universal Versand (£23.0m) and Highway Vehicle Management (£13.0m) and other smaller disposals amounting to £14.3m. The loss is after charging goodwill previously written off to reserves of £40.4m.

6. Net interest	2001 £m	2000 £m
Interest income:		
Bank deposits and other	**30.0**	17.6
Group share of interest income of associated undertakings	**0.5**	0.5
	30.5	18.1
Interest expense:		
Bank loans and overdrafts	**(55.6)**	(65.2)
Euro bonds	**(37.1)**	(25.9)
Finance leases	**(1.4)**	(2.7)
Group share of interest expense of joint venture	**(20.9)**	(21.5)
Group share of interest expense of associated undertakings	**(0.4)**	(0.2)
	(115.4)	(115.5)
Net interest expense	**(84.9)**	(97.4)

Interest income includes exceptional interest of £3.3m (2000 nil) in respect of VAT refunds.

As indicated in Note 2, following the securitisation of receivables and the adoption of the linked presentation, financing costs of £47.7m (2000 £43.4m) are excluded from net interest.

7. Profit on ordinary activities before taxation		2001 £m	2000 £m
Profit on ordinary activities before taxation is stated after charging/(crediting):			
Net income under finance leases		**(5.6)**	(9.4)
Property rental income under operating leases		**(3.1)**	(2.1)
Other rental income under operating leases		**(27.3)**	(76.8)
Operating lease rental expense	– land and buildings	**96.4**	88.0
	– plant, vehicles and equipment	**34.8**	34.0
Amortisation of goodwill		**92.3**	79.4
Amortisation of own shares		**1.8**	–
Depreciation of tangible and intangible fixed assets	– assets owned	**204.4**	210.6
	– under finance leases	**8.2**	9.4
Audit fees		**1.9**	1.7
Auditors' remuneration for non-audit services	– accounting, tax and transactions related advice	**4.8**	3.8
	– other advice	**3.5**	1.6

Notes to the financial statements

for the year ended 31 March 2001

8. Tax on profit on ordinary activities

	2001 £m	2000 £m
United Kingdom Corporation tax at 30%	**171.4**	152.0
Double taxation relief	**(112.7)**	(99.9)
	58.7	52.1
Overseas tax	**45.5**	37.9
Deferred tax	**(2.4)**	11.8
	101.8	101.8
Prior year adjustments:		
Current tax	**1.3**	(4.8)
Deferred tax	**0.6**	3.6
	103.7	100.6
Group share of tax on profit of joint venture	**1.1**	2.0
Group share of tax on profits of associated undertakings	**1.3**	1.9
	106.1	104.5

The tax charge includes the following amounts attributable to exceptional items:		
Tax relief on restructuring costs	**(10.3)**	–
Tax on refund of VAT	**1.4**	–
Tax on profit on sale of fixed asset investments	**1.6**	3.9
	(7.3)	3.9

The Group's effective rate of taxation on profit before amortisation of goodwill and loss on sale of businesses is 23.5% (2000 22.8%). This is below the current UK standard corporation tax rate as the Group continues to benefit from a corporate reorganisation undertaken in 1998 which has enabled it to adopt a more efficient financial structure.

9. Profit on ordinary activities after taxation

Profit on ordinary activities after taxation includes £439.6m (2000 £283.1m) which is dealt with in the financial statements of the Company. As permitted by section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account.

10. Dividends

		2001 £m	2000 £m
Interim paid	– 6.2p per share (2000 6.2p)	**62.1**	62.4
Final proposed	– 14.8p per share (2000 14.4p)	**147.8**	144.8
Total	– 21.0p per share (2000 20.6p)	**209.9**	207.2

11. Basic and diluted earnings per share

	2001 pence	2000 pence
Basic and diluted earnings per share before amortisation of goodwill and exceptional items	**37.2**	34.5
Effect of amortisation of goodwill	**(9.2)**	(7.8)
Effect of exceptional items	**(7.7)**	0.7
Basic and diluted earnings per share	**20.3**	27.4

The calculation of basic earnings per share is based on the weighted average number of Ordinary shares in issue of 1,002,535,413 (2000 1,005,841,258). This number excludes those held by The Great Universal Stores ESOP Trust and The Great Universal Stores ESOP Trust No 2 which are treated as cancelled (Note 16), and on profit after taxation of £203.7m (2000 £275.1m). Basic and diluted earnings per share before amortisation of goodwill and exceptional items is disclosed to indicate the underlying profitability of the Group and is based on profit of £373.4m (2000 £347.3m):

	2001 £m	2000 £m
Earnings before amortisation of goodwill and exceptional items	**373.4**	347.3
Effect of amortisation of goodwill	**(92.3)**	(79.4)
Effect of exceptional items	**(77.4)**	7.2
Profit after taxation	**203.7**	275.1

There is no difference between basic and diluted earnings per share.

12. Goodwill	Argos £m	Other acquisitions £m	Total £m
Group			
Cost			
At 1 April 2000	1,554.9	34.7	1,589.6
Differences on exchange	–	0.9	0.9
Additions	–	177.7	177.7
At 31 March 2001	**1,554.9**	**213.3**	**1,768.2**
Amortisation			
At 1 April 2000	150.0	2.0	152.0
Differences on exchange	–	0.4	0.4
Charge for year	78.0	14.3	92.3
Provision for loss on sale of business	–	7.3	7.3
At 31 March 2001	**228.0**	**24.0**	**252.0**
Net Book Value at 31 March 2000	1,404.9	32.7	1,437.6
Net Book Value at 31 March 2001	**1,326.9**	**189.3**	**1,516.2**

13. Other intangible assets	Databases £m
Group	
Cost	
At 1 April 2000	292.5
Differences on exchange	29.2
Additions	86.3
Sales	(1.9)
At 31 March 2001	**406.1**
Amortisation	
At 1 April 2000	153.4
Differences on exchange	15.4
Charge for year	58.9
Sales	(0.5)
At 31 March 2001	**227.2**
Net Book Value at 31 March 2000	139.1
Net Book Value at 31 March 2001	**178.9**

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for the year ended 31 March 2001

14. Tangible fixed assets	Freehold properties £m	Leasehold properties: Long leasehold £m	Leasehold properties: Short leasehold £m	Plant vehicles & equipment £m	Assets in course of construction £m	Total £m
Group						
Cost or valuation						
At 1 April 2000	292.3	22.4	90.3	1,201.9	35.8	1,642.7
Differences on exchange	9.0	0.3	3.3	17.5	3.6	33.7
Acquisition of subsidiaries	30.7	-	-	7.5	-	38.2
Additions	25.5	-	8.5	181.8	12.6	228.4
Reclassifications	20.4	0.2	1.3	0.6	(22.5)	-
Sale of subsidiaries	(19.4)	-	-	(277.0)	-	(296.4)
Disposals	(16.3)	(3.1)	(2.1)	(160.3)	-	(181.8)
Transfer to revaluation reserve	(0.3)	-	-	-	-	(0.3)
At 31 March 2001	**341.9**	**19.8**	**101.3**	**972.0**	**29.5**	**1,464.5**
Cost	278.5	13.2	100.2	972.0	29.5	1,393.4
Valuation – trading properties (1996)	58.2	6.6	1.1	-	-	65.9
Valuation – investment properties (2001)	5.2	-	-	-	-	5.2
	341.9	**19.8**	**101.3**	**972.0**	**29.5**	**1,464.5**
Depreciation						
At 1 April 2000	53.0	2.7	37.6	714.7	-	808.0
Differences on exchange	1.7	0.1	1.9	10.9	-	14.6
Acquisition of subsidiaries	3.6	-	-	2.7	-	6.3
Reclassifications	-	-	(0.6)	0.6	-	-
Charge for year	10.5	0.3	6.5	136.4	-	153.7
Sale of subsidiaries	(10.9)	-	-	(105.1)	-	(116.0)
Disposals	(1.5)	-	(0.9)	(137.1)	-	(139.5)
At 31 March 2001	**56.4**	**3.1**	**44.5**	**623.1**	**-**	**727.1**
Net Book Value at 31 March 2000	239.3	19.7	52.7	487.2	35.8	834.7
Net Book Value at 31 March 2001	**285.5**	**16.7**	**56.8**	**348.9**	**29.5**	**737.4**

Assets of £5.2m (2000 £179.5m) are held for hire under operating leases, comprising cost or valuation of £5.2m (2000 £253.1m) and related depreciation of nil (2000 £73.6m).

