

**One company, one year, one objective...**

## **Topps Tiles Plc**

Annual Report and Financial Statements 2005



# growth!



**Stuart Williams**  
President and Co-Founder

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**THE TOPPS TILES GROUP IS BRITAIN'S BIGGEST TILE AND WOOD FLOORING SPECIALIST WITH 244 STORES THROUGHOUT THE UK, AND WITH A CONTROLLED OPENING PROGRAMME OF 24 NEW STORES PER ANNUM, THE UK STORE TARGET OF 350 STORES IS WELL WITHIN REACH.**

**TOPPS' RECORD SINCE FLOTATION IN 1997 IS CONSISTENTLY EXCELLENT WITH BASIC EARNINGS PER SHARE SHOWING OVER 40% AVERAGE ANNUAL COMPOUND GROWTH OVER THE PAST EIGHT YEARS AND WITH OUR DOMINANT MARKET POSITION, MORE NEW STORES AND A GROWING MARKET, THE BOARD EXPECTS A CONTINUED BUILD IN SHAREHOLDER VALUE.**

## FINANCIAL HIGHLIGHTS 52 WEEKS RESULTS TO 1 OCTOBER 2005

# +10.0%

Group turnover increased by 10.0% to £173.3 million (2004: £157.6m for 53 weeks)

# +16.1%

Profit Before Tax increased by 16.1% to £39.2 million (2004: £33.8m for 53 weeks)

# +18.1%

Basic earnings per share increased to 13.34p (2004: 11.30p)

# +18.8%

Dividend per share increased to 9.50p (2004: 8.00p)

- > Group gross margin increased to 61.3% (2004: 60.5%)
- > Group like-for-like turnover increased by 3.4%
- > Operating costs increased to 40.0% (2004: 39.9%)
- > Profit before tax margin increased to 22.6% (2004: 21.4%)
- > Profit before tax margin, excluding exceptional profit on capital items, increased to 21.7% (2004: 21.1%)

- > Dividend policy maintained at 1.41 times cover
- > A final net dividend of 6.00 pence per share to be paid on 31 January 2006
- > Net cash position of £21.8m
- > A net 24 new stores opened in the UK in this financial period
- > 13 stores now trading in Holland (2004: 11 stores)



01

**TOPPS TILES PLC**  
Annual Report and Financial Statements 2005



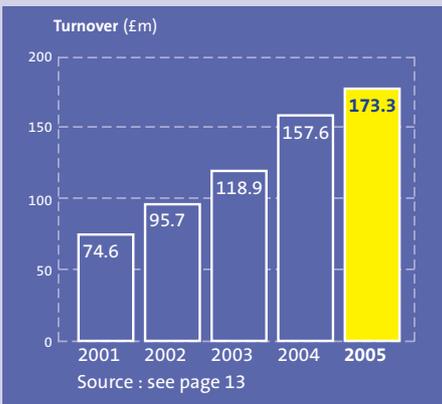
# 15

stores refurbished during the last financial period, as part of our commitment to infrastructure investment



# 24

new stores (net) opened in the last 12 months



# 244

stores trading across the UK with a further 13 in Holland



# 244 stores - one focus

**The key to our continued success is our commitment to the highest levels of customer service and both the range and quality of products that we offer.**



I am pleased to report another strong performance by the Group with record profits and increased UK market share. We have consolidated our position as the leading UK ceramic tile and wood flooring specialist, backed by what is now a truly national brand. The new Topps Distribution and Marketing Centre is fully integrated with the capacity to support our UK store target of a minimum of 350 stores.

The period has seen a particularly weak UK consumer environment, however I am pleased to report the resilience of our business model has enabled us to continue to deliver record results and to outperform the market.

Since flotation in 1997 total shareholder return has grown by over 2,000% and we have consistently been a top performing company in the FTSE Index.

### Financial Results

Group turnover has increase by 10.0% over the period to £173.3 million, with profit before tax increasing by 16.1% to £39.2 million. Gross margins have improved to 61.3% compared to 60.5% in 2004. 2004 was an exceptional year in respect of trading and if you look at the trend over the last two years like-for-like sales have improved 24.9%

Set against extremely strong comparatives last year and the tough UK trading, growth in like-for-like sales for the period was 3.4%, with overall sales growth of 10.0%.

Our business continues to be highly cash generative and at the year end we had net cash balances of £21.8 million.

### Board Changes

As announced at the Annual General Meeting on 11 January 2005, Stuart Williams, my co-founder of Topps, stepped down as Co-Chairman and Board Director on 31 March 2005. I am delighted however that Stuart has taken on the newly created non Board advisory role of President and continues to offer his expertise and guidance to the business.

### Dividend

The Board continues to be committed to a progressive dividend policy and is recommending a final dividend of 6.00 pence per share. Together with the interim dividend of 3.50p per share the total dividend for the period will be 9.50 pence per share, an increase of 18.8%. The dividend will be paid on 31 January 2006 to all shareholders on the register as at 13 January 2006.

### People

Our staff are fundamental to the success of the business and I would like to take this opportunity to thank all our employees for their inspiring contributions and continued commitment during the period. We have created another 174 jobs as a direct result of our expansion programme.

### Outlook

Although the current UK trading environment continues to be volatile, I remain confident that the strength of our business model and the expertise of the strong management team will enable us to continue to grow the business and ensure the delivery of sustainable growth for shareholders.

**Barry Bester**  
*Chairman*



**Customer  
service**

**Store  
locations**

**Our success  
is built on four  
key cornerstones:**

**Stock  
availability**

**Store  
layout**



# 4 key cornerstones - one strategy

We always aim to provide high levels of customer service across both our brands

### 1. Customer service

We continually strive to provide and maintain high levels of customer service and regard it as fundamental to the ongoing success of Topps. The quality and performance of our staff at every level is key and we train all our staff at our own national and regional training centres and through our e-learning tile training college. Customer service remains our number one priority and it is our policy to be honest, helpful and knowledgeable but never pushy.

We complement the advice that our staff can give in store with a range of services offering practical support to customers which include Loan-a-Tile, free "How to" video or DVD, tile cutting service and our buy-back service which allows undamaged stock tiles to be returned within 28 days for a full refund.

### 2. Store locations

Topps stores are purposely located in highly visible destinations, on or close to busy roads and always with parking facilities. Our stores in the main are not located on high streets or large retail parks. Our controlled expansion programme is taking us across the UK and a full list of stores can be found at the end of this report or on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

Our stores trade seven days a week on Monday to Saturday opening from 8.00am to 6.00pm and on Sundays either 10.00am to 4.00pm or 11.00am to 5.00pm, with a number of larger stores opening until 8.00pm during the week.

### 3. Store layout

Our average store size is just over 6,300 square feet and can accommodate our in-house formats including Floor Store and Stone Works, which usually have their own individually branded section of the store.

All our stores have a similar layout, are clearly branded and designed to be customer-friendly with product and pricing clearly displayed on colourful and informative point-of-sale displays. The stores are mini-warehouse style, which is ideal to display our extensive product ranges as well as ensuring they are easy to navigate with trolleys, prams and pushchairs.

### 4. Stock availability

Topps Tiles and Tile Clearing House offer a huge choice of product, with the best the world has to offer in wall and floor tiles, natural stone, laminate and real wood flooring. Our extensive in-store product offering is supported by on-site stock facilities. The combination of choice of product with the availability of stock is unrivaled in the UK. Our new marketing and distribution centre ensures that all our stores receive at least two deliveries a week to ensure stock levels are maintained at every store.





+26%

projected market growth over the next five years



6,307  
sq.ft is the average size of our mini-warehouse style stores



Continued TV sponsorships

PLC awards 2004

COMPANY OF THE YEAR

Voted Company of the Year for the second consecutive year at Price Waterhouse Coopers PLC Awards



Overall sales and like-for-like sales growth (%)



Source : see page 13



# 2 core brands - one objective

**Driving the business forward**



**Nicholas Ounstead**  
*Chief Executive Officer*

This year, in a turbulent UK trading environment, we have again demonstrated the fundamental strength of our business through the continued delivery of improved profits.

### Store Development and Expansion

Our national store opening programme continues apace with a net 24 new stores (20 Topps and 4 Tile Clearing House) opened in this financial year. We now have a total of 244 trading stores (207 Topps and 37 Tile Clearing House) and are firmly on our way to achieving our stated target of a minimum of 350 UK outlets. We continue to enjoy a good pipeline of suitable sites for occupation or development.

In line with our policy of continued store development and refurbishment, 3 stores were closed or relocated, 15 re-fitted and a net 24 new stores opened in the period. We have a total of 64 stores offering our tile studio concept of extra choice of up-market tiles, available on a special order basis and 17 floorstores with an enhanced

stock range of laminate and real wood flooring. The average square footage of our stores has increased gradually and is now over 6,300 square feet.

Our Stoneworks concept has continued to be popular, as consumers' appetite for natural product grows. We now have 19 stores open with a full Stoneworks offering and we also offer a selected range of these products in all our other stores.

### Holland

We now have a total of 13 stores trading in Holland under our 50/50 joint venture including two new stores opened in the period. It is our intention to open a minimum two stores in the next financial period.

### Marketing, advertising and sponsorship

As part of our strategy to be "the brand" of choice in the UK we have again continued our nationwide marketing and advertising programme. Our approach is two fold: using national television advertising both digital and terrestrial coupled with print and radio advertising on a regional basis. This is not only an effective strategy in respect of maximising our reach UK wide but is also a cost effective approach, spreading costs across each store in concentrated areas such as central London, for example, the Carlton Weather sponsorship.





61.3%

Gross margin

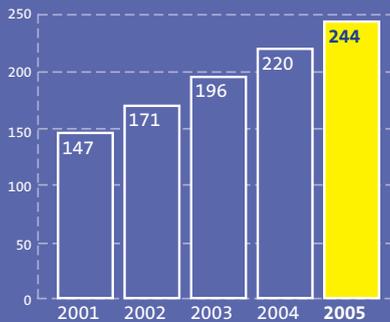


+16.1%

Increase in profit before tax



Number of stores at the financial period end



Source : see page 13



## CHIEF EXECUTIVE'S STATEMENT continued

Topps Tiles is one of Britain's biggest supporters of youth football. Topps stores currently sponsor 225 teams nationwide and our yellow kit is arguably the most famous in the beautiful game.

### Staff Development and Customer Service

Our vision is of high-performing, motivated and well-trained people who can make a difference to our customers, shareholders, the business and themselves. We live by our values of friendly, helpful and expert advice.

The quality of leadership in the company is key to the successful delivery of our strategy for growth and our commitment to training, development and career progression is demonstrated through our in-house training school, incentive schemes, bonus system, share save schemes and other incentives including the 'Home Computing Initiative' and the 'Cycle to Work' schemes. We have recently introduced a comprehensive employee benefits scheme which includes a whole range of internal and external company benefits from discounts on holidays to an employee helpline service.

We understand the true value of all our employees and actively encourage the recruitment of staff from all age groups. We have a policy of internal promotion, encouraging employees to advance their careers both in the stores and the Head Office functions.

### The market

Despite a widely reported slow down in spending, we believe that in the mid-longer term DIY retail remains a relatively stable sector. There are a number of factors underpinning the future of the retail DIY market. The UK population is growing steadily, particularly in the 35-64 key age band for DIY; and household numbers are growing faster than the population up from 22.4 million in 1991 to 24.5 million in 2003; and owner occupancy is also on the rise and with an ageing UK housing stock that requires constant repair and maintenance.

More specifically, in 2004 the UK ceramic tile market grew 12% to 77.2 million square metres, an increase of 49% compared with 2000. At manufacturers selling prices the market was worth close to £400 million in 2004 (source MBD).

The UK still has a very low consumption rate compared to its European counterparts with only 1.1% of world consumption in 2004 compared with, for example Spain at 5.9% (Source: Ceramic World Review). Consumption continues to increase driven by issues such as health and hygiene, an increase in second bathrooms, shower rooms, conservatories and utility rooms and an increase in the use of underfloor heating systems.

UK Retail sales of ceramic tiles are expected to increase by 26% by 2010 (source: MBD) and we are confident therefore of the continued growth in the ceramic tile market.

### Current trading

In the first seven weeks of the new financial period we have recorded a like-for-like sales decrease of 4.7%, however, the two year like-for-like sales shows an increase of 14.1%. Overall sales have increased by 1.2% over last year and 24.8% over two years.

We have opened stores in Hayes, Lewes and Pentonville Road already this new financial year with our target roll-out of 24 new stores for 2005/06.

There is no doubt that we, along with the rest of the UK retail sector, are experiencing a very tough trading environment. However, given the strength of these results we believe we have the right business model and the best people to continue to gain market share and we are well placed to maintain our goal of providing sustainable returns for shareholders.

**Nicholas Ounstead**

*Chief Executive Officer*



+18.1%

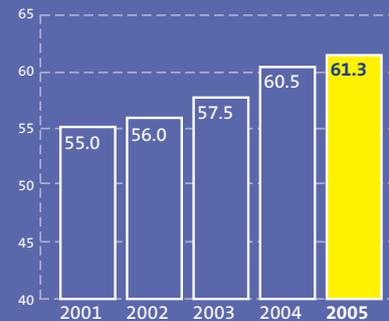
Basic earnings per share increase



£8.8m

Total capital expenditure  
during the financial period

Gross margin (%)



Source : see page 13



# Several business goals - one target

Meeting our operational and financial objectives



**Nicholas Ounstead**  
*Chief Executive Officer*



**Andrew Liggett**  
*Finance Director*

This does not represent a statutory Operating and Financial Review as set out in the Companies Act 1985 (Schedule 72A) and in RS1.

### **Nature, Objectives and Strategies of the business**

Topps Tiles PLC is Britain's biggest tile and wood flooring specialist group with over 244 stores throughout the UK. We have an opening programme of 24 stores per financial year and a long term target of a minimum of 350 stores UK wide.

Our founders, Stuart Williams and Barry Bester, whose vision and enterprise built up the business from just a few shops, are still major shareholders.

Topps first specialist tile centre opened in Manchester in 1963. It was a pioneering concept offering customers quality tiles at bargain prices, sold by friendly, helpful people. This policy has never changed.

We operate two brands in the market, Topps Tiles and Tile Clearing House. Topps is Britain's biggest tile and wood flooring specialist group with the largest choice in the UK to suit all tastes and budgets. Tile Clearing House is a true "cash and carry" tile store selling end of lines, job lots and seconds, appealing to small builders, local contractors and bulk purchasers.

Today at Topps you will find the best the world can offer in wall and floor tiles, natural stone, laminate and solid wood flooring. Underfloor heating, tools, adhesives, grouts, accessories and cleaning products are also on hand for the perfect finish to any job.

Most of the tiles commissioned for Topps go straight to our central warehouse and distribution centre near Leicester. From here, all Topps stores receive at least two bulk deliveries a week, so stock is constantly flowing to keep pace with demand.

The business is built on four cornerstones that underpin our success: customer service, store locations, store layout and stock availability.

Our aim is to increase shareholder value through the delivery of sustainable earnings growth.

