

Directors' report

The directors present their Annual Report together with the audited financial statements for the year ended 31 March 2002.

Principal activities and business review

GUS is a retail and business services group. It provides business information and customer relationship management services through Experian, multi-channel retailing and home delivery through Argos Retail Group and luxury goods through Burberry. It also has UK Property interests and retailing in South Africa. The review of the results for the year and an indication of future developments are contained in the Annual Review & Summary Financial Statement 2002 which is published separately and, together with this document, comprises the full GUS plc Annual Report & Financial Statements.

Profit and dividends

The profit for the year amounts to £256.6m (2001 £203.7m). An interim dividend of 6.5p was paid to the Ordinary shareholders of the Company on 1 February 2002 and, on 28 May 2002, the directors recommended the payment, on 30 August 2002, of a final dividend of 15.2p per share, giving a total dividend for the year of 21.7p (2001 21.0p). The final dividend, once approved, will be paid to those persons on the Register of Members at the close of business on 2 August 2002.

Directors

The names and biographical details of the directors holding office at the date of this report are shown in the separately published Annual Review & Summary Financial Statement 2002.

Eric Barnes, David Bury and Jonathan Charkham retired from the Board on 25 July 2001. Victor Barnett will retire from the Board on 1 July 2002.

Frank Newman was appointed a director on 10 December 2001. As the appointment was made after the date of the last Annual General Meeting, he will retire in accordance with the Company's Articles of Association and a resolution proposing his re-election will be proposed at the Annual General Meeting.

The directors retiring by rotation at this year's Annual General Meeting are Terry Duddy, Alan Smart and David Tyler who, being eligible, offer themselves for re-election.

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

Interests of directors, who held office at 31 March 2002, in the shares of the Company and its subsidiaries are shown on page 31. On 30 May 2002, Sir Victor Blank purchased 80,000 shares, John Peace purchased 10,000 shares and Terry Duddy purchased 15,000 shares. There were no other changes in the directors' interests in shares between the end of the financial year and 31 May 2002.

Corporate governance

The Company's statement on Corporate Governance is set out on pages 20 to 22.

Acquisition

In April 2002, Experian North America acquired ConsumerInfo.com for a consideration of \$130m in cash. ConsumerInfo.com is the leading supplier of online credit reports, scores and related information to consumers in the United States.

Substantial shareholding

As at 31 May 2002, the Company had been notified that Legal & General Investment Management Limited held 30,409,592 Ordinary shares which represented 3.02 per cent 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 49.

Annual General Meeting

The eighty-fourth Annual General Meeting of the Company will be held at the Marriott Grosvenor Square, Grosvenor Square, London W1A 4AW at 11.30am on Wednesday 24 July 2002. The Notice of Meeting is included in a separate Circular to Shareholders which accompanies this Annual Report.

Corporate social responsibility

This year the Company has published its first separate Corporate Social Responsibility Report. It is available on request from the Company Secretary or can be viewed on the Company's website, www.gusplc.com. In addition there is a section on Corporate Social Responsibility on pages 32 and 33.

Donations

The Group's support for charitable causes is channelled through the work of the GUS Charitable Trust. The Trust's income from the Company in respect of the year ended 31 March 2002 was £828,000. In that year, the Trust made awards totalling £632,000. Major awards were as follows:

	£'000
Dementia Relief Trust	35
National Asthma Campaign	21
Breakthrough Breast Cancer	50
Barnardos	100
NCH Action for Children	30
Nottingham Trent University – in connection with the Experian Online Statistics Portal	50
The London Connection – a charity for the homeless	20
National Association of Citizens' Advice Bureau for the development of a debt management scheme	40
Nottinghamshire County Council – encompassing a number of community based learning projects	30
Nottinghamshire Police – in connection with a Life Skills education project	40
Galleries of Justice – Excellence in Citizenship education project	30
	446

No political contributions were made.

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, the Group is, nevertheless, committed to ensuring that:

- All employees receive fair and equal treatment irrespective of gender, ethnic origin, age, nationality, marital status, religion, sexuality or disability.
- The working environment is conducive to achievement and free from sexual harassment and intimidation.
- Disabled persons, whether registered or not, have equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. In addition to complying with legislative requirements, procedures 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 assessment of training needs and the provision of appropriate training is delivered to its employees.

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 trading 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 2002 were 25 days (2001 25 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
24 June 2002

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