The net book value of plant, vehicles and equipment at 31 March 2001 includes £15.3m (2000 £23.2m) acquired under finance leases.

Investment properties were revalued as at 31 March 2001 by external valuers, Colliers Conrad Ritblat Erdman Limited, Chartered Surveyors. This valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Revalued trading properties are included at their valuation at 31 March 1996 less depreciation. The valuation at 31 March 1996 was on the basis of open market value for existing use. Other trading properties are included at cost.

On the historical cost basis the net book value of properties carried at valuation is £24.8m (2000 £59.2m), comprising cost of £36.8m (2000 £80.8m) and related depreciation of £12.0m (2000 £21.6m).

14. Tangible fixed assets continued	Freehold properties £m	Leasehold properties Long leasehold £m	Leasehold properties Short leasehold £m	Plant vehicles & equipment £m	Total £m
Company					
Cost or valuation					
At 1 April 2000	3.1	3.0	–	1.6	7.7
Additions	–	–	0.3	0.3	0.6
Transfer intra-group	1.0	–	–	–	1.0
Disposals	(1.6)	(3.0)	–	(0.5)	(5.1)
Transfer to revaluation reserve	(0.1)	–	–	–	(0.1)
At 31 March 2001	**2.4**	**–**	**0.3**	**1.4**	**4.1**
Cost	–	–	0.3	1.4	1.7
Valuation – investment properties (2001)	2.4	–	–	–	2.4
	2.4	**–**	**0.3**	**1.4**	**4.1**
Depreciation					
At 1 April 2000	–	–	–	1.0	1.0
Charge for year	–	–	–	0.2	0.2
Disposals	–	–	–	(0.5)	(0.5)
At 31 March 2001	**–**	**–**	**–**	**0.7**	**0.7**
Net Book Value at 31 March 2000	3.1	3.0	–	0.6	6.7
Net Book Value at 31 March 2001	**2.4**	**–**	**0.3**	**0.7**	**3.4**

Investment properties were revalued as at 31 March 2001 by external valuers, Colliers Conrad Ritblat Erdman Limited, Chartered Surveyors. This valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

On the historical cost basis the net book value of properties carried at valuation is £2.6m (2000 £3.7m), comprising cost of £2.6m (2000 £3.7m) and related depreciation of nil (2000 nil).

Notes to the financial statements

for the year ended 31 March 2001

15. Investment in joint venture

	Shares £m	Loans £m	Total £m
Group			
Cost or valuation			
At 1 April 2000	129.4	81.5	210.9
Share of profit after taxation	2.6	–	2.6
Share of revaluation of investment properties	(16.8)	–	(16.8)
Additions	–	12.3	12.3
At 31 March 2001	**115.2**	**93.8**	**209.0**

The Group holds 50% of the equity share capital of BL Universal PLC. During the year BL Universal PLC issued 12,800,000 ordinary non-voting shares at par for a consideration of £3.2m to the other shareholder. The Group's share of cumulative retained profits at 31 March 2001 is £14.7m (2000 £12.1m) and its share of the turnover for the year, excluded from Group turnover, is £27.6m (2000 £30.9m).

The consolidated balance sheet of BL Universal PLC is as follows:

	2001 £m	2000 £m
Fixed assets	**997.3**	1,043.7
Current assets	**52.7**	26.3
Creditors – amounts due within one year	**(125.3)**	(90.5)
Creditors – amounts due after more than one year	**(691.1)**	(720.6)
Shareholders' funds	**233.6**	258.9
Attributable to the Group	**115.2**	129.4

	Shares £m	Loans £m	Total £m
Company			
Cost			
At 1 April 2000	2.4	81.5	83.9
Additions	–	12.3	12.3
At 31 March 2001	**2.4**	**93.8**	**96.2**

16. Fixed asset investments

	Shares in associated undertakings (note a) £m	Other investments (note b) £m	Interests in own shares (note c) £m	Total £m
Group				
Cost or valuation				
At 1 April 2000	38.4	15.0	–	53.4
Differences on exchange	3.8	1.5	–	5.3
Acquisition of subsidiaries	0.1	–	–	0.1
Sale of subsidiaries	–	(1.8)	–	(1.8)
Additions	14.1	1.8	15.8	31.7
Share of profit after tax	10.4	–	–	10.4
Dividends received	(6.9)	–	–	(6.9)
Disposals	–	(0.9)	–	(0.9)
At 31 March 2001	**59.9**	**15.6**	**15.8**	**91.3**
Amounts written off				
At 1 April 2000	–	–	–	–
Amortisation of own shares	–	–	1.8	1.8
Other amounts written off	–	1.6	–	1.6
At 31 March 2001	**–**	**1.6**	**1.8**	**3.4**
Net Book Value at 31 March 2000	38.4	15.0	–	53.4
Net Book Value at 31 March 2001	**59.9**	**14.0**	**14.0**	**87.9**

Notes to the financial statements

for the year ended 31 March 2001

15. Investment in joint venture

	Shares £m	Loans £m	Total £m
Group			
Cost or valuation			
At 1 April 2000	129.4	81.5	210.9
Share of profit after taxation	2.6	-	2.6
Share of revaluation of investment properties	(16.8)	-	(16.8)
Additions	–	12.3	12.3
At 31 March 2001	**115.2**	**93.8**	**209.0**

The Group holds 50% of the equity share capital of BL Universal PLC. During the year BL Universal PLC issued 12,800,000 ordinary non-voting shares at par for a consideration of £3.2m to the other shareholder. The Group's share of cumulative retained profits at 31 March 2001 is £14.7m (2000 £12.1m) and its share of the turnover for the year, excluded from Group turnover, is £27.6m (2000 £30.9m).

The consolidated balance sheet of BL Universal PLC is as follows:

	2001 £m	2000 £m
Fixed assets	**997.3**	1,043.7
Current assets	**52.7**	26.3
Creditors – amounts due within one year	**(125.3)**	(90.5)
Creditors – amounts due after more than one year	**(691.1)**	(720.6)
Shareholders' funds	**233.6**	258.9
Attributable to the Group	**115.2**	129.4

	Shares £m	Loans £m	Total £m
Company			
Cost			
At 1 April 2000	2.4	81.5	83.9
Additions	–	12.3	12.3
At 31 March 2001	**2.4**	**93.8**	**96.2**

16. Fixed asset investments

	Shares in associated undertakings (note a) £m	Other investments (note b) £m	Interests in own shares (note c) £m	Total £m
Group				
Cost or valuation				
At 1 April 2000	38.4	15.0	–	53.4
Differences on exchange	3.8	1.5	–	5.3
Acquisition of subsidiaries	0.1	–	–	0.1
Sale of subsidiaries	–	(1.8)	–	(1.8)
Additions	14.1	1.8	15.8	31.7
Share of profit after tax	10.4	–	–	10.4
Dividends received	(6.9)	–	-	(6.9)
Disposals	-	(0.9)	–	(0.9)
At 31 March 2001	**59.9**	**15.6**	**15.8**	**91.3**
Amounts written off				
At 1 April 2000	-	–	-	-
Amortisation of own shares	–	–	1.8	1.8
Other amounts written off	–	1.6	–	1.6
At 31 March 2001	**–**	**1.6**	**1.8**	**3.4**
Net Book Value at 31 March 2000	38.4	15.0	–	53.4
Net Book Value at 31 March 2001	**59.9**	**14.0**	**14.0**	**87.9**