### **Operating Environment**

Historically, the Group's business has proven to be resilient in the face of economic downturn. The business has traded through a number of recessions and whilst sales continued to grow we did experience some pressure on margins. However, the business has changed over the years and we are confident that our current business model places us well to continue to deliver future shareholder value.



# £21.8m

Net funds position as at  
1 October 2005

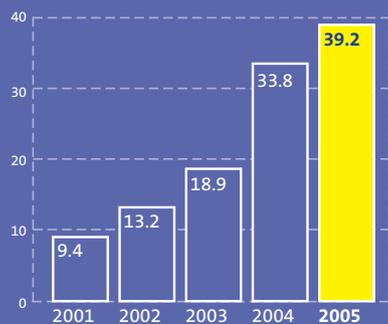


# +18.8%

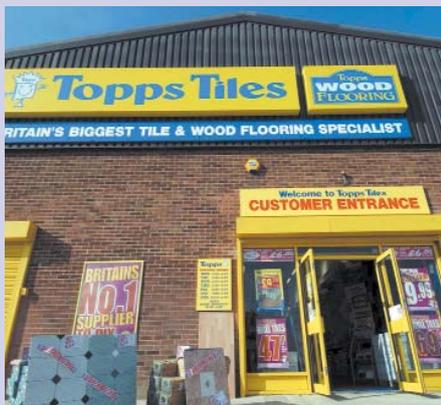
Increase in dividend payout



Profit before tax (£m)



Source : see page 13



## OPERATING AND FINANCIAL REVIEW continued

### Operating Environment (continued)

Topps is the market leading brand in the UK, enjoying an estimated 20% market share by value. Estimated market shares are based on external research by MBD.

In terms of competitive positioning Topps sits between the DIY chains and the independent tile retailers. In the UK there is one other significant chain, Tiles R Us but they also sell bathrooms and kitchens.

### Key Performance Indicators

The directors monitor a number of financial metrics and key performance indicators (KPIs) for the group and by store, including:

- Like for like Sales
- Sales value per transaction
- Gross Profit

The directors receive daily information on these and other metrics and KPIs for the Group as a whole.

In addition, the directors receive information on non financial metrics such as customer satisfaction questionnaires and Mystery Shopper surveys.

### Key Strengths and Resources

Customer satisfaction is Topps No.1 priority. We are committed to the highest levels of customer service, it is our policy to be honest, helpful and knowledgeable.

In addition, we provide a range of services offering practical support at every stage of the job including Loan-a-Tile, free 'How to' video or DVD, tile cutting and Topps buy-back service for unused tiles.

The quality and range of products offered is the widest in the market with over 17,000 separate product lines.

### Risks and Uncertainties

Risks to the business include its relationship with key suppliers, the potential threat of competitors, the risk that key information technology or EPOS systems could fail; the loss of key personnel; the risk of a prolonged economic recession and development of substitute products.

The directors routinely monitor all these risks and uncertainties and appropriate actions are taken to mitigate the risks or their potential outcomes.

### Financial review

#### *Profit and Loss Account*

#### Turnover

During the period Group turnover increased by 10.0% to £173.3 million from £157.6 million last year. Like-for-like sales increased by 3.4%, with new store openings contributing a further 8.7% increase, with the difference of 2.1% being due to the 53 week comparison in the prior period.

#### Gross margin

Overall gross margin was 61.3% compared to 60.5% last year. At the interim point of this period gross margin was 61.9%. The second half of the period has shown a gross margin of 60.7% which reflects the tougher trading conditions in this period.

#### Operating expenses

Overall costs have increased from £62.8 million to £69.3 million which is an increase of 10.4%. New stores accounted for 6.9% with the remaining 3.5% due to like for like increases. Costs as a percentage of sales were 40.0% compared to 39.9% last year.

#### Profit before tax

We have achieved an overall increase in profit before tax of 16.1% to £39.2 million compared to a profit before tax of £33.8 million last year. This period's profit before tax includes £1.7 million of exceptional profit, compared to £542,000 last year, following the sale and leaseback of four freehold properties.

#### Profit before tax margin

Group profit before tax margin has increased to 22.6% from 21.4% last year. This increase of 1.2 percentage points has been achieved primarily by an increase in gross margin of 0.8 percentage points less a slight increase in operating costs of 0.1 percentage points with the remainder being reflected in the exceptional profit on disposal of fixed assets and interest receivable.

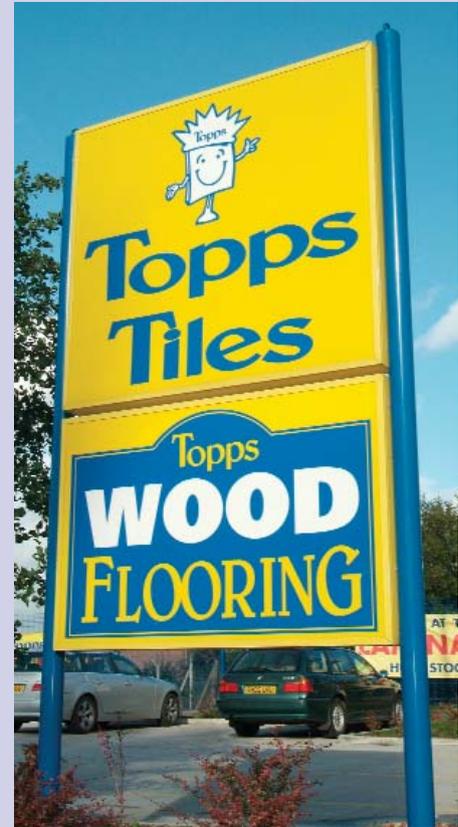
#### Taxation

The effective rate of Corporation Tax was 23.1% (53 weeks ended 2 October 2004: 24.1%) and we have continued to fully provide for deferred taxation in line with FRS19. The effective rates of tax for both financial periods have been favourably affected by statutory deductions for share options exercised and intra-Group restructuring benefits.

#### Charts

Financial information in the charts displayed on pages 2,6,8,10,12,14, 16 and 18 is based on the Annual Report and Financial Statements for the 52 week periods ending 2 June 2001, 1 June 2002, and 1 October 2005, the proforma unaudited statements for the 52 week period ended 27 September 2003, and the 53 week period ended 2 October 2004 .

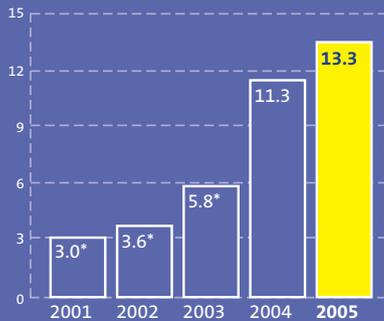




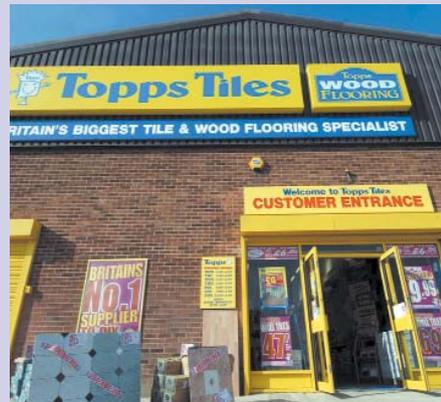
40.0%

Costs as a percentage of sales

Basic earnings per share (pence)



Source : see page 13



£27.8m

Cash reserves position as at

1 October 2005



## OPERATING AND FINANCIAL REVIEW continued

### Earnings per share

Basic earnings per share has grown to 13.34 pence compared to 11.30 pence last year, an increase of 18.1%. Diluted earnings per share were 13.24 pence compared to 11.12 pence last year, an increase of 19.1%.

### Dividend and dividend policy

The Board is recommending a final dividend of 6.00 pence per share, which will give a total dividend for the period of 9.50 pence compared to 8.00 pence last year an increase of 18.8%. This maintains our dividend cover at 1.41 times.

### Balance Sheet

#### Capital expenditure

Capital expenditure in the period amounted to £8.8 million. This includes the cost of acquiring two freehold sites for £3.6 million and development stores site costs of £0.1 million.

We have also opened 27 new stores and undertaken preparatory work on a further two stores at a cost of £3.0 million and undertaken major refurbishment of a further 15 stores at a cost of £0.7 million and other re-fit costs of £0.8 million. We continue to update and expand our IT systems within the business and this coupled with some motor vehicle renewals accounted for £0.6 million.

At the period end the Group owned six freehold sites, two development sites and both the Topps and Tile Clearing House distribution and marketing centres, which have a total net book value of £12.0 million.

### Stock

Stock at the period end represents 137 days turnover compared to 143 days for the same period last year.

### Capital structure

Cash reserves at the period end were £27.8 million and borrowings were £6.0 million, the latter being to help fund the cost of the new Topps distribution and marketing centre which was opened in April 2004. This gives the Group a net funds position of £21.8 million compared to £23.1 million as at 2 October 2004.

The highly cash generative nature of our business means that the Group has always been able to fund its new store expansion programme from its own resources and to purchase freehold sites as suitable opportunities arise.

The Group expects that the business will continue to be cash generative and may look to repay part or all of the £6.0 million borrowings in 2006.

### Cash flow

Net cash inflow from operating activities was £35.8 million, £2 million below last year. Higher trading profit for the Group was offset by higher cash outflows on working capital. This is due primarily to a decrease in Creditors as the Group now pays its employee bonuses on a quarterly basis rather than on an annual basis.

### Share buy-backs

In the financial period the Group has bought back 1,722,115 Ordinary Shares at a cost of £3.77 million. This primarily is to stop any dilution occurring as employee share options are exercised and sold. However the Group has also, on occasion, acquired shares when the Board considers there is an opportunity to do so in the market. All of the shares acquired have now been cancelled.

### Joint venture in Holland

The joint venture in Holland continues to develop with two new stores opened in the period to bring the total to 13 stores. The Group owns 50% in the joint venture with the other 50% owned by the Dutch management team. The Group's Profit and Loss Account shows turnover of £2.3 million (2004 : £1.8 million) and operating profit before tax of £56,000 (2004 : £39,000) from the venture which reflects the Group's 50% holding.

### Change in accounting policies

During the financial period there have been no changes to the accounting policies of a material nature compared to the previous financial period.

### International Financial Reporting Standards (IFRS)

The Group is working closely with its auditors to implement these changes. The Group is required to adopt IFRS for the financial period commencing 2 October 2005. However, the Group intends to make an announcement in January 2006 to show the impact of the changes.

### Post balance sheet events

The Board confirms that there have been no events after the Balance sheet date requiring adjustment or disclosure in the financial statements for the period ended 1 October 2005.

### Annual General Meeting

The Annual General Meeting for the period to 1 October 2005 will be held on 10 January 2006 at 10.30am at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU, which is our Topps distribution and marketing centre.

**Nicholas Ounstead**  
Chief Executive Officer

**Andrew Liggett**  
Finance Director





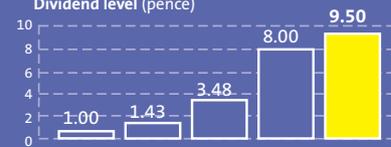
# 225

youth teams wear kit and play with equipment provided by our sports sponsorship scheme

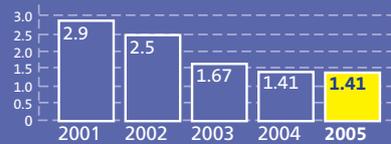


Asthma UK was the natural choice of charity for Topps to adopt, as our products help to reduce the levels of house dust mites which are one of the triggers of asthma attacks.

Dividend level (pence)



Dividend cover (times)



Source : see page 13



# Many responsibilities - **one response** Making a positive contribution to the communities where we do business and to the environment as a whole.

### Introduction

Corporate Social Responsibility is not new to Topps Tiles. We know that a reputation for acting responsibly helps build our business through customer recommendation.

This is why we pride ourselves on our commitment to product quality, customer service excellence, good environmental management and to making a positive contribution to the communities where we do business.

In 2004, we set up a social and environmental responsibility working group chaired by a Board director. The purpose of this group was to review how we were doing and to look for opportunities for improvement. Much has been achieved. For example, we have set up a new way of including corporate social responsibility as part of our risk assessment.

Our Website demonstrates progress we have made on Corporate Social Responsibility an extension of the way we have done and will continue to do our business. In it we describe our approach towards:

- Community relations
- Environment
- Workplace
- Supply Chain

### Our Approach

Andrew Liggett, the Finance Director for Topps Tiles Plc is the Chairman and the Board director responsible for the Social and Environmental policy.

Topps has established a social and environmental responsibility working group to further our consideration of corporate responsibility issues generally, but with a specific focus on environmental management. The members of the working group are the Group Finance Director, the Head of Human Resources, the Buying Director and the Internal Audit Manager. We are supported in these initial stages of establishing our environmental management systems by the use of a specialist environmental consultancy.

Together, the members of the working group are accountable for developing and improving our environmental management practice. Each member of the working group is responsible for implementing those elements of the environmental policy relevant to their functions. Topps Tiles believe that environmental responsibility should be an integral part of how we manage our business. This is why we have established such a senior working group to oversee our progress in this area.

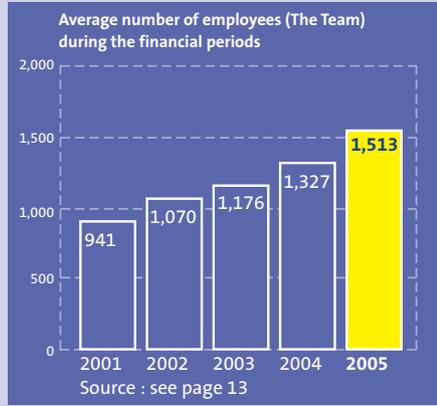
### Community relations

Topps is one of the biggest supporters of youth football in the UK, providing new kits and equipment to junior teams local to our stores.

We have a policy of building local brand awareness of Topps Tiles and Tile Clearing House through involvement with young people.

Probably our most well-known community project is our youth sports sponsorship, providing new kits and equipment to juniors in each town where we have an outlet. This has made Topps one of the biggest supporters of youth football in Britain and we now have over 225 teams playing regularly in our colours.





**20+**  
schools have benefited from our 'computers for schools' scheme



Strong culture of internal promotion



**Case Study**  
Len Denton (*right*) from Topps Tiles Southend has painted many valued murals at the local hospital and plans are underway in 2005 for a giant mosaic using 12,000 individual pieces of broken tiles.



We also take great pride in our fund raising achievements for our adopted charity Asthma UK. This is our fifth year of support for the charity which aims to conquer this respiratory disorder which affects over one million children in the UK. Asthma UK was the natural choice of charity for Topps to adopt, as our products help to reduce the levels of house dust mites which are one of the triggers of asthma attacks. Our staff contributed greatly to the fundraising by holding sponsored events and in total with our Company donation of £10,000 we raised over £75,000 for this worthy cause.

As well as sport there is also education, where via our product catalogue schools can win valuable computer equipment. Since the scheme started, over 20 schools have benefited nationwide.

