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INNOVATIONS GROUP LIMITED

Registered no: 7 8 5 2 4

Report and accounts

for the year ended 31 March 2003



INNOVATIONS GROUP LIMITED

REPORT AND ACCOUNTS

For the year ended 31 March 2003

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INNOVATIONS GROUP LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company did not trade during the year. The directors do not recommend the payment of a dividend (2002 - Nil).

On 27 May 2003 the entire share capital of the Company's immediate parent Company, Reality Group Limited, was acquired by March U.K. Limited.

DIRECTORS

M J Hancox

C J Holmes (resigned 27 May 2003)

March Company Director Limited (appointed 27 May 2003)

DIRECTORS' INTERESTS

No director had any beneficial interest in the shares of the Company. The interests of the directors, as defined by the Companies Act 1985, in the shares and share options of the ultimate parent company, GUS plc are as follows:

Shares and GUS Executive Share Option Scheme

Director	Shares		Share Options			
	At 31 March 2002 or date of appointment	At 31 March 2003	At 31 March 2002 or date of appointment	Options granted	Options exercised	At 31 March 2003
M Hancox	-	-	21,217	22,205	-	43,422
C J Holmes	352	-	13,692	6,125	-	19,817

No options lapsed during the year apart from those relating to directors who resigned. The options issued on 7 April 2000 can be exercised between 7 April 2003 and 6 April 2010 and have an exercise price of £3.757. The options issued on 11 June 2001 can be exercised between 11 June 2004 and 10 June 2011 with an exercise price of £6.127. The options issued on 6 June 2002 can be exercised between 6 June 2005 and 5 June 2012 and have an exercise price of £6.53. 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 annum more than the Retail Prices Index.

GUS Performance Share Plan

Director	Share Awards			
	At 31 March 2002 or date of appointment	Awards granted	Awards vested	At 31 March 2003
M Hancox	10,608	-	-	10,608

An award under the GUS Performance Share plan takes the form of a deferred right to acquire shares at no extra cost to the participant. The shares awarded on 1 April 2000 become vested on 1 April 2004 at a price of £3.757. The shares awarded on 11 June 2001 become vested on 11 June 2004 at a price of £6.127. The vesting of these awards are subject to prescribed performance conditions.

INNOVATIONS GROUP LIMITED

DIRECTORS' REPORT(Continued)

Save As You Earn Share Option Schemes

Director	Share Options			At 31 March 2003
	At 31 March 2002 or date of appointment	Options granted	Options exercised	
C J Holmes	2,522	-	-	2,522

The grant date of the SAYE scheme was 9 February 2001. The options can be exercised for the three-year scheme between 2 May 2004 and 1 November 2004. The options can be exercised for the five-year scheme between 2 May 2006 and 1 November 2006. The exercise price for both schemes is 384 pence per share.


ELECTIVE RESOLUTIONS

The company has passed elective resolutions to dispense with:

- a) the laying of reports and accounts before the company in general meetings;
- b) the holding of annual general meetings; and
- c) the obligation to appoint auditors annually,

until such time as individually revoked

BY ORDER OF THE BOARD


March Secretarial Services Limited
Secretary

INNOVATIONS GROUP LIMITED

BALANCE SHEET

At 31 March 2003

	Notes	2003 £	2002 £
DEBTORS			
Amounts falling due within one year			
Amounts owing by ultimate parent undertaking		<u>351,586</u>	<u>351,586</u>
CAPITAL AND RESERVES			
Called up equity share capital	4	45,000	45,000
Reserves	5	306,586	306,586
EQUITY SHAREHOLDERS' FUNDS		<u>351,586</u>	<u>351,586</u>

Advantage has been taken of the audit exemptions available for dormant companies conferred by section 249AA(1) of the Companies Act 1985 on the grounds:

- (a) that for the year ended 31 March 2003 the company was entitled to the exemption from a statutory audit under section 249AA(1) of the Companies Act 1985; and
- (b) members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985
- (c) the directors acknowledge their responsibility for:
 - i. ensuring that the company keeps proper accounting records which comply with section 221 of the Companies Act 1985; and
 - ii. preparing financial statements which give a true and fair view of the state of the affairs of the company as at 31 March 2003 and of its profit or loss for the year then ended in accordance with the requirement of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the company.

The accounts on pages 4 to 6 were approved by the Board of Directors on
and signed on its behalf by:

17th December 2003



March Company Director Limited
Director

INNOVATIONS GROUP LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

1 ACCOUNTING POLICIES

a) Basis of accounting

The accounts are drawn up on the historical cost basis of accounting.

b) Cash flow statement

During the year ended 31 March 2003, the Company was a wholly owned subsidiary of GUS plc, and the cash flows of the Company are included in the Consolidated Cash Flow Statement of GUS plc. Consequently the Company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

2 PROFIT AND LOSS ACCOUNT

The company has not traded during the year. Therefore no profit and loss account has been prepared.

3 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments for services to the company during the year ended 31 March 2003 (2002 - Nil).

4 CALLED-UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
85,000 Ordinary shares @ £1 each	<u>85,000</u>	<u>85,000</u>
Allotted, called-up and fully paid:		
45,000 Ordinary shares @ £1 each	<u>45,000</u>	<u>45,000</u>

INNOVATIONS GROUP LIMITED

NOTES TO THE ACCOUNTS(Continued)

	2003	2002
	£	£
5 RESERVES		
Capital reserve	118,233	118,233
Profit and loss account	188,353	188,353
	<u>306,586</u>	<u>306,586</u>

6 PARENT UNDERTAKINGS

The immediate parent undertaking is Reality Group Limited.

The parent company of both the largest and smallest group in which Innovations Group Limited is included is GUS plc.

As at 31 March 2003 the directors regard GUS plc, a company registered in England and Wales, as the ultimate parent company and controlling party. The consolidated accounts for the ultimate parent undertaking are available from its registered office at Universal House, Devonshire Street North, Manchester, M60 6EL.