16. Fixed asset investments continued	Group undertakings (note d)	Other investments: Shares in associated undertakings (note a)	Other investments: Interests in own shares (note c)	Total
	£m	£m	£m	£m
Company				
Cost or valuation				
At 1 April 2000	3,163.1	–	–	–
Additions	–	–	15.8	15.8
Transfers intra-group	56.8	0.4	–	0.4
Disposals	(56.0)	–	–	–
At 31 March 2001	**3,163.9**	**0.4**	**15.8**	**16.2**
Amounts written off				
At 1 April 2000	–	–	–	–
Amortisation of own shares	–	–	1.8	1.8
Other amounts written off	5.3	–	–	–
At 31 March 2001	**5.3**	**–**	**1.8**	**1.8**
Net Book Value at 31 March 2000	3,163.1	–	–	–
Net Book Value at 31 March 2001	**3,158.6**	**0.4**	**14.0**	**14.4**

a) Shares in associated undertakings
The Group's share of cumulative retained profits of associated undertakings at 31 March 2001 is £10.7m (2000 £7.2m).
The principal associated undertakings are as follows:

Name	Country of incorporation	Class of shares held	% interest	Nature of business
First American Real Estate Solutions	USA	*	20	Information services
NuEdge Systems	USA	*	50	Information services
MCL Software Limited	Great Britain	Ordinary	49	Information services
Motorfile Limited	Great Britain	Ordinary	50	Information services
GUS Finance Limited	Great Britain	Ordinary	50	Financial services
Priority Reserve Limited	Great Britain	Ordinary	50	Financial services
AAGUS Financial Services Group NV	Holland	Ordinary	33.3	Consumer lending

*First American Real Estate Solutions and NuEdge Systems are US partnerships.
GUS Finance Limited is held directly by the Company; other interests in associated undertakings are held by subsidiary undertakings.

b) Other investments
At the balance sheet date, the market value of the other investments was £10.9m (2000 £108.8m). At 31 May 2001, the market value of the investments held at 31 March 2001 was £13.6m.

c) Interests in own shares
Interests in own shares represents the cost of 4,050,000 of the Company's Ordinary shares (nominal value of £1,012,500) purchased in the year, which amounts to 0.4% of the called up share capital. These shares were acquired by two trusts in the open market using funds provided by the Company to meet obligations under the Performance Share Plan, Long Term Incentive Plans and the US Stock Option Plan. Both trusts have waived their entitlement to dividends which included the final dividend for the year to 31 March 2000. At 31 March 2001 the market value of the shares was £20.0m. The costs of administering the trusts are charged to the Group profit and loss account.

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16. Fixed asset investments continued

The Great Universal Stores ESOP Trust holds 1,450,000 Ordinary shares to meet obligations under The Great Universal Stores P.L.C. Performance Share Plan and The Great Universal Stores P.L.C. 1998 Executive Long Term Incentive Plans. These shares may subsequently be transferred to certain directors and senior executives and the purchase price of the shares is being charged to the profit and loss account so as to spread the cost evenly over the relevant performance period.

The Great Universal Stores ESOP Trust No 2 holds 2,600,000 Ordinary shares to meet obligations under the US Executive Stock Option Plan. These shares may be transferred to certain senior executives employed in North America. The cost to the Company, being the difference between the purchase price and the option price, is being charged to the profit and loss account so as to spread the cost evenly over the relevant performance period.

Details of share awards and options are given in Note 35.

d) The Group's principal subsidiary undertakings are listed on page 83.

17. Stocks

	2001 £m	2000 £m
Group		
Raw materials	**14.9**	8.2
Work in progress	**11.9**	7.1
Finished goods	**544.0**	513.3
	570.8	528.6

There is no significant difference between the replacement cost of stocks and the amounts shown above.

18. Debtors

	2001 Due within one year £m	2001 Due after more than one year £m	2000 Due within one year £m	2000 Due after more than one year £m
Group				
Trade debtors:				
Instalment and hire purchase debtors	**999.7**	**203.6**	1,119.5	290.2
Provision for unearned finance charges	**(60.1)**	**(17.2)**	(104.5)	(30.5)
	939.6	**186.4**	1,015.0	259.7
Other trade debtors	**380.3**	**-**	265.8	-
Total trade debtors	**1,319.9**	**186.4**	1,280.8	259.7
Book value of finance leases in lessor subsidiaries	**16.4**	**15.2**	26.5	30.8
Amounts owed by associated undertakings	**0.5**	**-**	2.0	-
Amount owed by joint venture	**53.2**	**-**	43.1	-
Taxation recoverable	**0.3**	**2.1**	2.6	-
VAT recoverable	**12.5**	**-**	12.6	-
Prepayments and accrued income	**158.5**	**18.2**	158.1	20.5
	1,561.3	**221.9**	1,525.7	311.0

Payments of £332.2m (2000 £862.5m) were made during the year to acquire assets on finance leases and hire purchase agreements. Collections by the Group and its quasi-subsidiaries, being the aggregate rentals receivable during the year in respect of those and earlier agreements, amounted to £839.2m (2000 £990.2m) with the balance receivable in subsequent financial years.

	2001 Due within one year £m	2000 Due within one year £m
Company		
Amounts owed by subsidiary undertakings	**3,771.2**	3,047.4
Amount owed by joint venture	**53.2**	43.1
Taxation recoverable	**29.0**	0.1
VAT recoverable	**0.5**	-
Other debtors	**-**	0.1
Prepayments and accrued income	**5.4**	2.0
	3,859.3	3,092.7

19. Securitised receivables

General Guarantee Finance Limited (GGF), the major subsidiary in the Finance Division, has securitised a significant portion of its debtor book, with the proceeds being used to reduce bank borrowings. Within current assets, non-recourse borrowings are linked with the securitised element of receivables. Turnover and profit before taxation are reduced by financing costs in respect of non-recourse borrowings.

There have been two major securitisation transactions as follows:

- In March 1999, GGF sold £421m of hire purchase receivables to a trust of which Automobile Loan Finance (No 1) Limited (ALF1) is a principal beneficiary.
- In June 1999, GGF sold £400m of hire purchase receivables to a trust of which Automobile Receivables Transaction (No 1) PLC (ART1) is a principal beneficiary.

During the year ended 31 March 2001, GGF continued to offer further hire purchase receivables for purchase under these arrangements until it ceased to make new advances following the decision to close the business.

ALF1 and ART1 issued debt to finance their interests in the hire purchase receivables, the written terms of which provide no recourse to GGF. Neither GGF nor any other member of the Group is obliged, or intends, to support any losses in respect of the securitised receivables. ALF1 and ART1 are quasi-subsidiaries of the Group.

Receipts of interest and principal from GGF's customers in respect of the securitised receivables are used to repay ALF1's and ART1's obligations on their issued debt and to pay administration expenses with any excess income payable to GGF.