### Environment

Respect for the environment is an accepted part of modern day business management.

At Topps, we recognise that our day-to-day activities impact on the environment and aim to minimise the harmful effects whenever we can. This year, we began a company-wide programme to improve our environmental performance, to review our policies, to put in place management systems to monitor and measure our performance and to set targets for improvement.

Much has been achieved but there is more to do. We have:

- assigned board responsibility for environmental management
- established our approach to environmental management
- updated our environmental policy
- identified our most important environmental impacts
- put in place systems to collect data to measure our performance and set targets for improvement.

### Market place

The Group works closely with key suppliers to source and distribute products that contribute positively to environmental performance.

The Group has developed an environmental policy on timber products and has adopted the principles and criteria of the Forest Stewardship Council as its benchmark.

### Workplace

Topps' businesses comply with current employment legislation and work with employees and local management of each branch to create a positive and equitable working environment.

There is a strong culture of internal promotion and regular dialogue on job and career development.

Topps is committed to promoting equal opportunities for all, and we believe that we have the right policies in place to meet this objective.

The Group also operates an employee suggestion scheme which is overseen by the Chairman, Barry Bester, which allows all employees to give suggestions which can help improve the business whether it be operational, environmental or social.

An in-house magazine is produced six times a year and sent to all employees as a further way of keeping everybody informed of the developments within the business.

### Health and safety

The Group has a well documented and clear policy that is implemented rigorously throughout the business. We operate a Health and Safety Committee which meets on a regular basis and it's members are representative of all areas of the business and is chaired by our Chief Executive.

### Supply Chain

Topps Tiles purchases around £70m of goods each year. The majority of our purchases are ceramic tiles and we also purchase stone, wood and laminate and adhesives. We source our products from around the World.

Labour Standards and Environmental Responsibility are issues of growing importance. Topps Tiles has reviewed how it considers these issues with regard to its supplier relationships and has adopted:

- A policy on **Labour Standards and Human Rights**
- A standard clause on environmental protection which will be introduced into all new contracts and existing contracts on renewal.

Our buyers also have a regular programme to visit our suppliers, to discuss these issues.

Our full policy and established targets can be viewed on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk) and can be found in the Investors section under Corporate Responsibility.



## EXECUTIVE DIRECTORS



**Barry Bester**  
*Executive Chairman*  
(aged 48)

### *Member of Nomination Committee*

Barry was a founder shareholder and Director of Topps Tiles in 1984. His principal responsibilities are those of Group Strategy along with overseeing development of the joint venture in Holland.

He is also responsible for the Company's employee suggestion scheme.



**Nicholas Ounstead**  
*Chief Executive Officer*  
(aged 45)

### *Health and Safety Committee Chairman*

Nicholas joined Topps Tiles in April 1997. Prior to this he was Marketing Director at Bellegrove Ceramics Plc which is a major supplier to DIY chains and independent retailers. In September 2001 he was appointed Chief Operating Officer and promoted to Chief Executive Officer in October 2002. Nicholas is also Chairman of the Health and Safety Committee and has overall responsibility for the day-to-day operations of the business.



**Andrew Liggett**  
*Finance Director*  
(aged 44)

### *Company Secretary Secretary of Nomination Committee Social and Environmental Responsibility Chairman*

Andrew joined Topps Tiles in 1995 as Finance Director. Prior to joining the Group, he worked for Gold Crown Group Limited where he was employed for ten years, initially as Management Accountant and then as Finance Director. He is responsible for the accounting, financial control, treasury, administration and Group secretarial matters.



## NON-EXECUTIVE DIRECTORS



**Alan McIntosh CA**  
*Senior Non-Executive Director*  
(aged 37)

*Chairman of Audit Committee*  
*Member of Nomination Committee*

Alan qualified as a Chartered Accountant with Deloitte. He was one of the founders and the former Group Finance Director of Punch Group Ltd. He joined the Board of Topps Tiles in 1997.



**Victor Watson CBE**  
*Non-Executive Director*  
(aged 77)

*Member of Audit Committee*  
*Chairman of Nomination Committee*

Victor was formerly Chairman of Waddington Plc. He joined the Board of Topps Tiles in 1997.



**Rt. Hon Michael Jack Privy Councillor MP**  
*Non-Executive Director*  
(aged 59)

*Member of Audit Committee*  
*Member of Nomination Committee*

Michael's business career has seen him in management capacities with Proctor & Gamble and Marks & Spencer. In 1987 he became MP for Fylde and by 1990 had begun a ministerial career that saw him serve in the DSS, Home Office, MAFF and finally the Treasury as Financial Secretary. He joined the Board of Topps Tiles in 1999.



## OPERATIONAL DIRECTORS



**Matt Williams**  
*Chief Operating Officer*  
(aged 31)

Matt joined the Company in 1998 after completing his Chartered Surveyors exams and took up a role in the property department. In 2004 he was promoted to Chief Operating Officer.



**Ray Tricker**  
*Northern Operations Director*  
(aged 49)

Ray joined the Company in 2002 and has over 30 years of sales experience including eight years with Wickes.



**Adrian McCourt**  
*Southern Operations Director*  
(aged 47)

Adrian joined the business in 1998 having spent his entire working life in sales, including time in the USA with JC Penney.



**Martin Shenton**  
*Midlands and South West Operations Director*  
(aged 50)

Martin joined the Company in 1978 and has worked in many different positions in his time with the business.





**Alan Saunders**  
*Marketing Director*  
(aged 42)

Alan joined the Company in 1984 as Store Manager and progressed to Area Manager before taking up his current role in 2002.



**Colin Hampson**  
*IT Director*  
(aged 33)

Colin joined the business in 1995 and has played a key role in implementing and developing our store Epos systems.



**John Reilly**  
*Buying Director*  
(aged 44)

John joined the Company in 1998 after twelve years in the tile business, including three years with Great Mills DIY.



# DIRECTORS AND ADVISORS

## Directors

### B.F.J. Bester

Executive Chairman

### N.D. Ounstead

Chief Executive Officer

### A. Liggett FCMA

Finance Director

### W.A. McIntosh CA

Senior Non-Executive Director

### V.H. Watson CBE

Non-Executive Director

### The RT. Hon. J.M. Jack, Privy Counsellor, MP

Non-Executive Director

## Secretary

A. Liggett FCMA

## Registered Number

3213782

## Registered Office

Rushworth House  
Wilmslow Road  
Handforth  
Wilmslow  
Cheshire SK9 3HJ

## Advisors

### President

S.K.M. Williams FCA

President (from 1 April 2005)

### Auditors

Deloitte & Touche LLP

201 Deansgate

Manchester M60 2AT

### Bankers

HSBC Bank Plc

56 Queen Street

Cardiff CF10 2PX

### Registrars

Capita IRG Plc

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

### Solicitors

TLT Solicitors

1 Redcliff Street

Bristol BS99 7JZ

### Sinclair Abson Smith Lawyers

19 Market Place

Stockport SK1 1HA

### Beachcroft Wansbroughs Solicitors

St. Ann's House

St. Ann Street

Manchester M2 7LP

### Stockbrokers

KBC Peel Hunt Limited

111 Old Broad Street

London EC2N 1PH



# FINANCIAL STATEMENTS

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The directors present their report on the affairs of the Group, together with the financial statements and auditors' report, for the 52 week period ended 1 October 2005.

## Principal activity and business review

The principal activity of the Group comprises the retail and wholesale distribution of ceramic tiles, wood flooring and related products.

Details of the Group's performance during the period and expected future developments are contained in the Chairman's Statement and Chief Executive's and Financial reviews on pages 3 to 15 of the report and financial statements.

## Results and dividends

The audited financial statements for the 52 week period ended 1 October 2005 are set out on pages 38 to 59. The Group's profit for the period, after taxation, was £30,189,000 (53 weeks ended 2 October 2004 - £25,648,000).

An interim dividend of 3.50 pence per share, £7,983,000, was paid on 30 June 2005.

The directors recommend a final dividend of 6.00 pence per share, £13,576,000, making a total of 9.5 pence per share, £21,559,000 (2004 – total dividend 8.00p per share, £18,195,000). Subject to approval by the shareholders at the Annual General Meeting, to be held on 10 January 2006, the final dividend will be paid on 31 January 2006, to shareholders on the register at the close of business on 13 January 2006.

## Directors

The directors who have served during the financial period were as follows:

S.K.M. Williams	President (Stepped down as Co-Chairman and Director 31 March 2005)
B.F.J. Bester	Executive Chairman (Co-Chairman to 31 March 2005)
N.D. Ounstead	Chief Executive Officer
A. Liggett	Finance Director
W.A. McIntosh	Senior Non-Executive Director
V.H. Watson	Non-Executive Director
J.M. Jack	Non-Executive Director

Stuart Williams stepped down from his position as Director and Co-Chairman on 31 March 2005 and took up the new position of President. The directors' interests in the shares of the Company are set out on page 35.

## Share capital

Details of the Company's authorised and issued share capital are shown in note 19 to the financial statements.

## Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment and that both parties abide by those terms.

The effect of the Group's negotiated payment policy is that trade creditors at the period end represented 44 days purchases (2004 - 49 days).



### Charitable and political contributions

During the period the Group made charitable donations of £10,000 to the 'Tsunami Appeal' and £10,000 to Asthma UK. The Group made no political contributions.

### Substantial shareholdings

In addition to the directors' shareholdings noted on page 35, on 3 November 2005 the Company had been notified, in accordance with Sections 198 to 208 of the Companies Act 1985, of the following interests in 3% or more of its issued share capital.

	Number	% held
HSBC Global Custody Nominee (UK) Limited	39,977,000	17.7%
Chase Nominees Limited	35,738,000	15.8%
S.K.M. Williams	23,808,600	10.5%
State Street Nominees Limited	16,847,000	7.4%
BNY (OCS) Nominees Limited	9,754,000	4.3%
Vidacoss Nominees Limited	9,626,000	4.3%
BBHISL Nominees Limited	8,210,000	3.6%
Bank of New York (Nominees) Limited	7,467,000	3.3%

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### Share option schemes

The directors recognise the importance of motivating employees and believe that one of the most effective incentives is increased employee participation in the Company through share ownership.

This has been achieved through the introduction of a number of employee sharesave, share bonus, approved and unapproved share option schemes, since the flotation in 1997.

The total of options held by employees, excluding directors, is 1,858,455. The directors will continue to incentivise employees through additional employee share option schemes in the forthcoming financial period.



## DIRECTORS' REPORT continued

### Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

### Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial period and of the profit of the Group for that period. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed.

### Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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.

On behalf of the Board

### A Liggett

*Director and Company Secretary*

29 November 2005



# CORPORATE GOVERNANCE STATEMENTS

In June 1998 the Hampel Committee and the London Stock Exchange published the Combined Code on corporate governance. This combines the Cadbury Code on corporate governance, the Greenbury Code on directors' remuneration and new requirements arising from the findings of the Hampel Committee.

## Statement of compliance with the Code of Best Practice

The Company has complied throughout the period with the Provisions of the Code of Best Practice set out in section 1 of the Combined Code except for the provisions of A6.1. In this regard to A6.1 the Board does not currently undertake formal appraisal of its own performance and that of its committees but is currently in the process of completing such an appraisal. The Board considers this non-compliance with the Combined Code to be justified in view of the size of the Group and in this respect supports the recommendations of the City Group for smaller companies. The Company complies with all other provisions of the code.

Code Provision D.3.1 requires the members of the audit committee to be named in the report and financial statements. Mr. W.A. McIntosh (Chairman), Mr. V.H. Watson and Mr. J.M. Jack have served on the committee throughout the period.

## Attendance at Board/Committee meetings

The following table shows the number of Board and Committee meetings held during the 52 week period ended 1 October 2005 and the attendance record of the individual directors.

	Board Of directors	Audit committee	Remuneration committee	Nomination committee
Number of meetings	8	2	2	1
B.F.J. Bester	8	2	2	1
N.D. Ounstead	8	2	N/A	N/A
A. Liggett	8	2	N/A	1
W.A. McIntosh	7	2	2	1
V.H. Watson	8	2	2	1
J.M. Jack	8	2	2	1
S.K.M. Williams (Stepped down on 31/03/2005)	4	2	N/A	N/A

## Statement about applying the Principles of Good Governance

The Company has applied the Principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice as reported above. Further explanation of how the Principles have been applied in connection with directors' remuneration is set out in the Remuneration Report.

## Audit Committee

The Audit Committee is chaired by Alan McIntosh and is authorised by the Board to liaise with the external auditors on the nature and scope of the audits, review the Audit Report and its findings and to ensure the Company's internal control systems are adequate via liaison with the Internal Audit department.



### Nomination Committee

The Nomination Committee is chaired by Victor Watson CBE and is authorised by the Board to maintain an ongoing review with the purpose of making recommendations for Board appointments.

### Dialogue with institutional shareholders

The directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by making annual presentations and communicating regularly throughout the year. The Company also posts financial information on its website [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

### Maintenance of a sound system of internal control

The Board has applied Principle D.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been put in place from the start of the period to the date of the approval of this report and which is in accordance with Internal Control: Guidance for Directors on the Combined Code published in September 1999. The Board 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 only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with Provision D.2.1 of the Combined Code, the Board continuously reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purposes of this annual report. This assessment considers all significant aspects of internal control arising during the period covered by the report including the work of internal audit. The audit committee assists the Board in discharging its review responsibilities.



# REMUNERATION REPORT

## Introduction

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

## Unaudited information

### *Remuneration committee*

The Company has established a Remuneration Committee, which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are Mr. McIntosh, Mr. Watson and The RT. Hon. Mr. Jack who are all independent non-executive directors, with the committee chaired by Mr. McIntosh.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No director plays a part in any discussion about his own remuneration.

### *Remuneration policy*

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the high calibre needed to maintain the Group's position as a market leader and to reward them for enhancing value to shareholders. The performance measurement of the executive directors and key members of senior management and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the non-executive directors is determined by the Board within limits set out in the Articles of Association.

There are four main elements of the remuneration package for executive directors and senior management:

- basic annual salary (including directors' fees) and benefits;
- long-term incentive plan;
- annual bonus payments;
- pension arrangements.



## REMUNERATION REPORT continued

### *Basic salary*

An executive director's basic salary is determined by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparator group of companies. Basic salaries were reviewed in September 2005 with increases taking effect from 1 October 2005. Executive director's contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting.

In addition to basic salary, the executive directors receive certain benefits-in-kind, principally a car and private medical insurance.

### *Long-term incentive Plan (L-TIP)*

The Topps Tiles Plc 2003 Executive L-TIP is a three year plan which is due to mature at the financial period ending 30 September 2006. The L-TIP is a cash based plan with performance targets based on the Group profitability over the three year period. It is discretionary and will be operated by the Board acting through the Remuneration Committee. The maximum total amount potentially payable to participants under the plan if performance criteria are met is £4,000,000. N.D. Ounstead and A. Liggett each have been granted a 25% interest in the L-TIP.