The key elements of the balance sheets of ALF1 and ART1, which form the basis of the linked presentation in the Group balance sheet, are:

	2001 ALF1 £m	2001 ART1 £m	2001 Total £m	2000 ALF1 £m	2000 ART1 £m	2000 Total £m
Interest in securitised receivables:						
Due within one year	**162.9**	**116.4**	**279.3**	209.0	141.7	350.7
Due after more than one year	**174.0**	**134.4**	**308.4**	289.1	233.8	522.9
Bank balances and cash	**29.1**	**29.9**	**59.0**	–	36.1	36.1
	366.0	**280.7**	**646.7**	498.1	411.6	909.7
Amounts owed (to)/by Group undertakings	**–**	**(20.0)**	**(20.0)**	39.0	(20.0)	19.0
	366.0	**260.7**	**626.7**	537.1	391.6	928.7
Non-recourse borrowings:						
Due within one year	**161.9**	**126.7**	**288.6**	–	–	–
Due after more than one year	**169.9**	**123.6**	**293.5**	500.0	380.0	880.0
	331.8	**250.3**	**582.1**	500.0	380.0	880.0

In the Group balance sheet, non-recourse borrowings are shown after the deduction of unamortised issue costs incurred by GGF of £0.6m (2000 £2.3m). Following the cessation of new advances by GGF, £288.6m of the non-recourse borrowings is classified as falling due within one year.

The key elements of the profit and loss accounts of ALF1 and ART1, which form the basis of the linked presentation in the *Group profit and loss account*, are:

	2001 ALF1 £m	2001 ART1 £m	2001 Total £m	2000 ALF1 £m	2000 ART1 £m	2000 Total £m
Gross financial income	**28.5**	**20.9**	**49.4**	25.9	20.2	46.1
Gross financial expenses	**28.2**	**19.5**	**47.7**	25.5	17.9	43.4

The key elements of the cash flows of ALF1 and ART1 are:

	2001 ALF1 £m	2001 ART1 £m	2001 Total £m	2000 ALF1 £m	2000 ART1 £m	2000 Total £m
Cash inflows from operating activities	**61.0**	**23.4**	**84.4**	1.7	30.2	31.9
Returns on investments and servicing of finance	**(32.4)**	**(24.1)**	**(56.5)**	(20.1)	(19.1)	(39.2)
Financial investment – movement of interest in hire purchase receivables	**161.2**	**124.2**	**285.4**	(74.1)	(375.0)	(449.1)
Financing – (repayment)/proceeds of debt issue	**(168.2)**	**(129.7)**	**(297.9)**	100.0	400.0	500.0

Of the debt issue of £400.0m by ART1 in the year ended 31 March 2000, an amount of £20.0m was purchased by the Company and is eliminated in the Group financial statements.

Notes to the financial statements

for the year ended 31 March 2001

20. Current asset investments	2001 £m	2000 £m
Group		
Cost:		
Listed investments: Overseas	**22.9**	13.3
Great Britain	**0.4**	0.4
	23.3	13.7
Certificates of deposit	**30.0**	20.0
	53.3	33.7
Market and redemption value:		
Listed investments: Overseas	**23.3**	14.7
Great Britain	**0.4**	0.4
	23.7	15.1
Certificates of deposit	**30.0**	20.0
	53.7	35.1

21. Creditors – amounts due within one year	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Loans and overdrafts (Note 23)	**811.0**	302.8	**116.3**	51.0
Trade creditors	**309.3**	377.1	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**4,113.4**	3,574.0
Amounts owed to associated undertakings	**2.6**	2.8	**–**	–
Taxation	**19.9**	68.0	**–**	10.4
VAT and other taxes payable	**53.6**	39.5	**–**	–
Social security costs	**22.8**	21.4	**–**	–
Obligations under finance leases	**7.5**	11.1	**–**	–
Accruals	**461.1**	350.7	**16.2**	4.1
Collection costs on instalment debtors	**34.7**	35.9	**–**	–
Other creditors	**365.4**	329.7	**19.0**	24.1
Proposed final dividend	**148.3**	144.8	**148.3**	144.8
	2,236.2	1,683.8	**4,413.2**	3,808.4

22. Creditors – amounts due after more than one year	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Loans (Note 23)	**662.5**	1,149.2	**655.3**	646.2
Taxation	**0.1**	1.5	**–**	–
Obligations under finance leases:				
Repayable in one to two years	**5.2**	8.5	**–**	–
Repayable in two to five years	**2.2**	4.3	**–**	–
Accruals	**21.2**	29.1	**–**	–
Collection costs on instalment debtors	**5.0**	5.0	**–**	–
Other creditors	**17.3**	9.6	**–**	–
	713.5	1,207.2	**655.3**	646.2

23. Loans and overdrafts

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Repayable wholly within five years:				
€500m 5.125% Eurobonds 2004	**307.9**	299.1	**307.9**	299.1
US $800m term loan 2001	**560.5**	502.2	**-**	-
Multi-Currency loan	**-**	221.6	**-**	-
Floating Rate Unsecured Loan Notes 2003	**46.6**	51.0	**46.6**	51.0
Other loans and overdrafts	**206.0**	31.0	**69.7**	-
	1,121.0	1,104.9	**424.2**	350.1
Repayable after more than five years:				
£350m 6.375% Eurobonds 2009	**347.4**	347.1	**347.4**	347.1
Other loans	**5.1**	-	**-**	-
	1,473.5	1,452.0	**771.6**	697.2
The amounts due to be repaid within five years are repayable as follows:				
Within one year	**811.0**	302.8	**116.3**	51.0
Between one and two years	**0.7**	503.0	**-**	-
Between two and five years	**309.3**	299.1	**307.9**	299.1
	1,121.0	1,104.9	**424.2**	350.1

The Floating Rate Unsecured Loan Notes 2003 were issued in the year to 31 March 1999 in connection with the acquisition of Argos. Interest is based on LIBOR and is payable on 31 March and 30 September. Noteholders are entitled to require the Company to repay the whole of the principal outstanding by giving notice not less than 30 days prior to the interest payment date.

24. Provisions for liabilities and charges

	Deferred taxation £m	Pensions and similar obligations £m	Total £m
Group			
At 1 April 2000	59.9	78.0	137.9
Differences on exchange	(1.4)	-	(1.4)
Profit and loss account	1.8	23.2	25.0
Payments	-	(22.3)	(22.3)
Acquisition of subsidiaries	(0.7)	-	(0.7)
Sale of subsidiaries	(3.8)	-	(3.8)
Transfers and other movements	(0.7)	-	(0.7)
At 31 March 2001	**55.1**	**78.9**	**134.0**

	Pensions and similar obligations £m
Company	
At 1 April 2000	15.9
Profit and loss account	1.0
Payments	(1.0)
Transfers and other movements	0.6
At 31 March 2001	**16.5**

	Group 2001 £m	Group 2000 £m
The provision for deferred taxation comprises:		
United Kingdom undertakings – fixed asset and other timing differences	**44.4**	48.7
Overseas undertakings – timing differences	**10.7**	11.2
	55.1	59.9
Unprovided deferred taxation – property revaluations	**9.4**	11.4

There is no unprovided deferred taxation on property revaluations for the Company (2000 £0.8m).

The Group's share of unprovided deferred taxation in respect of property revaluations of BL Universal PLC is £22.3m (2000 £31.7m).

Notes to the financial statements

for the year ended 31 March 2001

25. Called up share capital	2001 £m	2000 £m
Ordinary shares of 25p each		
Authorised	**312.5**	312.5
Allotted and fully paid	**251.6**	251.5

At 31 March 2001, 1,006,258,475 (2000 1,005,888,345) Ordinary shares had been allotted, called up and fully paid. During the year to 31 March 2001, 370,130 Ordinary shares were issued for a consideration of £1,447,629 in connection with the exercise of share options.

	Group			Company		
26. Reserves	Share premium account £m	Revaluation reserve £m	Profit and loss account £m	Share premium account £m	Revaluation reserve £m	Profit and loss account £m
At 1 April 2000	0.4	280.9	1,933.5	0.4	2.7	1,726.3
Goodwill on disposals	–	–	40.4	–	–	–
Goodwill on acquisitions	–	–	(1.2)	–	–	–
Differences on exchange	–	0.7	(61.5)	–	–	–
(Loss)/profit for the year	–	–	(6.2)	–	–	229.7
Revaluation of property	–	(17.1)	–	–	(0.1)	–
Revaluation surplus realised on disposals	–	(127.9)	127.9	–	(2.6)	2.6
Premium on shares issued under share option schemes	1.4	–	–	1.4	–	–
At 31 March 2001	**1.8**	**136.6**	**2,032.9**	**1.8**	**–**	**1,958.6**

Cumulative goodwill charged to reserves on acquisitions before 1 April 1998 comprises:

	Subsidiary undertakings £m	*Associated undertakings* £m	*Total* £m
At 1 April 2000	1,775.1	31.0	1,806.1
Goodwill on disposals	(40.4)	–	(40.4)
Goodwill on acquisitions	1.2	–	1.2
At 31 March 2001	**1,735.9**	**31.0**	**1,766.9**

Deferred taxation is not provided in respect of profits retained in overseas Group undertakings to the extent that there is either no intention to make a significant distribution or double taxation relief will eliminate any UK tax liability.

There are no significant statutory, contractual or exchange control restrictions on distributions by Group undertakings.

Included in differences on exchange is an exchange loss of £116.9m (2000 gain of £29.9m) arising on borrowings denominated in foreign currencies and currency swaps designated as hedges of net investments overseas.

27. Commitments	2001 £m	2000 £m
Group capital commitments		
Capital expenditure for which contracts have been placed	**61.1**	88.1

	2001 Land & buildings £m	2001 Plant & equipment £m	2000 Land & buildings £m	2000 Plant & equipment £m
Group operating lease commitments				
Annual commitments where the commitment expires:				
Within one year	**6.3**	**7.4**	7.3	12.9
Within two to five years	**27.3**	**30.5**	21.3	28.5
In more than five years	**81.2**	**–**	76.9	0.1
	114.8	**37.9**	105.5	41.5

There are no significant commitments relating to the Company.
The Group's share of the capital commitments of BL Universal PLC at 31 March 2001 is £5.2m (2000 £27.1m).

28. Contingent liabilities

The Company has guaranteed liabilities of subsidiary undertakings amounting to £598.3m (2000 £750.2m) including guarantees in respect of borrowings by subsidiary undertakings of £593.2m (2000 £740.1m).

29. Related party transactions

Transactions between the Group and its associated undertakings during the year were as follows:

- Experian companies made net sales and recharges to associated undertakings of £15.1m (2000 £12.3m).
- Wehkamp provided database and catalogue services of £0.7m (2000 £0.8m) to AAGUS Financial Services Group NV.

Amounts receivable from and owed to the joint venture and associated undertakings are shown within notes 18 and 21.

During the year to 31 March 2000, Experian entered into an agreement to acquire property in Costa Mesa, California with the intention of building its new US headquarters facility there by January 2002. In this connection an amount of £15.2m ($24.5m) was paid to First American Real Estate Solutions, an associated undertaking of the Group, as escrow agent and, during the year to 31 March 2001, an amount of £13.3m ($21.5m) was released to the vendor.

30. Foreign currency

The principal exchange rates used were as follows:

	Average		Closing	
	2001	2000	**2001**	2000
US dollar	**1.48**	1.61	**1.43**	1.59
South African rand	**10.84**	9.95	**11.46**	10.42
Euro	**1.64**	1.57	**1.62**	1.67

31. Notes to the Group cash flow statement

	2001 £m	2000 £m
(a) Net cash flow from operating activities		
Operating profit	**399.2**	420.7
Depreciation and amortisation charges	**304.9**	299.4
Amounts written off investments	**3.4**	-
Increase in stocks	**(32.7)**	(26.9)
(Increase)/decrease in debtors	**(22.6)**	401.3
Increase in creditors	**6.5**	52.5
Increase in provisions for liabilities and charges	**0.9**	0.6
Net cash inflow from operating activities	**659.6**	1,147.6
(b) Returns on investments and servicing of finance		
Interest received	**28.4**	23.9
Interest paid	**(95.5)**	(83.4)
Interest element of finance lease rental payments	**(1.4)**	(2.7)
Net cash outflow for returns on investments and servicing of finance	**(68.5)**	(62.2)
(c) Capital expenditure		
Purchase of fixed assets	**(311.4)**	(317.5)
Sale of fixed assets	**43.8**	53.7
Net cash outflow for capital expenditure	**(267.6)**	(263.8)
(d) Financial investment		
Purchase of own shares	**(15.8)**	-
Purchase of other fixed asset investments	**(15.9)**	(11.7)
Sale of fixed asset investments	**5.5**	15.8
Loans (advanced to)/repaid by BL Universal PLC	**(12.3)**	57.3
Net cash (outflow)/inflow for financial investment	**(38.5)**	61.4

Notes to the financial statements

for the year ended 31 March 2001

31. Notes to the Group cash flow statement continued	2001 £m	2000 £m
(e) Acquisition of subsidiaries		
Purchase of subsidiary undertakings (note (k))	**(171.7)**	(10.5)
Net (overdrafts)/cash acquired with subsidiary undertakings (note (k))	**(1.0)**	4.4
Net cash outflow for acquisition of subsidiaries	**(172.7)**	(6.1)
(f) Disposal of subsidiaries		
Sale of subsidiary undertakings (note (l))	**233.7**	-
Net cash disposed of with subsidiary undertakings (note (l))	**(4.8)**	-
Net cash inflow from sale of subsidiaries	**228.9**	-
(g) Management of liquid resources		
Purchase of investments	**(11.7)**	(1.6)
Sale of investments	**0.3**	-
Purchase of certificates of deposit	**(10.0)**	-
Decrease/(increase) in term deposits (other than overnight deposits)	**140.3**	(119.3)
Net cash inflow/(outflow) from management of liquid resources	**118.9**	(120.9)
(h) Financing		
Debt due within one year:		
Repayment of borrowings	**(226.0)**	(1,288.2)
New borrowings	**34.0**	232.8
Debt due after more than one year:		
New borrowings	**7.2**	671.2
Capital element of finance lease rental payments	**(10.7)**	(27.6)
Net cash outflow from financing	**(195.5)**	(411.8)

(i) Analysis of net debt	At 1 April 2000 £m	Cash flow £m	Acquisitions (excluding cash and overdrafts) £m	Other non-cash changes £m	Exchange movement £m	**At 31 March 2001 £m**
Cash at bank and in hand (including overnight deposits)	139.8	56.5	-	-	-	**196.3**
Overdrafts	(30.1)	(84.6)	-	-	-	**(114.7)**
	109.7	(28.1)	-	-	-	**81.6**
Debt due after one year	(1,149.2)	499.8	(4.6)	-	(8.5)	**(662.5)**
Debt due within one year	(272.7)	(315.0)	(0.2)	-	(108.4)	**(696.3)**
Finance leases	(23.9)	10.7	1.7	(3.4)	-	**(14.9)**
	(1,445.8)	195.5	(3.1)	(3.4)	(116.9)	**(1,373.7)**
Liquid resources:						
Term deposits	248.7	(140.3)	-	-	-	**108.4**
Current asset investments including certificates of deposit	33.7	21.4	-	-	(1.8)	**53.3**
	282.4	(118.9)	-	-	(1.8)	**161.7**
Total	(1,053.7)	48.5	(3.1)	(3.4)	(118.7)	**(1,130.4)**

Including non-recourse borrowings of £581.5m (2000 £877.7m), total borrowings at the end of the year were £1,711.9m (2000 £1,931.4m).