The payment of the individual awards under the scheme is dependent on the participant remaining in employment with the Group and the Group achieving a cumulative total of at least £80,000,000 pre-tax profits (before any accrual for the L-TIP) over the three year period and the diluted earnings per share as shown in the Group's annual accounts must increase by an average of 15% per annum (compounded annually) over the same period. In the event of a take-over, reconstruction or winding up of the Group, a proportion of awards will vest having regard to the number of months of the performance period that have elapsed and any other relevant factors.

### *Annual bonus payments*

A discretionary annual cash bonus scheme represents the short term incentive element of the overall remuneration package for Mr. Liggett and Mr. Ounstead. The committee establishes the objectives that must be met in the financial period if a cash bonus is to be paid. The maximum bonus achievable in the period was £nil and for the period ending 30 September 2006 will be a total of £520,000 which is 100% of basic salaries.

### *Pension arrangements*

Mr. Bester, Mr. Ounstead and Mr. Liggett received contributions into their own personal pension schemes.

### *Directors' contracts*

#### **Executive directors**

It is the company's policy that executive directors enter into a contract with a 12 month term providing for a maximum of six months notice.

Mr. Bester, Mr. Ounstead and Mr. Liggett have entered into new service contracts on 1 October 2005 in accordance with the above policy.

In the event of early termination, the directors' contracts provide for compensation up to a maximum of six months basic salary for the notice period.



### Directors' contracts (continued)

#### Non-executive directors

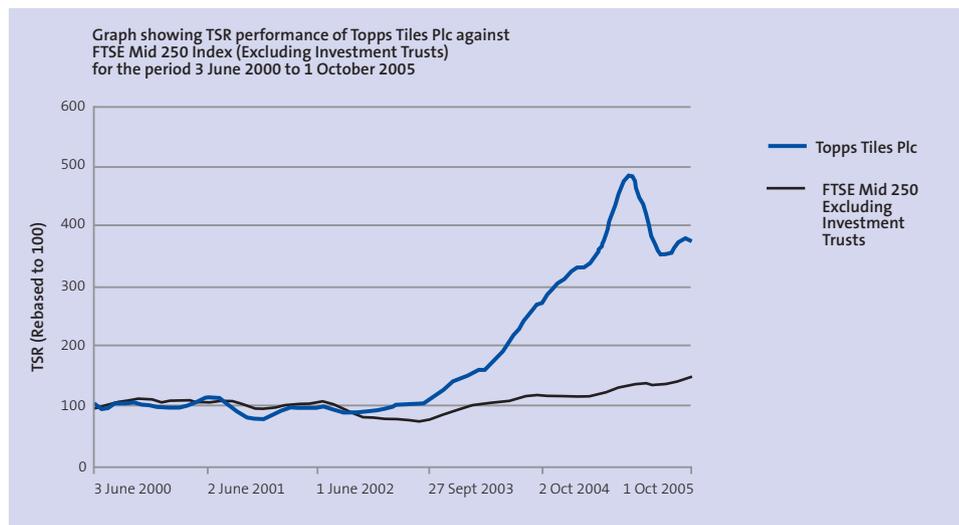
All non-executive directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies. The basic fee paid to each non-executive director in the period was £20,000. It is the Company's policy that non-executive directors should have contracts with an indefinite term providing for a maximum of six months notice. Non-executive directors cannot participate in any of the Company's share option schemes and are not eligible to join the Company's pension scheme.

The details of the non-executive directors' contracts are summarised in the table below:

Name of director	Date of contract or letter of appointment	Unexpired term	Notice period
W.A. McIntosh	27 May 1997	N/A	6 months
V.H. Watson	27 May 1997	N/A	6 months
J.M. Jack	26 January 1999	N/A	6 months

### Performance graph

The following graph shows the company's performance, measured by total shareholder return ("TSR"), compared with the performance of the FTSE Index also measured by TSR. The index chosen for the comparison demonstrates the Group's TSR in comparison to the average for FTSE 250 companies.



## REMUNERATION REPORT continued

### Audited information

#### Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Emoluments	902	959
Money purchase pension contributions	26	24
	<b>928</b>	<b>983</b>

#### Directors' emoluments

Name of director	Fees £'000	Basic salary £'000	Vehicle allowance £'000	Benefits in kind £'000	Money purchase pension contributions £'000	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
<b>Executive directors</b>							
B.F.J. Bester	–	182	–	22	6	210	204
S.K.M. Williams (Stepped down as Co-Chairman 31 March 2005)	–	91	–	13	–	104	198
N.D. Ounstead	–	234	24	5	10	273	262
A. Liggett	–	234	–	23	10	267	259
<b>Non executive directors</b>							
W.A. McIntosh	20	–	–	–	–	20	20
V.H. Watson	20	–	–	–	–	20	20
J.M. Jack	–	20	–	–	–	20	20
	40	761	24	63	26	914	983

#### Directors' share options

There were no options outstanding, granted to or exercised by directors during the period and therefore no gains were made by the directors.

The market price of the ordinary shares at 1 October 2005 was 172 pence and the range during the year was 159 pence to 270 pence.



### *Directors interests*

The directors had the following interest in the shares of the Company (all interests relate solely to Ordinary Shares).

	1 October 2005 ordinary shares of 2.5p each	2 October 2004 ordinary shares of 2.5p each
B.F.J. Bester	<b>18,541,600</b>	18,541,600
N.D. Ounstead	<b>493,500</b>	493,500
A. Liggett	<b>2,001,500</b>	2,001,500
W.A. McIntosh	<b>1,585,000</b>	1,585,000
V.H. Watson	<b>180,000</b>	185,000
J.M. Jack	<b>15,000</b>	15,000

### *Approval*

This report was approved by the Board of directors on 29 November 2005 and signed on its behalf by:

#### **Alan McIntosh**

*Chairman of Remuneration Committee*

29 November 2005



# INDEPENDENT AUDITORS' REPORT

## To the members of Topps Tiles Plc

We have audited the financial statements of Topps Tiles Plc for the 52 week period ended 1 October 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report, including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above period as described in the contents section, including the unaudited part of the directors' remuneration report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.



### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 and the part of the directors' remuneration report described as having been audited. 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 circumstances of the Company and the Group, 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 and the part of the directors' remuneration report described as having been audited 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 and the part of the directors' remuneration report described as having been audited.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 1 October 2005 and of the profit of the Group for the 52 week period then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Manchester

29 November 2005



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 52 week period ended 1 October 2005

	Notes	52 weeks ended 1 October 2005 Audited £'000	53 weeks ended 2 October 2004 Audited £'000
<b>Turnover, group and share of joint venture</b>	2	<b>175,640</b>	159,430
Less: share of joint venture turnover		(2,314)	(1,818)
<b>Group turnover</b>		<b>173,326</b>	157,612
Cost of sales		(67,146)	(62,282)
<b>Gross profit</b>		<b>106,180</b>	95,330
Operating expenses	3		
- employee profit sharing		(7,502)	(7,853)
- other operating expenses		(61,844)	(54,968)
<b>Group operating profit</b>		<b>36,834</b>	32,509
Share of operating profit in joint venture		56	39
<b>Group and share of joint venture's operating profit</b>		<b>36,890</b>	32,548
Exceptional profit on disposal of fixed assets	5	1,700	542
<b>Profit on ordinary activities before finance income</b>		<b>38,590</b>	33,090
Finance income (net)	6	642	704
<b>Profit on ordinary activities before taxation</b>	7	<b>39,232</b>	33,794
Tax on profit on ordinary activities	8	(9,043)	(8,146)
<b>Profit on ordinary activities after taxation</b>		<b>30,189</b>	25,648
Dividends paid and proposed	9	(21,492)	(18,155)
<b>Retained profit for the year transferred to reserves</b>	20	<b>8,697</b>	7,493
<b>Earnings per ordinary share</b>			
- basic	10	13.34p	11.30p
- diluted	10	13.24p	11.12p

All activity has arisen from continuing operations.

There are no recognised gains or losses in the period (53 weeks ended 2 October 2004 – £9,000 foreign exchange gain).

A statement of movements on reserves is given in note 20.

The accompanying notes are an integral part of this consolidated profit and loss account.



# BALANCE SHEETS

As at 1 October 2005

	Notes	Group		Company	
		1 October 2005 £'000	2 October 2004 £'000	1 October 2005 £'000	2 October 2004 £'000
<b>Fixed assets</b>					
Goodwill	11	517	551	–	–
Tangible assets	12	32,072	29,236	–	–
Investments	13	–	–	15,122	15,122
Joint venture undertaking	13				
- share of assets		1,196	1,059	–	–
- share of liabilities		(971)	(866)	–	–
		<b>32,814</b>	29,980	<b>15,122</b>	15,122
<b>Current assets</b>					
Stocks		25,338	24,373	–	–
Debtors within one year	14	4,071	3,809	76,209	40,103
Debtors after one year	14	115	110	6,200	6,200
Cash at bank and in hand	17	27,829	29,624	–	–
		<b>57,353</b>	57,916	<b>82,409</b>	46,303
<b>Creditors: Amounts falling due within one year</b>	15	<b>(39,775)</b>	(45,452)	<b>(44,214)</b>	(19,195)
<b>Net current assets</b>		<b>17,578</b>	12,464	<b>38,195</b>	27,108
<b>Total assets less current liabilities</b>		<b>50,392</b>	42,444	<b>53,317</b>	42,230
<b>Creditors: Amounts falling due after more than one year</b>	16	<b>(9,394)</b>	(7,571)	<b>(3,394)</b>	–
<b>Provisions for liabilities and charges</b>	18	<b>(2,345)</b>	(1,864)	–	–
<b>Net assets</b>		<b>38,653</b>	33,009	<b>49,923</b>	42,230
<b>Capital and reserves</b>					
Called-up share capital	19	5,655	5,673	5,655	5,673
Share premium	20	5,575	4,889	5,575	4,889
Merger reserve	20	(399)	(399)	–	–
Special reserve	20	–	–	14,917	14,917
Treasury Shares	20	–	(733)	–	(733)
Capital redemption reserve	20	190	137	190	137
Other reserve	20	–	–	6,200	6,200
Profit and loss account	20	27,632	23,442	17,386	11,147
<b>Equity shareholders' funds</b>	21	<b>38,653</b>	33,009	<b>49,923</b>	42,230

The accompanying notes are an integral part of these balance sheets.

The financial statements on pages 38 to 59 were approved by the Board of directors on 29 November 2005 and signed on its behalf by:

**ND Ounstead**  
Director

**A Liggett**  
Director



# CONSOLIDATED CASH FLOW STATEMENT

For the 52 week period ended 1 October 2005

	Notes	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
<b>Net cash inflow from operating activities</b>	21(a)	<b>35,766</b>	37,770
Returns on investments and servicing of finance	21(b)	634	530
Taxation		(8,864)	(5,236)
Capital expenditure and financial investment	21(c)	(4,272)	(8,266)
Equity dividends		(21,489)	(11,534)
<b>Cash inflow before financing</b>		<b>1,775</b>	13,264
Financing	21(d)	(3,570)	(2,220)
<b>(Decrease)/increase in cash in the period</b>	21(e)	<b>(1,795)</b>	11,044

The accompanying notes are an integral part of this Consolidated Cash Flow Statement.



## 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period:

### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

### *b) Basis of consolidation*

The statutory Group profit and loss account and balance sheet consolidate the financial statements of Topps Tiles Plc and its subsidiary undertakings made up to 1 October 2005. The financial statements of Topalpha Limited have been consolidated using merger accounting principles. In all other cases, subsidiary undertakings have been accounted for using acquisition accounting principles and incorporate the results of the Group's joint venture undertaking. The Group accounts for its own share of assets, liabilities and cash flows associated with this joint venture.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. No profit and loss account is presented for Topps Tiles Plc, as permitted by S230 of the Companies Act 1985. The Company's profit after tax for the period, determined in accordance with the Act, was £38,738,000 (2 October 2004 - £36,035,000).

### *c) Financial period*

The accounting period ends on the Saturday which falls closest to 30 September, resulting in financial periods of either 52 or 53 weeks.

### *d) Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Goodwill of £ 15,080,000 arising on acquisitions in the period ended 30 May 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated on the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

### *e) Turnover*

Turnover comprises the net amount receivable in respect of retail sales less goods returned during the period from third parties and excludes value added tax.



**1 Accounting policies (continued)**

**f) Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Costs are only those costs that are directly attributable to bringing the asset into working condition for its intended use. Depreciation is provided to write off the cost of tangible assets, less estimated residual value, over their estimated useful lives, as follows:

Freehold buildings	-	2% per annum on cost on a straight-line basis
Short leasehold land and buildings	-	over the period of the lease, up to 25 years
Fixtures and fittings	-	over 10 years or at 25% per annum on reducing balance basis as appropriate
Motor vehicles	-	25% per annum on reducing balance

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the date of acquisition.

**g) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and an attributable proportion of distribution overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

**h) Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**i) Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.



## 1 Accounting policies (continued)

### *k) Leases*

Assets held under finance leases and hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### *l) Investments*

Fixed asset investments are shown at cost less provision for impairment.

### *m) Pension costs*

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### *n) Derivative financial instruments*

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, only when the hedged transaction has itself been reflected in the Group's financial statements.

If an instrument ceases to be accounted for as a hedge, for example, because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

### *o) Finance costs*

Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount. Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.



## 2 Turnover

Turnover and profit before taxation are attributable to one activity, the retail and wholesale distribution of ceramic tiles, wood flooring and related products, and arise within the UK and Europe.

	Turnover		Profit before tax		Net assets	
	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
By Geographical origin						
United Kingdom	173,326	157,612	38,534	33,051	44,428	39,333
Mainland Europe	2,314	1,818	56	39	225	193
	<b>175,640</b>	159,430	<b>38,590</b>	33,090	<b>44,653</b>	39,526
Bank loans and overdraft			N/A	N/A	(6,000)	(6,517)
Finance income (net)			642	704	N/A	N/A
Profit on ordinary activities before taxation			<b>39,232</b>	33,794	N/A	N/A
Total net assets			N/A	N/A	<b>38,653</b>	33,009

Turnover by destination is not materially different to that by geographical origin.

## 3 Operating expenses

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Distribution costs	46,348	41,176
Administrative expenses; Other	15,496	13,792
Employee profit sharing	7,502	7,853
	<b>69,346</b>	62,821



#### 4 Staff costs

##### a) Staff costs

The average monthly number of employees (including executive directors) was:

	52 weeks ended 1 October 2005 Number employed	53 weeks ended 2 October 2004 Number employed
Selling	1,356	1,181
Administration	157	146
	<b>1,513</b>	<b>1,327</b>

Their aggregate remuneration comprised:

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Wages and salaries	26,477	25,354
Social security costs	2,984	2,936
Other pension costs (note 22(b))	216	175
	<b>29,677</b>	<b>28,465</b>

Details of director's emoluments are disclosed on page 34.

#### 5 Exceptional profit on disposal of fixed assets

The profit on disposal of fixed assets increased the tax charge by £510,000 (53 weeks ended 2nd October 2004: £130,622).