31. Notes to the Group cash flow statement continued

(j) Major non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at inception of the lease of £3.4m (2000 £9.3m).

(k) Acquisition of subsidiary undertakings	2001 £m	2000 £m
Net assets acquired:		
Fixed assets	**32.0**	1.7
Current assets:		
Stocks	**16.1**	–
Debtors	**56.8**	0.2
Bank balances and cash	**5.6**	5.1
Creditors (including overdrafts of £6.6m (2000 £0.7m))	**(75.3)**	(6.9)
Provisions for liabilities and charges	**0.7**	–
	35.9	0.1
Goodwill	**177.7**	13.4
	213.6	13.5
Satisfied by:		
Cash	**168.5**	10.3
Acquisition expenses	**3.2**	0.2
	171.7	10.5
Deferred consideration	**41.9**	3.0
	213.6	13.5

Subsidiary undertakings acquired during the year had no material impact on the cash flows of the Group.

(l) Disposal of subsidiaries	2001 £m
Fixed assets	**189.5**
Current assets:	
Stocks	**6.6**
Debtors	**113.9**
Bank balances and cash	**4.8**
Creditors	**(63.1)**
Provisions for liabilities and charges	**(3.8)**
	247.9
Goodwill written back on disposal	**40.4**
Loss on disposal	**(50.3)**
	238.0
Satisfied by:	
Cash	**233.7**
Deferred consideration	**4.3**
	238.0

Subsidiary undertakings disposed of during the year had no material impact on the cash flows of the Group.

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for the year ended 31 March 2001

32. Acquisitions

Details of significant acquisitions are given in the Directors' Report on pages 34 and 35.
The assets and liabilities acquired in the year were as follows:

	Book value £m	Fair value adjustments £m	Fair value £m
Fixed assets	32.0	–	32.0
Current assets:			
Stocks	16.8	(0.7)	16.1
Debtors	61.0	(4.2)	56.8
Bank balances and cash	5.6	–	5.6
Creditors	(69.6)	(5.7)	(75.3)
Provisions for liabilities and charges	0.7	–	0.7
Net assets acquired	46.5	(10.6)	35.9
Goodwill			177.7
			213.6
Satisfied by:			
Cash			168.5
Acquisition expenses			3.2
Deferred consideration			41.9
			213.6

The fair value adjustments comprise:

	£m
Burberry (Spain) S.A.	
Provision in respect of taxation liabilities	(1.2)
Provision in respect of unrecorded liabilities to suppliers	(1.5)
Provision in respect of other unrecorded liabilities	(0.5)
jungle.com	
Stock provision	(0.7)
Write off of amounts in respect of former subsidiary undertakings	(2.7)
Deferred expenditure written off	(0.7)
Provision in respect of unrecorded liabilities	(2.4)
Other acquisitions	(0.9)
	(10.6)

There were no accounting policy alignments.

In the period from 1 April 2000 to the date of acquisition the Group received royalty income of £1.2m from Burberry (Spain) S.A.. In the year to 31 March 2000 such income amounted to £5.1m.

33. Financial instruments

The Financial Review on pages 28 to 31 provides details of the Group's treasury policy and controls.

The Group has taken advantage of the exemption available under FRS 13 in respect of short term debtors and creditors and accordingly, where permitted by the FRS, details in respect of such debtors and creditors are excluded from the disclosures dealt with in this note.

(a) Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial instruments:

	2001 Book value £m	**2001 Fair value £m**	2000 Book value £m	2000 Fair value £m
Fixed asset investments:				
Loans to joint venture	**93.8**	**93.8**	81.5	81.5
Own shares	**14.0**	**20.0**	–	–
Other investments	**14.0**	**10.9**	15.0	108.8
Debtors due after more than one year	**221.9**	**221.9**	311.0	311.0
Securitised receivables	**65.2**	**65.2**	32.0	32.0
Current portion of book value of finance leases in lessor subsidiaries	**16.4**	**16.4**	26.5	26.5
Current asset investments	**53.3**	**53.7**	33.7	35.1
Bank balances and cash	**304.7**	**304.7**	388.5	388.5
Financial assets	**783.3**	**786.6**	888.2	983.4
Loans and overdrafts	**(1,473.5)**	**(1,470.3)**	(1,452.0)	(1,432.3)
Finance leases – amounts due within one year	**(7.5)**	**(7.5)**	(11.1)	(11.1)
Finance leases – amounts due after more than one year	**(7.4)**	**(7.4)**	(12.8)	(12.8)
Other creditors – amounts due after more than one year	**(43.6)**	**(43.6)**	(45.2)	(45.2)
	(748.7)	**(742.2)**	(632.9)	(518.0)
Derivative financial instruments held to manage the interest rate and currency profile:				
Interest rate swaps	–	**24.7**	–	12.7
Currency swaps	**(6.8)**	**(6.8)**	–	–
Tax equalisation swap in respect of currency exposure on term loan	**(29.1)**	**(29.1)**	(2.9)	(2.9)
Forward foreign currency contracts	–	**5.9**	–	8.6

The fair values of listed current asset investments and borrowings are based on year end mid-market prices. The fair values of other financial assets and liabilities and interest rate swaps are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end. The book value and fair value of the tax equalisation swap represents the liability to the provider of that instrument at the year end. The fair value of foreign currency contracts is based on a comparison of the contractual and year end exchange rates.

(b) Interest rate risk profile

The returns earned on bank balances, cash and investments are variable, determined by local market conditions.

The interest rate risk profile of the Group's other financial assets by currency after taking account of interest rate swaps is as follows:

	Floating rate assets £m	Fixed rate assets £m	Assets on which no interest is earned £m	Total £m	Fixed rate assets: Weighted average interest rate %	Fixed rate assets: Weighted average period for which rate is fixed Years
At 31 March 2001						
Finance Division – sterling	126.4	–	–	126.4	–	–
European Home Shopping – euro	94.5	8.8	–	103.3	29	2
South African Retailing – rand	–	29.2	–	29.2	26	2
Other	2.2	22.2	20.2	44.6	22	2
Total	**223.1**	**60.2**	**20.2**	**303.5**		

Notes to the financial statements

for the year ended 31 March 2001

33. Financial instruments continued	Floating rate assets £m	Fixed rate assets £m	Assets on which no interest is earned £m	Total £m	Fixed rate assets: Weighted average interest rate %	Fixed rate assets: Weighted average period for which rate is fixed Years
(b) Interest rate risk profile (continued)						
At 31 March 2000						
Finance Division – sterling	192.1	–	–	192.1	–	–
European Home Shopping – euro	84.1	20.6	–	104.7	18	3
South African Retailing – rand	–	29.3	–	29.3	31	2
Other	–	22.9	20.5	43.4	22	2
Total	276.2	72.8	20.5	369.5		

The floating rate assets above earn interest at rates determined by local regulation and market conditions.

The interest rate risk profile of the Group's financial liabilities by currency after taking account of interest rate swaps is as follows:

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Financial liabilities on which no interest is paid £m	Total £m	Fixed rate liabilities: Weighted average interest rate %	Fixed rate liabilities: Weighted average period for which rate is fixed Years
At 31 March 2001						
Sterling	567.8	8.3	15.5	591.6	–	–
US Dollar	0.2	569.0	7.6	576.8	6	1
Rand	23.1	1.8	–	24.9	–	–
Euro	7.7	310.5	20.5	338.7	5	3
Total	**598.8**	**889.6**	**43.6**	**1,532.0**		
At 31 March 2000						
Sterling	409.8	14.3	16.2	440.3	–	–
US Dollar	221.6	505.3	17.7	744.6	6	2
Rand	18.2	1.9	–	20.1	–	–
Euro	1.1	303.7	11.3	316.1	5	4
Total	650.7	825.2	45.2	1,521.1		

(c) Currency exposures

At 31 March 2001 and 31 March 2000 the Group had no material currency exposures after taking account of forward contracts.

(d) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities, including finance lease obligations, is as follows:

	2001 £m	2000 £m
In one year or less	**818.5**	313.9
In one to two years	**47.5**	554.6
In two to five years	**311.5**	303.4
In more than five years	**354.5**	349.2
	1,532.0	1,521.1

(e) Borrowing facilities

At 31 March 2001 the Group had undrawn committed short term borrowing facilities available of £550.0m (2000 £333.7m). These facilities are in place to enable the Group to finance its working capital requirements and for general corporate purposes and all expire within one year of the balance sheet date.

33. Financial instruments continued

(f) Hedging

Derivative financial instruments are accounted for using hedge accounting to the extent that they are held to hedge a financial asset or liability. At 31 March 2001 and 31 March 2000, the Group had no material deferred foreign currency gains. An analysis of unrecognised gains and losses on hedging is shown below:

Year to 31 March 2001	Unrecognised gains £m	Unrecognised losses £m	Total unrecognised gains/(losses) £m
On hedges at 1 April 2000	21.3	–	21.3
Arising before 1 April 2000 and recognised during the year ended 31 March 2001	(12.5)	–	(12.5)
Arising during the year and not included in current year income	21.8	–	21.8
At 31 March 2001	**30.6**	**–**	**30.6**
Expected to be recognised in 2001/2	14.1	–	14.1
Expected to be recognised thereafter	16.5	–	16.5
Year to 31 March 2000			
On hedges at 1 April 1999	2.6	(5.7)	(3.1)
Arising before 1 April 1999 and recognised during the year ended 31 March 2000	(2.6)	2.5	(0.1)
Arising during the year and not included in current year income	21.3	3.2	24.5
At 31 March 2000	21.3	–	21.3
Expected to be recognised in 2000/1	12.5	–	12.5
Expected to be recognised thereafter	8.8	–	8.8

34. Employees

	2001			2000 (restated) (Note 1)		
	Full time	Part time	Full time equivalent	Full time	Part time	Full time equivalent
The average number of employees of the Group during the year was:						
Experian	**11,386**	**532**	**11,704**	11,454	731	11,863
Argos Retail Group						
Argos	**9,450**	**16,155**	**13,394**	8,067	15,318	11,669
Home Shopping – UK & Ireland	**3,080**	**569**	**3,215**	3,153	715	3,580
Financial Services	**39**	**4**	**41**	32	4	34
Home Shopping – Continental Europe	**1,384**	**816**	**1,829**	1,425	796	1,856
	13,953	**17,544**	**18,479**	12,677	16,833	17,139
Reality	**9,501**	**7,525**	**14,365**	9,400	7,665	14,200
Burberry	**2,502**	**199**	**2,641**	1,965	213	2,103
South African Retailing	**5,469**	**557**	**5,697**	5,163	435	5,319
Finance Division	**437**	**20**	**447**	812	22	823
gusco.com	**34**	**–**	**34**	–	–	–
Central	**49**	**–**	**49**	45	2	46
	43,331	**26,377**	**53,416**	41,516	25,901	51,493

The aggregate payroll cost was as follows:

	2001 £m	2000 £m
Wages and salaries	**959.1**	895.2
Social security costs	**111.2**	106.7
Other pension costs	**38.3**	34.0
	1,108.6	1,035.9

Details of the remuneration, shareholdings and share options of the Directors are included in the Report on Directors' Remuneration and Related Matters on pages 41 to 47.

Notes to the financial statements

for the year ended 31 March 2001

35. Share options and awards

Awards under The Great Universal Stores P.L.C. Performance Share Plan and The Great Universal Stores P.L.C. 1999 Executive Long Term Incentive Plans

During the year to 31 March 2001, awards were made under these plans in respect of a total of 1,446,609 Ordinary shares. At 31 March 2001 awards in respect of a total of 1,360,592 Ordinary shares remained outstanding and, as indicated in Note 16, shares have been purchased by The Great Universal Stores P.L.C. ESOP Trust to meet obligations under these plans. These awards include those granted to directors of the Company, further details of which are contained in the Report on Directors' Remuneration and Related Matters on pages 41 to 47.

Options under the 1998 Approved and Non-Approved Executive Share Option Schemes

Unexercised options granted under these schemes in respect of Ordinary shares in the Company are as follows:

Number of shares 2001	Number of shares 2000	Exercise price	Period of exercise
161,664	161,664	580.2p	From 09.12.2001 to 08.12.2008
154,385	154,385	690.2p	From 23.06.2002 to 22.06.2009
–	82,471	357.7p	From 08.12.2002 to 07.12.2009
4,090,693	–	375.7p	From 07.04.2003 to 06.04.2010
81,737	–	428.2p	From 07.08.2003 to 06.08.2010
192,674	–	526.0p	From 06.12.2003 to 05.12.2010
4,681,153	398,520		

These options include those granted to directors of the Company, further details of which are contained in the Report on Directors' Remuneration and Related Matters on pages 41 to 47.

Options under the US Stock Option Plan (the "US Stock Plan")

As reported in last year's Annual Report, the Group has set up a US share option plan. The US Stock Plan was adopted by resolution of the Board of Directors on 7 June 2000. Options have been granted to certain executives in respect of a total of 2,641,308 Ordinary shares, 2,608,836 shares at an exercise price of 381.3p per share and 32,472 shares at an exercise price of 526p per share. All option exercises under the US Stock Plan are to be satisfied by the transfer of already issued shares and shares have been purchased for this purpose by The Great Universal Stores ESOP Trust No 2 (see note 16).

Options under The Great Universal Stores P.L.C. Savings Related Share Option Scheme ("Sharesave")

In connection with the introduction of Sharesave, options were granted on 9 February 2001 in respect of 11,536,389 Ordinary shares in the Company. The exercise price is 384p per share and these options are exercisable as follows:

Number of shares	Period of exercise
5,898,905	From 01.05.2004 to 31.10.2004
5,637,484	From 01.05.2006 to 31.10.2006
11,536,389	

These options include those granted to directors of the Company, further details of which are contained in the Report on Directors' Remuneration and Related Matters on pages 41 to 47.

Options under Argos SAYE share option schemes

In connection with the acquisition of Argos, holders of certain SAYE share options in respect of Argos shares were permitted to surrender these options in exchange for options in respect of Ordinary shares in the Company.

During the year to 31 March 2001, 140,147 Ordinary shares were issued following the exercise of such share options. There are now no remaining options, with options in respect of 127,972 shares having lapsed during the year.

36. Pensions and post retirement benefits

The Group operates pension plans in many countries around the world and provides post retirement healthcare insurance and other post retirement benefits to certain former employees. The major pension schemes, which are in the United Kingdom, are as follows:

The GUS Defined Benefit Scheme
The Argos Defined Benefit Scheme
The GUS Defined Contribution Scheme

In other countries, benefits are determined in accordance with local practice and regulations, and funding is provided accordingly. The total pension cost for the Group was £38.3m (2000 £34.0m) of which £9.3m (2000 £9.5m) related to overseas plans.

Accrued pension costs in respect of the defined benefit schemes and other pension liabilities amounted to £65.9m (2000 £64.6m) and are included in Provisions for liabilities and charges (Note 24). Accrued pension costs include £25.2m (2000 £23.6m) in respect of unfunded liabilities.