**6 Finance income (net)**

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
<i>Investment income</i>		
Interest receivable and similar income	<b>1,076</b>	930
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts	<b>(372)</b>	(373)
Interest on VAT payments	<b>(64)</b>	–
Joint venture interest	<b>(27)</b>	(27)
Interest costs capitalised	<b>29</b>	174
Net finance charges	<b>(434)</b>	(226)
Net finance income	<b>642</b>	704

Finance costs have been capitalised based on a capitalisation rate of 4.5%, which is the weighted average of rates applicable to the Group's general borrowings outstanding during the period.

**7 Profit on ordinary activities before taxation**

a) Profit on ordinary activities before tax is stated after charging/(crediting):

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Depreciation and amounts written off tangible fixed assets	<b>3,363</b>	2,729
Amortisation of goodwill	<b>16</b>	17
Joint venture goodwill	<b>18</b>	18
Loss on disposal of tangible fixed assets	<b>–</b>	269
Exceptional profit on disposal of fixed assets	<b>(1,700)</b>	(542)
Operating lease rentals		
- plant and machinery	<b>746</b>	563
- other	<b>13,047</b>	11,652
Remuneration to auditors		
- audit	<b>70</b>	54
- other	<b>47</b>	181



## 7 Profit on ordinary activities before taxation (continued)

b) Exceptional operating items that have been charged in the period are as follows:

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Impairment of display stands	–	344
	–	344

## 8 Tax on profit on ordinary activities

The tax charge comprises:

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
<b>Current tax</b>		
UK corporation tax	8,688	7,573
Share of current tax paid by joint venture	16	19
Adjustments in respect of prior years - UK corporation tax	(142)	39
<b>Total current tax</b>	<b>8,562</b>	<b>7,631</b>
<b>Deferred tax - Origination and reversal of timing differences (note 18)</b>	<b>481</b>	<b>515</b>
<b>Total tax on profit on ordinary activities</b>	<b>9,043</b>	<b>8,146</b>



**8 Tax on profit on ordinary activities (continued)**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
<b>Profit on ordinary activities before tax</b>	<b>39,232</b>	33,794
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	<b>11,770</b>	10,139
<i>Effects of:</i>		
Intra-Group restructuring	(540)	–
Net income not chargeable for tax purposes	(1,590)	(869)
Capital allowances in excess of depreciation	(297)	(475)
Depreciation on tangible fixed assets which do not qualify for capital allowances	128	196
Savings from Share Symmetry on options exercised	(729)	(1,408)
Accounting profit in excess of chargeable gains on sale of freehold property	(38)	–
Higher tax rate on overseas earnings	–	9
Adjustments to tax charge in respect of prior periods	(142)	39
<b>Current tax charge for period</b>	<b>8,562</b>	7,631

**9 Dividends**

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Interim paid 3.50p (2004 – 2.00p) per ordinary share	<b>7,983</b>	4,602
Final proposed 6.00p (2004 – 6.00p) per ordinary share	<b>13,576</b>	13,593
Over provision in respect of the prior period final dividend	(67)	(40)
<b>Total 9.50p (2004 – 8.00p) per ordinary share</b>	<b>21,492</b>	18,155



## 10 Earnings per share

The calculation of earnings per share is based on the earnings for the financial period attributable to equity shareholders and the weighted average number of ordinary shares as follows:

	52 weeks ended 1 October 2005 Number of shares	53 weeks ended 2 October 2004 Number of shares
Weighted average number of shares		
For basic earnings per share	226,351,825	226,881,069
Weighted average of shares under option	1,678,222	3,868,815
For diluted earnings per share	228,030,047	230,749,884

## 11 Goodwill

	Total £'000
<b>Cost</b>	
At 3 October 2004 and 1 October 2005	693
<b>Amortisation</b>	
At 3 October 2004	142
Charge for the period	34
<b>At 1 October 2005</b>	<b>176</b>
<b>Net book value</b>	
<b>At 1 October 2005</b>	<b>517</b>
At 2 October 2004	551



**12 Tangible fixed assets**

	Land and buildings		Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
	Freehold £'000	Short leasehold £'000			
<b>Group</b>					
<b>Cost</b>					
At 3 October 2004	11,204	1,293	25,548	346	38,391
Additions	3,548	88	5,067	88	8,791
Disposals	(2,342)	–	(117)	(185)	(2,644)
<b>At 1 October 2005</b>	<b>12,410</b>	<b>1,381</b>	<b>30,498</b>	<b>249</b>	<b>44,538</b>
<b>Depreciation</b>					
At 3 October 2004	278	700	8,127	50	9,155
Charge	203	81	3,015	64	3,363
Disposals	(57)	–	32	(27)	(52)
<b>At 1 October 2005</b>	<b>424</b>	<b>781</b>	<b>11,174</b>	<b>87</b>	<b>12,466</b>
<b>Net book value</b>					
<b>At 1 October 2005</b>	<b>11,986</b>	<b>600</b>	<b>19,324</b>	<b>162</b>	<b>32,072</b>
At 2 October 2004	10,926	593	17,421	296	29,236

Freehold land and buildings include £372,466 (2004 - £406,535) of assets under construction and £2,160,000 of land (2004 - £2,160,000) on which no depreciation has been charged in the current period.

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £370,000 (2004 - £341,000) for the Group.



### 13 Fixed asset investments

	Company	
	1 October 2005 £'000	2 October 2004 £'000
Cost		
Subsidiary undertakings	<b>14,640</b>	14,640
Joint venture	<b>482</b>	482
	<b>15,122</b>	15,122

The Company and the Group have investments in the following subsidiary undertakings and joint ventures which principally affected the profit or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

	% of issued shares held	Principal activity
<i>Subsidiary undertaking</i>		
Topalpha Limited*	100%	Property management and investment
Multi Tile Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles (UK) Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Distribution Ltd	100%	Wholesale and distribution of ceramic tiles, wood flooring and related products.
<i>Joint venture undertaking</i>		
Topps Tiles Holdings BV*	50%	Retail and wholesale of ceramic tiles, wood flooring and related products

\*held directly by Topps Tiles Plc

The investments are represented by ordinary shares.

All undertakings are incorporated in Great Britain and are registered and operate in England and Wales except for Topps Tiles (Holland) BV which is registered and incorporated in the Netherlands.

#### *Joint venture*

	1 October 2005 £'000	2 October 2004 £'000
<i>Group</i>		
Share of gross assets	<b>1,196</b>	1,059
Share of gross liabilities	<b>(971)</b>	(866)
Share of net assets	<b>225</b>	193



**14 Debtors**

	Group		Company	
	1 October 2005 £'000	2 October 2004 £'000	1 October 2005 £'000	2 October 2004 £'000
Amounts falling due within one year:				
Trade debtors	238	635	–	–
Loan to joint venture	–	–	–	–
Amounts owed by subsidiary undertaking	–	–	76,209	40,103
Other debtors	523	651	–	–
Prepayments and accrued income	3,310	2,523	–	–
	<b>4,071</b>	<b>3,809</b>	<b>76,209</b>	<b>40,103</b>
Amounts falling due after one year:				
Loan to joint venture	115	110	–	–
Amounts owed by subsidiary undertaking	–	–	6,200	6,200
	<b>115</b>	<b>110</b>	<b>6,200</b>	<b>6,200</b>

**15 Creditors: Amounts falling due within one year**

	Group		Company	
	1 October 2005 £'000	2 October 2004 £'000	1 October 2005 £'000	2 October 2004 £'000
Bank loans and overdrafts (note 17)	–	517	30,097	2,615
Trade creditors	14,389	14,649	9	3
Other creditors	4,114	4,109	151	215
Corporation tax	3,640	3,942	–	15
Proposed dividend	13,576	13,593	13,576	13,593
Accruals and deferred income	4,056	8,642	381	2,754
	<b>39,775</b>	<b>45,452</b>	<b>44,214</b>	<b>19,195</b>

**16 Creditors: Amounts falling due after more than one year**

	Group		Company	
	1 October 2005 £'000	2 October 2004 £'000	1 October 2005 £'000	2 October 2004 £'000
Bank loan (note 17)	6,000	6,000	–	–
Accruals and deferred income	3,394	1,571	3,394	–
	<b>9,394</b>	<b>7,571</b>	<b>3,394</b>	<b>–</b>



## 17 Derivatives and other financial instruments

The Group holds financial instruments to finance its operations, and to manage interest rate and currency risks arising from its operations. Consequently the main risks arising from the Group's operations are liquidity risk, interest rate risk and currency risk.

### *Liquidity risk*

The Group's objective is to maintain continuity of funding through the use of retained profits and medium to long-term borrowings. The maturity profiles of the Group's borrowings are detailed in section (c) of this note.

### *Interest rate risk*

The Group's objective is to manage the exposure to interest rate fluctuations whilst trying to minimise the cost of capital of the Group.

### *Currency risk*

The Group has transactional currency exposures which arise from purchases by subsidiary undertakings in currencies other than the functional currency of the Group. The Group's policy is to periodically use forward contracts to hedge those transactions to eliminate any significant currency exposure. The frequency and amount hedged is decided by the Board and depends upon the magnitude of the exposure and volatility of the currency involved.

#### a) Interest rate profile

The currency profile of the Group's financial assets is as follows:

	1 October 2005 £'000	Group 2 October 2004 £'000
Sterling	27,940	29,719
Euro	164	(33)
Dollar	(275)	(62)
	<b>27,829</b>	<b>29,624</b>

Financial assets (liabilities) comprise short term cash deposits with major United Kingdom clearing banks (with associated right of off-set) and deposits placed on money markets at call. The financial assets (liabilities) earn floating rates of interest based upon bank base rates.



**17 Derivatives and other financial instruments (continued)**

The interest rate profile of the Group's financial liabilities is as follows:

	1 October 2005		Floating rate 2 October 2004	
	£'000	%	£'000	%
Sterling – Borrowings				
Loan 1	–	1.00	517	1.00
Loan 2	6,000	0.75	6,000	0.75
<b>Total</b>	<b>6,000</b>		<b>6,517</b>	

The interest rate on floating rate financial liabilities indicates the excess over bank base rate.

Loan 2 has an offset facility whereby if the cash deposit is equivalent to the loan value the Company only pays 0.75% on loan value.

**b) Currency exposures**

The amounts shown in the table below show the effect of forward contracts entered into to manage foreign currency exposure as at 2 October 2004 and 1 October 2005.

	Initial contract value £'000	1 October 2005 Contract delivery	Currency	2 October 2004 Initial contract value £'000	Contract delivery	Currency
Contract 1	–			500	1 Nov 2004	Euro
Contract 2	–			500	1 Dec 2004	Euro
Contract 3	650	3 Oct 2005	Euro	–		
Contract 4	250	3 Oct 2005	USD	–		
Contract 5	650	1 Nov 2005	Euro	–		
Contract 6	650	1 Nov 2005	Euro	–		
Contract 7	650	1 Dec 2005	Euro	–		
Contract 8	650	1 Dec 2005	Euro	–		
Contract 9	650	3 Jan 2006	Euro	–		
Contract 10	650	1 Feb 2006	Euro	–		
Contract 11	650	1 Mar 2006	Euro	–		
Contract 12	650	4 Apr 2006	Euro	–		
Contract 13	650	2 May 2006	Euro	–		
	<b>6,750</b>			<b>1,000</b>		



## 17 Derivatives and other financial instruments (continued)

### c) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities was as follows:

	1 October 2005 £'000	2 October 2004 £'000
In one year or less	–	517
In more than two years but not more than five years	6,000	6,000
<b>Total</b>	<b>6,000</b>	<b>6,517</b>

### d) Borrowing facilities

The Group had undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, as follows:

	1 October 2005 £'000	2 October 2004 £'000
Expiring in one year or less	2,000	2,000
Expiring in more than two years	2,500	1,983
<b>End of period</b>	<b>4,500</b>	<b>3,983</b>

### e) Fair values

There is no material difference between the fair value and book value of the Group's financial assets and liabilities at the end of either period.

## 18 Provisions for liabilities and charges

	Deferred taxation £'000
At 3 October 2004	1,864
Charged to profit and loss account	481
<b>At 1 October 2005</b>	<b>2,345</b>

Deferred tax is provided as follows:

	1 October 2005 £'000	2 October 2004 £'000
Accelerated capital allowances	2,345	1,864



**19 Called-up share capital**

	1 October 2005	
	Number of shares	£'000
Ordinary shares of 2.5p each		
<i>Authorised</i>		
Beginning and end of period	<b>320,000,000</b>	<b>8,000</b>
<i>Allotted, called-up and fully-paid</i>		
At beginning of period	226,952,805	5,673
Issued in period	1,413,585	35
Treasury Shares cancellation	(2,129,915)	(53)
At end of period	<b>226,236,475</b>	<b>5,655</b>

During the period the Company allotted 1,413,585 (2004 – 6,055,380) ordinary shares with a nominal value of £35,000 (2004 – £151,000) under share option schemes for an aggregate cash consideration of £721,000 (2004 – £3,325,000).

**20 Reserves**

	Share premium £'000	Merger reserve £'000	Treasury shares £'000	Capital redemption reserve £'000	Profit and loss account £'000
<b>Group</b>					
At 3 October 2004	4,889	(399)	(733)	137	23,442
Premium on issue of new shares	686	–	–	–	–
Treasury Shares purchased	–	–	(3,774)	–	–
Treasury Shares cancellation	–	–	4,507	53	(4,507)
Retained profit for the period	–	–	–	–	8,697
<b>At 1 October 2005</b>	<b>5,575</b>	<b>(399)</b>	<b>–</b>	<b>190</b>	<b>27,632</b>

	Share premium £'000	Special reserve £'000	Treasury shares £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000
<b>Company</b>						
At 3 October 2004	4,889	14,917	(733)	137	6,200	11,147
Premium on issue of new shares	686	–	–	–	–	–
Treasury Shares purchased	–	–	(3,774)	–	–	–
Treasury Shares cancellation	–	–	4,507	53	–	(4,507)
Retained profit for the period	–	–	–	–	–	10,746
<b>At 1 October 2005</b>	<b>5,575</b>	<b>14,917</b>	<b>–</b>	<b>190</b>	<b>6,200</b>	<b>17,386</b>

The Directors consider the balances on the Company profit and loss account and special reserves to be distributable. The other reserve comprises an unrealised gain arising on the disposal of certain trademarks to a subsidiary company.