The GUS Defined Benefit Scheme
The Scheme has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

A formal valuation of the Scheme as at 31 March 1998 was carried out by independent, professionally qualified actuaries, William M Mercer Limited, using the projected unit method. The principal actuarial assumptions used at 31 March 1998 were as follows:

Valuation rate of interest	
Pre-retirement	7.55% per annum
Post-retirement	6.06% per annum
Rate of future earnings growth	5.15% per annum
Pension increases	3.00% per annum

At the valuation date, the market value of the Scheme's assets was £256m. This represented 105% of the value of benefits that had accrued to members.

The Argos Defined Benefit Scheme
The Scheme has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

A formal valuation of the Scheme as at 5 April 1998 was carried out by independent, professionally qualified actuaries, Watson Wyatt Partners, using the projected unit method. The principal actuarial assumptions used at 5 April 1998 were as follows:

Investment return	7.75% per annum
Rate of future earnings growth	5.25% per annum
Pension increases	3.25% per annum

At the valuation date, the market value of the Scheme's assets was £180m. This represented 106% of the benefits that had accrued to members.

The GUS Defined Contribution Scheme
The Scheme was introduced during the year ended 31 March 1999 with the aim of providing pension benefits for those Group employees in the United Kingdom who, hitherto, had been ineligible for pension scheme membership. The assets of the Scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £6.5m (2000 £4.9m). Contributions totalling £0.6m (2000 £0.5m) were payable to the fund at 31 March 2001 and are included in creditors.

Other Post Retirement Benefits
In the United Kingdom, the Group provides post retirement healthcare insurance to certain former employees funded by annual premiums to a third party insurer.

The last actuarial valuation of the accrued liability in respect of post retirement benefits was carried out as at 1 April 1998 by independent, professionally qualified actuaries, William M Mercer Limited, using the projected unit method. The assumption which has the most significant impact on the actuarial valuation is that medical cost inflation will be 10% per annum for five years reducing to 7% per annum for the longer term.

A provision at 31 March 2001 of £13.0m (2000 £13.4m) is included in Provisions for liabilities and charges (Note 24). Premiums paid in the year were £0.7m (2000 £0.5m) and the total cost for the Group was £0.7m (2000 £0.5m).

Five year summary

	1997	1998	1999	2000	2001
Earnings per share	38.0p	43.3p	32.1p	27.4p	**20.3p**
Earnings per share before amortisation of goodwill and exceptional items	36.6p	38.9p	38.8p	34.5p	**37.2p**
Dividend per share	18.0p	20.0p	20.6p	20.6p	**21.0p**
Dividend cover	2.0	1.9	1.9	1.7	**1.8**

Profit and loss account	£m	£m	£m	£m	£m
Profit before amortisation of goodwill, exceptional items and taxation	554.4	555.1	513.6	447.9	**486.8**
Amortisation of goodwill	-	-	(72.6)	(79.4)	**(92.3)**
Exceptional items	21.5	68.6	9.4	11.1	**(84.7)**
Profit before taxation	575.9	623.7	450.4	379.6	**309.8**
Tax on profit on ordinary activities	(194.0)	(188.4)	(127.4)	(104.5)	**(106.1)**
Profit after taxation	381.9	435.3	323.0	275.1	**203.7**

Balance sheet	£m	£m	£m	£m	£m
Goodwill	–	–	1,503.5	1,437.6	**1,516.2**
Other fixed assets	1,273.7	987.4	1,212.4	1,238.1	**1,213.2**
Trading assets	1,668.9	1,303.0	1,947.1	1,993.6	**1,626.4**
Net cash/(borrowings) (including non-recourse borrowings)	172.3	284.9	(2,069.8)	(1,931.4)	**(1,711.9)**
Dividends and taxation	(255.9)	(276.9)	(196.2)	(271.6)	**(221.0)**
Net assets	2,859.0	2,298.4	2,397.0	2,466.3	**2,422.9**

Principal subsidiary undertakings and joint venture

as at 31 March 2001

Incorporated in Great Britain

Experian
Experian Limited

Argos Retail Group
Argos
Argos Limited
jungle on line Limited

Home Shopping
GUS Home Shopping Limited
Kay & Co. Limited
Morses Limited
Family Hampers Limited

Financial Services
All Counties Insurance Company Limited
Whiteaway Laidlaw Bank Limited
Argos Card Services Limited

Reality
Reality Group Limited
Reality Solutions UK Limited
White Arrow Express Limited

Burberry
Burberry Limited
The Scotch House Limited
Woodrow-Universal Limited

Finance Division
General Guarantee Finance Limited

Property Joint Venture
BL Universal PLC (50%)*

Incorporated Overseas

Experian
FRANCE
Experian France S.A.

UNITED STATES OF AMERICA
Experian Information Solutions Inc.
Experian Services Corporation
Experian Marketing Solutions Inc.

Home Shopping
THE NETHERLANDS
Wehkamp B.V.

REPUBLIC OF IRELAND
GUS Ireland Limited

SWEDEN
Halens Postorder A.B.

SWITZERLAND
Vedia S.A.

South African Retailing
SOUTH AFRICA
Lewis Stores (Pty) Limited

Burberry
EUROPE
Burberry – Belgium
– France
– Germany
– Spain
– Switzerland

UNITED STATES OF AMERICA
Burberry USA

All subsidiary undertakings are wholly owned and operate principally in the country in which they are incorporated. Non-operating intermediate holding companies are excluded from the above.

Details of interests in associated undertakings are given within Note 16 on page 67.

*Held directly by The Great Universal Stores P.L.C.

Shareholder information

Ordinary shareholders

There are 60,049 holders of Ordinary shares and their holdings can be analysed as follows:

	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary shares 000s	Percentage of Ordinary shares
Over 1,000,000	157	0.3	659,598	65.6
100,001 - 1,000,000	633	1.1	201,441	20.0
10,001 - 100,000	1,884	3.1	53,940	5.4
5,001 - 10,000	2,919	4.9	20,524	2.0
2,001 - 5,000	10,750	17.9	33,546	3.3
1 - 2,000	43,706	72.7	37,209	3.7
	60,049	100.0	1,006,258	100.0

Shareholders are further analysed as follows:

	Number of shareholders	Percentage of total number of shareholders	Number of Ordinary shares 000s	Percentage of Ordinary shares
Corporates	16,622	27.7	917,631	91.2
Individuals	43,427	72.3	88,627	8.8
	60,049	100.0	1,006,258	100.0

Registrar

Enquiries concerning holdings of the Company's shares and notification of the holder's change of address should be referred to Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA Telephone: 0870 600 3987. In addition, Lloyds TSB Registrars offer a range of shareholder information on line at www.shareview.co.uk. A text phone facility for those with hearing difficulties is available by contacting Telephone: 0870 600 3950.

Share price information

The latest GUS share price is available on Ceefax and also on the Financial Times Cityline Service,
Telephone: 0906 843 2740 (calls charged at 60p per minute).

Internet

A full range of investor relations information on GUS, including latest share price and dividend history, is available at www.gusplc.com

Share dealing facility

Existing or potential investors can buy or sell GUS Ordinary shares using a postal dealing service provided by Cazenove & Co., whose contact details are:
Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN
Telephone: 020 7606 1768

Financial calendar

Annual General Meeting and first quarter trading update	25 July 2001
Final dividend record date	3 August 2001
Final dividend to be paid	31 August 2001
First half trading update	October 2001
Interim results announcement	29 November 2001
Third quarter trading update	January 2002
Second half trading update	April 2002
Preliminary announcement of annual results	May 2002

Company address

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