## 21 Reconciliation of movements in Group equity shareholders' funds

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Profit for the period	30,189	25,648
Dividends paid and proposed	(21,492)	(18,155)
Consideration for purchase of Treasury Shares	(3,774)	(8,640)
Exchange differences	–	9
Issue of shares (net of expenses)	721	3,325
Net additions to shareholders' funds	5,644	2,187
Opening equity shareholders' funds	33,009	30,822
Closing equity shareholders' funds	38,653	33,009

## 21a) Reconciliation of operating profit to operating cash flows

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Operating profit	36,834	32,509
Depreciation	3,363	2,729
Loss on disposal of fixed assets	–	269
Goodwill amortisation	34	35
Increase in stocks	(965)	(4,660)
(Increase)/decrease in debtors	(267)	793
(Decrease)/increase in creditors	(3,233)	6,095
Net cash inflow from operating activities	35,766	37,770

## 21b) Returns on investments and servicing of finance

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Interest received	942	930
Interest paid	(308)	(400)
Net cash inflow from returns on investments and servicing of finance	634	530



**21c) Capital expenditure and financial investment**

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Purchase of tangible fixed assets	<b>(8,564)</b>	(11,491)
Sale proceeds of tangible fixed assets	<b>4,292</b>	3,225
Net cash outflow from capital expenditure and financial investment	<b>(4,272)</b>	(8,266)

**21d) Financing**

	52 weeks ended 1 October 2005 £'000	53 weeks ended 2 October 2004 £'000
Proceeds from issue of ordinary share capital	<b>721</b>	3,325
New loans	–	3,095
Purchase of Treasury Shares	<b>(3,774)</b>	(8,640)
Repayment of loans	<b>(517)</b>	–
Net cash outflow from financing	<b>(3,570)</b>	(2,220)

**21e) Analysis and reconciliation of net funds**

	At 2 October 2004 £'000	Cash flow £'000	At 1 October 2005 £'000
Cash at bank and in hand	29,624	(1,795)	<b>27,829</b>
Debt due within 1 year	(517)	517	–
Due debt after 1 year	(6,000)	–	<b>(6,000)</b>
Net funds	23,107	(1,278)	<b>21,829</b>



## 21e) Analysis and reconciliation of net funds (continued)

	52 weeks ended 1 October 2005 £'000	53 weeks ended 1 October 2004 £'000
<b>(Decrease)/increase in cash in the period</b>	<b>(1,795)</b>	11,044
Cash inflow (outflow) from increase/(decrease) in debt and finance leasing	517	(3,095)
<b>Movements in net funds in the period</b>	<b>(1,278)</b>	7,949
Net funds at start of period	23,107	15,158
<b>Net funds at end of period</b>	<b>21,829</b>	23,107

## 22 Financial commitments

### a) Capital commitments

At the end of the period there were no capital commitments contracted (2004 - £nil).

### b) Pension arrangements

The Group operates separate defined contribution pension schemes for employees and directors. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £216,000 (2004 - £175,000).

### c) Lease commitments

The Group has entered into non-cancellable operating leases in respect of motor vehicles, equipment and land and buildings.

The annual rentals under the foregoing leases are as follows:

	1 October 2005		2 October 2004	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within 1 year	1,030	92	1,255	56
- within 2 - 5 years	2,521	623	2,052	516
- after 5 years	9,688	30	8,777	11
	<b>13,239</b>	<b>745</b>	12,084	583

## 23 Related parties

At 1 October 2005 S.K.M. Williams was the landlord of two properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £66,000 (2004 - £66,000).

No amounts were outstanding at 1 October 2005 (2004 - £nil).

The lease agreements on both properties are operated on commercial arms length terms.



## FIVE YEAR RECORD

	52 weeks ended 2 June 2001 £'000	52 weeks ended 1 June 2002 £'000	Proforma 52 weeks ended 27 September 2003 Unaudited £'000	53 weeks ended 2 October 2004 £'000	52 weeks ended 1 October 2005 £'000
Turnover, including joint ventures	74,642	91,026	120,032	159,430	<b>175,640</b>
Operating profit	9,637	11,660	18,569	32,548	<b>36,890</b>
Profit before taxation	9,414	11,516	18,888	33,794	<b>39,232</b>
Shareholders' funds	18,669	23,824	30,822	33,009	<b>38,653</b>
Basic earnings per share <sup>1</sup>	2.96p	3.58p	5.82p	11.30p	<b>13.34p</b>
Dividend per share <sup>1</sup>	1.00p	1.43p	3.48p	8.00p	<b>9.50p</b>
Dividend cover	2.9	2.5	1.67	1.41	<b>1.41</b>
Average number of employees	941	1,070	1,176	1,327	<b>1,513</b>
Share price (period end) <sup>1</sup>	66.0p	54.8p	85.4p	178.9p	<b>172.0p</b>

<sup>1</sup>adjusted for share sub-division of 5:1 in May 2004.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Topps Tiles Plc (the “Company”) will be held at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU on Tuesday 10 January 2006 at 10.30 a.m. for the following purposes:

## Ordinary business

- 1 To receive and adopt the Company’s Annual Report and Financial Statement for the financial period ended 1 October 2005 together with the last Directors’ Report, the last Directors’ Remuneration Report and the Auditors’ Report on those accounts and the auditable part of the Directors’ Remuneration Report.
- 2 To declare a final dividend of 6.00 pence per Ordinary Share on the Ordinary Shares for the period.
- 3 To re-elect Barry Bester as a Director of the Company.
- 4 To re-elect Andrew Liggett as a Director of the Company.
- 5 To re-elect the Rt. Hon. Michael Jack as a Director of the Company.
- 6 To re-elect Victor Watson who reached the age of 77 years on 26 September 2005, as a Director of the Company.
- 7 To re-appoint Deloitte & Touche LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the Annual Report and Financial Statements are laid before the Company at a remuneration to be determined by the Directors.
- 8 To approve the Directors’ Remuneration Report for the financial period ended 1 October 2005 as set out in the Annual Report and Financial Statements for that period.

## Special business

To consider and, if thought fit, to pass the resolutions set out below which, in the case of Resolution 9 will be proposed as an Ordinary Resolution and, in the case of Resolutions 10 and 11 will be proposed as Special Resolutions.

- 9 THAT the Directors of the Company be and they are generally and unconditionally authorised for the purposes of and pursuant to Section 80(1) of the Companies Act 1985 (the “Act”) to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 (2) of the Act) up to an aggregate nominal amount of £1,885,303 (in substitution for/to any existing authorities under the Act) to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided that this authority shall (unless previously revoked, varied or extended by the Company in general meeting) expire at the conclusion of the next Annual General Meeting or 15 months from the date of the passing of this resolution, if earlier save that the Company may, before such expiry, make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power conferred hereby had not expired.



## NOTICE OF ANNUAL GENERAL MEETING continued

### Special business (continued)

- 10 THAT subject to and conditional on the passing of Resolution 9 set out above, the Directors of the Company be and they are authorised and empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the general authority and power conferred by Resolution 9 above (as varied from time to time by the Company in general meeting) as if Section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the passing of this resolution, if earlier and provided further that this authority and power shall be limited to:
- (a) the allotment of equity securities pursuant to a rights issue or similar offer to Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer of allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the Directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of Ordinary Shares held by them; and
  - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of the greater of £282,795 or 5% of the issued share capital of the Company.
- 11 THAT the Company be generally and unconditionally authorised for the purposes of Section 166 of the Act to make market Purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 2.5p each in the capital of the Company ("Ordinary Shares") provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 33,709,234 (representing 14.9% of the Company's issued Ordinary Share capital);
  - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 2.5p;
  - (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is Contracted to be purchased;
  - (d) unless previously renewed, varied or revoked, the authority conferred shall expire at the close of the next Annual General Meeting of the Company or twelve months from the date of this resolution, if earlier; and
  - (e) the Company may make a contract for the purchase of Ordinary Shares under this authority before the expiry of this authority which would or might require to be executed wholly or partly after the expiry of such authority, and may make purchases of Ordinary Shares in pursuance of such a contract as if such authority had not expired.



## Notes

- 1 This notice has been sent to all Ordinary Shareholders who are entitled to attend or be represented at the meeting.
- 2 A member entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend on a poll vote and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a Form of Proxy and any power or authority under which it is signed, must be lodged with the Company's Registrars, Capita Registrars (Proxies), PO Box 25, Beckenham, Kent BR3 4BR, no later than 48 hours before the time appointed for the holding of the Annual General Meeting.
- 3 A proxy is not entitled to speak at the meeting except to demand a poll, and may vote only when a poll is taken.
- 4 A Form of Proxy is enclosed and instructions for use are shown on the form. The fact that shareholders may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
- 5 As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's share register at 8.00am on 9 January 2006 (or if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend the Annual General Meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 8.00am on 9 January 2006 (or, if the meeting is adjourned after 48 hours before the time fixed for the adjourned meeting) shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.
- 6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST" Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID : RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 7 The following documents are available for inspection by members at the registered office of the Company (except Bank Holidays) during the normal business hours and at the place of the meeting but not less than 15 minutes prior to and during the meeting:
  - (a) the register of Directors' interests required to be kept under Section 325 of the Act; and
  - (b) copies of the Directors' service contracts.

### A. Liggett

*Company Secretary*  
29 November 2005

### Registered Office:

Rushworth House  
Wilmslow Road  
Handforth, Wilmslow  
Cheshire SK9 3HJ

### Registered No:

3213782



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**TOPPS TILES PLC**

Annual Report and Financial Statements 2005

# EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING of the Company will be held at the Company's premises at Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU on 10 January 2006 at 10.30a.m.

Three of the resolutions are to be taken at this year's Annual General Meeting as special business. By way of explanation of these and certain other resolutions:

## Ordinary Business

### Resolution 2

#### Final dividend

A final dividend of 6.00 pence per Ordinary Share is recommended by the Directors for payment to shareholders on the register of members of the Company at the close of business on 13 January 2006. Subject to approval by the Ordinary Shareholders at the Annual General Meeting, the dividend will be paid on 31 January 2006. An interim dividend of 3.50 pence per Ordinary Share was paid on 30 June 2005. This gives a total dividend level of 9.50 pence per Ordinary Share for the 52 week period to 1 October 2005.

### Resolutions 3, 4, 5 and 6

#### Re-election of directors

B. Bester, A. Liggett, M. Jack and V.H. Watson are the Directors retiring by rotation this year and they offer themselves for re-election. All members of the Board of Directors submit themselves for re-election at least every three years with the exception of V.H. Watson who at the age of 77 retires and offers himself for re-election annually. Brief biographical details about the Directors standing for re-election appear on pages 20 and 21 of the Annual Report and Financial Statements. Special notice of the Intention to propose the resolution to re-elect Victor Watson has been duly given as required by sections 379 and 293(5) of the Companies Act 1985.

## Special Business

### Resolutions 9 and 10

#### Appointment of authority to issue shares and the disapplication of statutory rights of pre-emption

**Resolution 9:** The right of the Directors to allot further shares in the capital of the Company requires in most cases the prior authorisation of the shareholders in general meeting under Section 80 of the Companies Act 1985 ("the Act"). Resolution 9 will be put to members as special business to authorise the Directors to allot Ordinary Shares with a nominal value of £1,885,303 out of the Company's unissued share capital representing approximately 33.3% of the Company's current issued share capital (excluding shares held in treasury). The Company currently holds Nil Ordinary Shares in treasury.

The Directors have no current intention of exercising the authority to allot further shares. The authority shall expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.



### **Special Business (continued)**

**Resolution 10:** This proposed resolution seeks to obtain power under Section 95 of the Act to enable the Directors to allot, for cash, shares with an aggregate nominal value of £282,795 equal to approximately 5% of the Company's current issued share capital without being required first to offer such securities to existing shareholders. The Company will thereby be given greater flexibility when considering future opportunities but the interests of existing shareholders will be protected as, except in the case of a rights issue or the allotment of shares under the Company's share option schemes, the Directors have no present intention to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in general meeting, to make any issue which would effectively alter the control of the Company or the nature of its business. This authority will expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

### **Resolution 11**

#### **Authority to purchase Ordinary Shares**

At the Annual General Meeting, Ordinary Shareholders are being invited under Resolution 11 to grant authority to the Company to make market purchases of its Ordinary Shares. It is proposed such authority shall expire on the conclusion of the Annual General Meeting to be held in 2007 or twelve months from the date of this resolution, if earlier.

This authority will be limited to the purchase of not more than 14.9% of the Ordinary Shares currently in issue. This represents the maximum amount of Ordinary Share capital in issue which is permitted before tender or partial offer to all shareholders is required to be made to perform any share buy-back. The maximum price payable under this authority will be 105% of the average of the middle market quotations of an Ordinary Share for the five business days before the relevant purchase and the minimum price will be 2.5p per Ordinary Share.

In considering whether or not to purchase Ordinary Shares under the market purchase authority, the Directors will take into account cash resources, the effect on gearing and other investment opportunities before exercising the authority. In addition, the Company will only exercise the authority to make such a purchase in the market when the Directors consider it is in the best interests of the shareholders generally to do so and it should result in an increase in Earnings per Ordinary Share. The Directors' current intention is that the authority sought by Resolution 11 shall be utilised in respect of employee share options as they are exercised.

As at 29 November 2005, there were options to subscribe for 1,858,455 equity shares outstanding under various schemes representing approximately 0.82% of the current issued share capital of the Company. If the authority sought by Resolution 11 was exercised in full, the number of outstanding options would represent approximately 0.97% of the issued share capital following the repurchase of shares.



# FINANCIAL CALENDAR

## Key dates

Annual General Meeting and first quarter trading update	10 January 2006
Final dividend payable	31 January 2006
2005/06 interim results announcement	May 2006
2005/06 interim dividend payable	June 2006
Third quarter trading update	July 2006
2005/06 full year results announcement	November 2006



## THE TEAM

# 1,672 people - one team

### A

Aaron Brand  
Aaron Cook  
Aaron Frogley  
Aaron Hodgkinson  
Abdulkadir Kulmie  
Adam Boshir  
Adam Charles  
Adam Coates  
Adam Gale  
Adam Harris  
Adam Howie  
Adam Hughes  
Adam Laidlaw  
Adam Lucas  
Adam Mundy  
Adam Stopford  
Adam Walker  
Adrian Earley  
Adrian McCorkell  
Adrian McCourt  
Adrian Partridge  
Adrian Pickup  
Adrian Rimmington  
Ahmar Nadeem  
Aidan Ward  
Aileen Crossley  
Akommil Ali  
Akushu Mulenga  
Alan Cordery  
Alan Faulkner  
Alan Grady  
Alan Harding  
Alan Hartley  
Alan Hemsley  
Alan Jones  
Alan Logan  
Alan McDonald  
Alan McIntosh  
Alan Monk  
Alan Parker  
Alan Rogers  
Alan Rolf  
Alan Saunders  
Alan Sinclair  
Alan Smalley  
Alan Sproston  
Alasdair Higgins  
Alec Dakin  
Alex Bott  
Alex Long

Alex Padgham  
Alex Paterson  
Alexander Mcaleese  
Alexander Onions  
Alexandria Murphy  
Ali Sadique  
Ali Syed  
Alistair Fleming  
Alistair Payne  
Allan Duffy  
Allan Gill  
Allan Harper  
Alvin Chinyanga  
Alvin Lapao  
Amadou Janneh  
Amanda Green  
Amanda Hullett  
Amar Mohammed  
Amardeep Flora  
Amin Ladhu  
Andrea Hallfield  
Andrew Armstrong  
Andrew Bailey  
Andrew Baillie  
Andrew Carlisle  
Andrew Clay  
Andrew Collins  
Andrew Curr  
Andrew Curtis  
Andrew French  
Andrew Green  
Andrew Hanson  
Andrew Hastings  
Andrew Hill  
Andrew Jones  
Andrew Liggett  
Andrew Lindley  
Andrew Macdonald  
Andrew Merz  
Andrew Middleton  
Andrew Moore  
Andrew Murphy  
Andrew Parnell  
Andrew Smith  
Andrew Sinclair  
Andrew Ward  
Andrew Warwick  
Andrew Waterfield  
Andrew Wathan  
Andrew Wheat  
Andrew Whiteley

Andrew Williams  
Andrew Wood  
Andrew Woolley  
Andrew Young  
Andy Bird  
Andy Dawson  
Andy Playfoot  
Andy Shaw  
Andy Thomas  
Angela Harrison  
Angela Tremelling  
Anil Sehdev  
Anna Chang Pin Tive  
Anna Timney  
Anne Lloyd  
Anne McCabe  
Anne-Marie Carpenter  
Annette Harris  
Annmarie Malone  
Anthony Bradford  
Anthony Christopher  
Anthony Cope  
Anthony Cox  
Anthony Dent  
Anthony Dightam  
Anthony Dwyer  
Anthony Fincher  
Anthony Fleming  
Anthony Fusco  
Anthony Gilbert  
Anthony Linsell  
Anthony Molyneux  
Anthony Oleru  
Anthony Telfer  
Anthony Wychwood  
Antony Beazer  
Antony Parker  
Antony Plant  
Arnold Harrison  
Ashaheed Khan  
Ashley Jordan  
Astone Davids  
Audley Hall

### B

Balvinder Singh  
Barbara Edge  
Barbara Horn  
Barbara Scales  
Barclay Pope  
Barnaby Chambers

Barrie Palmer  
Barry Bester  
Barry Gales  
Barry Hodges  
Barry Shane  
Barry Squires  
Barry Taylor  
Barry Webber  
Bas Snellenburg  
Belinda Davis  
Ben Armitage  
Ben Brink  
Ben Colliss  
Ben Davis  
Ben Garrett  
Ben Holder  
Ben Lee  
Ben Smees  
Ben Wood  
Ben Woollins  
Benjamin Finn  
Benjamin Marland  
Benjamin Naughton  
Benjamin Rich  
Benjamin Whittingham  
Benoni Akuetteh  
Bernadette Crawford-King  
Bernard Cope  
Bert Van Houten  
Bertil Boyles  
Beverley Bond  
Beverly Butler  
Blake Heys  
Blodwyn Hopkins  
Bob Heuerman  
Bob Snellenburg  
Bobby Park  
Brad Crosthwaite  
Bradley Cooper  
Bradley Cromwell  
Brandon Abels  
Brant Wells  
Brendan Munsamy  
Brendon Roberts  
Brett Goulden  
Brian Adams  
Brian Allchin  
Brian Dicks  
Brian Fisher  
Brian Kirwin

Brian Nelson  
Brian Richards  
Brian Simpson  
Bridget Anderson  
Bruce Fielding  
Bruno Alves  
Bryan Hartley  
Burzes Batliwalla

### C

Cade Somerville  
Calbert Hall  
Campbell Marr  
Carl Bradbury  
Carl Brown  
Carl Cumberbatch  
Carl Dyke  
Carl Fraser  
Carl Johnson  
Carl Sheppard  
Carl Taylor  
Carl Whatley  
Carol Lakin  
Carol Livingstone  
Caroline Bennett  
Caroline Crofts  
Caroline Head  
Caroline May  
Cassandra Huitson  
Catherine Harvey  
Catherine Platt  
Catherine Waldron  
Chad Thompson  
Chan Gokani  
Chantelle Fallows  
Charles Dougherty  
Charles Quaintance  
Charles Tetley  
Charlotte Higley  
Chetan Patel  
Chioma Onyeakazi  
Chirag Patel  
Chris Bain  
Chris Cameron-Waller  
Chris Cartey  
Chris Davies  
Chris Dixon  
Chris Edwards  
Chris Evans  
Chris Forbes  
Chris Gough

Chris Heyes  
Chris Ireland  
Chris Jelley  
Chris Kantelberg  
Chris Newell  
Chris Riddick  
Chris Semple  
Chris Shute  
Chris Willshaw  
Christina Scannell  
Christina Langridge  
Christina Xavier  
Christine Earl  
Christine Hendry  
Christine Jones  
Christine Rea  
Christine Wadsworth  
Christine Whiteman  
Christopher Bowles  
Christopher Brown  
Christopher Chapman  
Christopher Cooper  
Christopher Cowap  
Christopher Haslam  
Christopher Hunter  
Christopher Newman  
Christopher Nicholls  
Christopher Ongaro  
Christopher Smith  
Christopher Turley  
Christopher Tyler  
Christopher Wright  
Christy Kolesniak  
Claire Loney  
Clare Barden  
Clare Hogg  
Clare Webster  
Claude Naidoo  
Cole Blackman  
Colin Clark  
Colin Hampson  
Colin Hoban  
Colin Markham  
Colin Rymer  
Colin Taylor  
Colin Vowles  
Colin Winterburn  
Conrad Harrup  
Cornelius Fru Ndi  
Corrine Marshall  
Craig Conway



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## THE TEAM continued

Craig Cooper  
Craig Gardener  
Craig Hill  
Craig Ollard  
Craig Palethorpe  
Craig Pike  
Craig Sims  
Craig Stewart  
Craig Tetlow  
Craig White  
Craig Woodward  
Crescent Baron  
Cyril Mitson

### D

Daan Rubens  
Dale Hoy  
Dale Pugh  
Dale Robinson  
Damian Porter  
Damien Cramp  
Dan Hall  
Dan Lyle  
Dan Radford  
Daniel Banyard  
Daniel Britt  
Daniel Brooks  
Daniel Cross  
Daniel Davey  
Daniel Egan  
Daniel Fallows  
Daniel Fennings  
Daniel Findlay  
Daniel France  
Daniel Gibbs  
Daniel Greenley  
Daniel Hall  
Daniel Johnson  
Daniel Jones  
Daniel Jones  
Daniel Little  
Daniel Mann  
Daniel Musguin  
Daniel Nield  
Daniel Roberts  
Daniel Rosenthal  
Daniel Rowson  
Daniel Rudd  
Daniel Scott Francis  
Daniel Skinner  
Daniel Stiven  
Daniel Taylor  
Danielle Smythe  
Danielle Spencer  
Danielle Ten Hoven  
Danny Kok  
Danny Manning  
Danny Slater  
Danny Weatherley  
Danny Wratten

Darone Dubois-Gayere  
Darran Wood  
Darren Bebbington  
Darren Connor  
Darren Doherty  
Darren Ferguson  
Darren Goode  
Darren Harper  
Darren Kemp  
Darren Mitchell  
Darren Morgan  
Darren Palmer  
Darren Pickering  
Darren Square  
Darren Taylor  
Darren Walker  
Dave Berry  
Dave Fitzgerald  
Dave Lalley  
Dave St John  
Dave Taylor  
David Asquith  
David Atherton  
David Ayling  
David Bailey  
David Biggs  
David Blades  
David Burnikell  
David Caldwell  
David Carpenter  
David Carr  
David Critchlow  
David Daulton  
David Dawson  
David Dorney  
David Dyason  
David Evans  
David Finnie  
David Fletcher  
David Gibson  
David Gridley  
David Harper  
David Hatton  
David Hayers  
David Henderson  
David Hirst  
David Houghton  
David Hulme  
David Hulse  
David Kershaw  
David Kettlewell  
David Kirkpatrick  
David Linsdell  
David Lott  
David Macartney  
David Madera  
David Mallyon  
David Marshall  
David Oliver  
David Palmer

David Parr  
David Reid  
David Savage  
David Stanley  
David Steel  
David Stott  
David Strain  
David Sutcliffe  
David Sykes  
David Theobald  
David Thomasson  
David Townsley  
David Turner  
David Whitelaw  
David Willcox  
David Williams  
David Williams  
David Worrall  
Dawn Marsh  
Dean Belton  
Dean Brown  
Dean Bull  
Dean Hyde  
Dean Marshall  
Dean Purhill  
Dean Robertson  
Dean Smith  
Dean Titchen  
Dean Tricker  
Dean Woolley  
Debbie Burns  
Deborah White  
Debra Davies  
Delia Muwalo  
Denise Hughes  
Dennis Cragen  
Dennis Jepson  
Dennis Rawding  
Denzil Johns  
Derek Lambourn  
Derek Parsons  
Derek Robertson  
Derek Sim  
Derek Smith  
Devindren Govender  
Diane Shatford - Butcher  
Dilwar Ali  
Dinkar Ratna  
Dishon Meade  
Donal Higgins  
Donna Cox  
Donna Harvey  
Donna Paterson  
Donna Shirley  
Doreen Hyatt  
Duane Carey  
Dwayne Howard  
Dwayne Munroe  
Dylan Roberts

### E

Eamonn Clancy  
Edmund Smith  
Edward Collop  
Edward Derbyshire  
Edward Dove  
Edward Gardiner  
Edward Moore  
Edward Murphy  
Elaine Miller  
Elizabeth Bott  
Elizabeth Kelly  
Elizabeth Mccourt  
Elizabeth Smith  
Emily Lenton  
Emin Demirkaya  
Emma Brookes  
Emma Kenney  
Emma Lane  
Emma Whatson  
Emma-Louise Rowlands  
Enid Lamb  
Eric Byarugaba  
Erik Rubens  
Ernest Johnson  
Esther Ten Hoven  
Euan Grieve

### F

Fabian Bhundia  
Farzana Latif  
Fern Marshall  
Finbarr Mcquaid  
Fiona Shaw  
Flora Tuitt  
Denise Hughes  
Folkert Hildama  
Fran Graysmark  
Frances Aylward  
Francis Donnelly  
Francis Shyngle  
Francis Slater  
Francis Tully  
Frank Hibbert  
Frans Levoleger  
Fuzile Mayo

### G

Gail Clifton  
Gareth Henry  
Gareth Sutton  
Gareth Veck  
Gareth Ward  
Gareth Wright  
Garry Hardy  
Gary Ashdown  
Gary Asher  
Gary Bloomfield  
Gary Burns  
Gary Cerrone  
Gary Chapman

Gary Curtis  
Gary Jennings  
Gary Marshall  
Gary Neale  
Gary Walmsley  
Gavin Bennett  
Gavin Buisst  
Gavin Carter  
Gavin Daubney  
Gavin Dwyer  
Gavin Mitchell  
Gavin Ramsey  
Gavin Smith  
Gayle Anderson  
Geerish Ramsaha  
Gemma Stephens  
Geoff Sutters  
George Lathan  
George Wilson  
Georgina Burgess  
Geraldine Plumtree  
Gerard Mallon  
Gianfranco Zanolini  
Gillian Archer  
Gillian Grace  
Gillian Gray  
Gina Regan  
Glaucia Lima  
Glen Holloway  
Glendale Canoville  
Glenn Claridge  
Glenn Fordyce  
Glyn Rogers  
Gordon Irvine  
Graham Brophy  
Graham Buckley  
Graham Chapman  
Graham Davies  
Graham Jones  
Graham White  
Gregory Barwick  
Gregory Carolina  
Gursharn Ladhar  
Guy Ferguson  
Guy Wakefield

### H

Hans Ebbelink  
Harlukkhir Sangha  
Harpreet Hansra  
Harry Biggs  
Harvinder Bunger  
Hayley Bover  
Helen Bosworth  
Helen Gosling  
Henri Khoury  
Heran Thakore  
Herman Kreikamp  
Hitesh Hirani  
Holly Bradbury

Howard Farmer  
Hugh Selley  
Husna Iqbal

### I

Iain Jackson  
Iain Philip  
Ian Bloomfield  
Ian Dodds  
Ian Fairfield  
Ian Hobson  
Ian Jones  
Ian Kirwin  
Ian Lightowlers  
Ian Mcalinden  
Ian Mcilvaney  
Ian Mcinteer  
Ian Mcnamara  
Ian Noon  
Ian Paterson  
Ian Pennington  
Ian Picken  
Ian Reavey  
Ian Sykes  
Ian Tebbutt  
Ian Marshall  
Ilker Camur  
Imran Ashraf  
Imran Yousaf  
Ivan Frampton

### J

Jack Carslake  
Jack Driscoll-Slack  
Jacob Bos  
Jacqueline Byrne  
Jacqueline Twidle  
Jacques Human  
Jajwinder Harar  
James Aspey  
James Baker  
James Bott  
James Cameron  
James Cernuschi  
James Coles  
James Dennett  
James Di Leva  
James Eastham  
James Edge  
James Hollingshead  
James Hudson  
James Kelly  
James Koroma  
James Lamkin  
James Lane  
James Martin  
James Mcgouldrick  
James Mcguigan  
James Mcmillan  
James Mercer



James Metcalf  
James Mitchell  
James Morgan  
James Myatt  
James Pateman  
James Paterson  
James Patston  
James Pilfold  
James Repp  
James Robertson  
James Rollisson  
James Sinnott  
James Stark  
James Taylor  
Jamie Bannister  
Jamie Evans  
Jamie Gaynor  
Jamie Gorham  
Jamie Haisell  
Jamie Morgan  
Jamie Muir  
Jamie Parkes  
Jamie Wenborn  
Jamie White  
Jan Nijhof  
Jan Piwowar  
Jan Reddi  
Jan Sloterwijk  
Jane Graham  
Jane Horsford  
Janet Burgess  
Janet Lockyer  
Janet Riley  
Janice Millett  
Jasbinder Pal  
Jason Duller  
Jason Ealden  
Jason Forsyth  
Jason Johnstone  
Jason Meadows  
Jason Pratt  
Javeed Parkar  
Jayandrie Chetty  
Jayantilal Patel  
Jayaprakash Paragjee  
Jayawthe Weerasinge  
Jayson Vann  
Jean Smith  
Jeannette Hastie  
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Jemma Roberts  
Jenette Graham  
Jenna Faulkner  
Jennifer Donlan  
Jennifer Duckworth  
Jennifer Royce  
Jenny Seabrook  
Jeremy Apelgren  
Jeremy Harris  
Jermaine Stanley

Jeroen Ligtelijn  
Jeroen Van Loveren  
Jessica Birchall  
Jigyasu Yadav  
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Jim Carpenter  
Jim Tuvey  
Jimmy Vander Plank  
Joan Hicks  
Joanna Kidner  
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Joanne Stuart  
Jodie Baigrie  
Joe Blackwood  
Joe Cox  
Joe Hardwick  
Joe Parsons  
Joel Grace  
Johanna Asher  
John Chinn  
John Coles  
John Davidson  
John Davies  
John Davies  
John Ellis  
John Forde  
John Foster  
John Gardner  
John Harris  
John Harrison  
John Hickey  
John Johnston  
John Jones  
John Keouski  
John Lamb  
John McBride  
John Moat  
John Page  
John Rayner  
John Reilly  
John Riggs  
John Smith  
John Smith  
John Summers  
John Sutton  
John Thompson  
John Underwood  
John Vaughan  
John Wade  
John Whelan  
John Willis  
John Wright  
Johnathon Cox  
Johnny Elenbaas  
Jon Oliver  
Jon Potts  
Jonathan Bean  
Jonathan Benn  
Jonathan Coombs  
Jonathan Goddard

Jonathan Hargreaves  
Jonathan Haycock  
Jonathan Morgan  
Jonathan Whitehead  
Jonathon Hall  
Jonathon Parker  
Jonathon Perkins  
Jonathon Sheerin  
Jon-Paul Hughes  
Jorris Maätita  
Jos Kantelberg  
Jos Verlaat  
Joseph Bentley  
Joseph Ellis  
Josephine Hilldrup  
Josh Wyatt  
Joshua Groener  
Joyce Davies  
Judith Sprules  
Juginder Gill  
Julian Lloyd  
Julie Ayrton  
Julie Blake  
Julie Cox  
Julie Fewings  
Julie Horsford  
Julie Jordan  
Juliet Wilford  
Julius Billones  
Justin Bradley  
Justin Clifford  
Justin Edmondson  
Justin Roberts

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Kalpesh Limbochia  
Kalpesh Patel  
Kamlesh Shah  
Kandasamy Pillai Sureskumar  
Kara Robinson  
Karen Brook  
Karen Lakin  
Karen Sutcliffe  
Karim Tiller  
Karina-Jade Tubb  
Karl Austin  
Karl Bezemer  
Karl Brooks  
Karl Grayson  
Karl Jackson  
Karl Madge  
Karl Rowley  
Karl Stephens  
Karl Walker  
Kathryn Robinson  
Kawsor Ahmed  
Keiron Birch  
Keith Ambrose  
Keith Carr  
Keith Hughes

Keith Pugh  
Keith Rudkin  
Keith Storrer  
Kelly Adams  
Kelly Ellison  
Kelly Whyte  
Kelly Wrenn  
Kelvin Hughes  
Kelvin Walley  
Ken Saunders  
Kenneth Frankland  
Kenneth Mckay  
Kenneth Owen  
Kenneth Pettengale  
Kenneth Turner  
Keri Stevenson  
Kerri Wood  
Kerry Atkinson  
Kerry Hume  
Kerry Millington  
Kerry Saunders  
Kerry-Ann Richardson  
Kevan Richardson  
Kevin Avins  
Kevin Bailey  
Kevin Baker  
Kevin Bennett  
Kevin Bowtle  
Kevin Brophy  
Kevin Crompton  
Kevin Dean  
Kevin Gallagher  
Kevin Hayes  
Kevin Nelson  
Kevin Reading  
Kevin Robbins  
Kevin Thorne  
Kevin Tulle  
Kevin Young  
Kieran Barnes-Warden  
Kieron Clarke  
Kim Kuijs  
Kim Liddle  
Kimberley Box  
Kimberly Cooper  
Kirsty Bover  
Kirsty Rhodes  
Kofi Danso  
Kris Bailey  
Kris Woakes  
Kriss Hutcheon  
Kristen Page  
Kristy Sadler  
Kuttapanicker Monilal  
Kyle Odgers

**L**  
Lakhbir Kaur  
Lance Cale

Larissa Gurney  
Laura Cowper  
Laura Doyle  
Laura Edwards  
Laura Johnson  
Laura Kershaw  
Laura Price  
Laura Shelley  
Laura Sherwood  
Laurence Clark  
Laurence Davies  
Laurence Loxam  
Leah Norris  
Leanne Foweather  
Leanne Kirk  
Leanne Langran  
Leanne Marshall  
Leanne Miles  
Leanne Murphy  
Lee Baxter  
Lee Carroll  
Lee Carver  
Lee Chapman  
Lee Culley  
Lee Davis  
Lee Dover  
Lee Durrant  
Lee Fisher  
Lee Fitzpatrick  
Lee Ford  
Lee Galloway  
Lee Harris  
Lee Hodgson  
Lee Jacovou  
Lee Johnstone  
Lee Kear  
Lee Kilcoyne  
Lee Morris  
Lee Payne  
Lee Shillibeer  
Lee Street  
Lee Tapp  
Lee West  
Lee Wilkinson  
Lee Williams  
Lee Winter  
Leigh Davies  
Leigh Holden  
Leigh Nielsen  
Leigh Russell  
Leigh Taylor  
Leon Fraser  
Leonard Denton  
Leonard Finch  
Leonard Wilson  
Leonie Van Der Valk  
Lesley Hawkes  
Leslie Maher  
Lewis Jordan  
Lewis Smith

Lewis Yates  
Liam Hunt  
Liam Kemp  
Lianne Harrison-Allcock  
Lino Santiso  
Lindsey Baird  
Linsey Wilson  
Lisa Barrow  
Lisa Bell  
Lisa Heys  
Lisa Kousourou  
Lisa Norwood  
Lisa Sheppard  
Lisa Walker  
Lisa Wright  
Loretta Daley  
Lorna Ballantyne  
Louie Jago  
Louise Hannam  
Lucy Cartey  
Lucy Dacosta  
Lucy Henshall  
Luke Abbs  
Luke Nutting  
Luke Turner  
Lynette Grimes  
Lynn Pearson

**M**  
Magnus White  
Majid Shafiq  
Malcolm Baker  
Mandeep Birak  
Mandeep Flora  
Mandy Aidney  
Manjeet Thathal  
Marc Andrisani  
Marc Breeze  
Marc Burton  
Marc Middleton  
Marc Why  
Marc Winter  
Marco Knip  
Margaret Lawrie  
Mario Van Der Walk  
Mark Allen  
Mark Arthur  
Mark Betts  
Mark Bianchi  
Mark Bober  
Mark Bourner  
Mark Bradbury  
Mark Briers  
Mark Brownset-Joyce  
Mark Cowley  
Mark Curwen  
Mark Discombe  
Mark Frisby  
Mark Garrity  
Mark Gasson



## THE TEAM continued

Mark Geary  
Mark Hilton  
Mark Hirst  
Mark Hodgkinson  
Mark Hunter  
Mark Jepson  
Mark Johnson  
Mark Jones  
Mark Lever  
Mark Maciver  
Mark Meakin  
Mark Moore  
Mark Mottershead  
Mark Nicholls  
Mark Rigley  
Mark Samuels  
Mark Stephenson  
Mark Strong  
Mark Tennant  
Mark Thompson  
Mark Traynor  
Mark Waldock  
Mark Waller  
Mark Williams  
Mark Williams  
Mark Woodcock  
Martin Baker  
Martin Brophy  
Martin Clare  
Martin Curry  
Martin De Bruijn  
Martin Derricott  
Martin Horton  
Martin Jackson  
Martin Morris  
Martin Pryce  
Martin Shenton  
Martin Siggers  
Martin Sinnott  
Martin Smyth  
Martin Watt  
Martin Winterburn  
Martin Yardley  
Martyn Gilbert  
Marvin Daniels  
Mary Dodman  
Mary Lane  
Mary Smith  
Mary Stonard  
Mathew Mereweather  
Matthew Allison  
Matthew Beal  
Matthew Bond  
Matthew Broughton  
Matthew Connor  
Matthew Dunne  
Matthew Foster  
Matthew Foulger  
Matthew Hawley  
Matthew Jenner

Matthew Johnson  
Matthew Lorenz  
Matthew Mckune  
Matthew Meigh  
Matthew Moore  
Matthew Rayner  
Matthew Riddell  
Matthew Robinson  
Matthew Savill  
Matthew Sigley  
Matthew Williams  
Matthew Winstone  
Matthew Wright  
Matthew Wyatt  
Maxine Barry  
Mehmet Asdoyuran  
Melanie Hall  
Melissa Isaac  
Melton Thompson  
Merlin Hassoldt  
Micha Stiphout  
Michael Bamborough  
Michael Blinkhorne  
Michael Boughton  
Michael Collins  
Michael Cosgrove  
Michael Cotter  
Michael Coward  
Michael Curtis  
Michael Dorman  
Michael Earls  
Michael Finn  
Michael Gay  
Michael Hall  
Michael Harrison  
Michael Holland  
Michael Hughes  
Michael Ingham  
Michael Jack  
Michael Jenks  
Michael Lemaitre  
Michael Litster  
Michael Mcvey  
Michael Revill  
Michael Rothengatter  
Michael Rout  
Michael Simmons  
Michael Skinner  
Michael Thacker  
Michael Whatley  
Michael Willis-Thompson  
Micheal Gallagher  
Michele Bloomfield  
Michele Poxon  
Michelle Forsyth  
Michelle Hands  
Michelle Kempson  
Michelle Lawson  
Michelle Mannion  
Mike Butler

Mike Easton  
Mike King  
Mike Lee  
Mike Lock  
Mikeal Worship  
Milly Van Der Linden  
Mitchell Sole  
Mohamed Patel  
Mohammed Azhar  
Mohammed Jamil  
Mohammed Parvaz  
Mumtaz Khamisa  
Murray Mcherson

### N

Nadine Foster  
Nancy Beaver  
Narinder Chatha  
Natalie Hogg  
Nathan Austin  
Nathan Broughton  
Nathan Collins  
Nathan Coulthard  
Nathan Gourlay  
Nathan Seigneur  
Neil Bartholomeusz  
Neil Brownley  
Neil Carr  
Neil Clarke  
Neil Curtis  
Neil Hendy  
Neil Homan  
Neil Ketnor  
Neil Shephard  
Neil Thakore  
Neil Turner  
Neil Worthington  
Ngadhnmjim Spahiu  
Nicholas Bradshaw  
Nicholas Clifford  
Nicholas Davies  
Nicholas Griffiths  
Nicholas Kyriacou  
Nicholas Lawrence  
Nicholas Leach  
Nicholas Ounstead  
Nicholas Payne  
Nicholas Salisbury-Jones  
Nicholas Stones  
Nicholas Thornton  
Nicholas Withers  
Nick Elmork  
Nick Hielckert  
Nick Wardman  
Nicky Dalley  
Nicola Acres  
Nicola Dearden  
Nicola Lewis  
Nicola Slater  
Nicola West

Nicolas Wassell  
Nigel Brooks  
Nigel Fleming  
Nigel Parkinson  
Nigel Slaughter  
Nigel Wood  
Nikita Groener  
Nikola Sutton  
Nikolai Nikoloff  
Noel Hackett

### O

Olaoye Ogunloye  
Oliver Knight  
Oliver Sawyer  
Osemar Masaya

### P

Pamela Davie  
Parminder Nijur  
Pasquale Santaniello  
Patience Bender  
Patricia Campbell  
Patricia Squires  
Patrick Mcgee  
Patrique Janssen  
Paul Bainbridge  
Paul Barnard  
Paul Baxter  
Paul Burkett  
Paul Burrow  
Paul Carter  
Paul Castleton  
Paul Chalmers  
Paul Chapman  
Paul Clark  
Paul Cull  
Paul Day  
Paul Edwards  
Paul Galvin  
Paul Glynn  
Paul Goodson  
Paul Huxtable  
Paul Irving  
Paul Jones  
Paul Kelly  
Paul Lathrope  
Paul Lavery  
Paul Liggett  
Paul Mackin  
Paul Martindale  
Paul Mayfield  
Paul Mcculloch  
Paul Miller  
Paul Mills  
Paul Noyes  
Paul Oldroyd  
Paul Peacock  
Paul Price  
Paul Redfern

Paul Rockett  
Paul Ruddle  
Paul Ryan  
Paul Saunders  
Paul Semple  
Paul Sluiter  
Paul Smith  
Paul Smith  
Paul Smith  
Paul Smith  
Paul Smitheringale  
Paul Southern

Paul Starkey  
Paul Stuart  
Paul Sutton  
Paul Thorneycroft  
Paul Tomlin  
Paul Wheeler  
Paul Williams  
Paul Wixen  
Paula Budsworth  
Pauline Grenfell  
Pauline Harrison  
Pawel Warych  
Peter Charters  
Peter Davey  
Peter Davidson  
Peter Deegan  
Peter Gosling  
Peter Gyeanteay  
Peter Hogg  
Peter Johnson  
Peter Jones  
Peter Kitchen  
Peter Lea  
Peter Lynn  
Peter MCGowan  
Peter Robertson  
Peter Robinson  
Peter Samways  
Peter Smith  
Peter Tassenaar  
Peter Tilling  
Peter White  
Phil Kelly  
Philip Aird  
Philip Dunn  
Philip English  
Philip Glasgow  
Philip Gostick  
Philip Hawkeswood  
Philip Kelly  
Philip Lonsdale  
Philip Mccarney  
Philip Meakin  
Philip Tomlin  
Phillip Tovey  
Phillip Downing  
Phillip Godden  
Phillip Hillier

Phillip Hunt  
Phillip Lewis  
Phillip Walters  
Phillipa Hewitt  
Pius Chibwe  
Pravesh Ramsaha

### Q

Quasim Bashir  
Quintin Palliam

### R

Rabindranath Jewbali  
Rachel Siu  
Rahul Goel  
Raj Surani  
Rajan Mehta  
Rajbinder Dhanoya  
Rajiv Vadgama  
Ranjit Grewal  
Ravi Sudera  
Raymond Tricker  
Rebecca Crawshaw  
Rebecca Derricott  
Rebecca Ellis  
Rebecca Halliday  
Rebecca Heather  
Rebecca Oblein  
Rebecca Plant  
Recep Tarim  
Reedwan Desai  
Reg Anderton  
Rhonda Partridge  
Rhys Kelland  
Ria Croft  
Ricardo Malcolm  
Richard Bickers  
Richard Brookfield  
Richard Carter  
Richard Clark  
Richard Davies  
Richard Deavall  
Richard Dempsey  
Richard Fairley  
Richard Gallagher  
Richard Grove  
Richard Hamilton  
Richard Harris  
Richard Homan  
Richard Hopkin  
Richard Hutcheson  
Richard Jackson  
Richard Lewington  
Richard Mais  
Richard Oldale  
Richard Paine  
Richard Scott  
Richard Smallman  
Richard Spencer Smith  
Richard Tucker



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Ricky Loomes  
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Robert Adkins  
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Robert Bellamy  
Robert Brewin  
Robert Chawner  
Robert Clarke  
Robert Cole  
Robert Curd  
Robert Ducker  
Robert Donnelly  
Robert Exley  
Robert Hall  
Robert Hodgson  
Robert Howker  
Robert Maples  
Robert Marcellin  
Robert Moss  
Robert Myers  
Robert Ramsay  
Robert Rayner  
Robert Reynolds  
Robert Taylor  
Robert Trigg  
Robert Watts  
Robert Wright  
Roberto Di-Leva  
Roberto Xavier  
Robin Pinhorn  
Rodger Mitchell  
Rodney Meyer  
Rodney Sanders  
Roger Bailey  
Roger Buckley  
Roger Channell  
Roger Gridley  
Ronaldo Rodrigues  
Ronald Emmanuel  
Ronald Perrott  
Ronald Van Veenen  
Ronnie Webster  
Rosina Taylor  
Roslyn Naylor  
Ross Ashbrook  
Ross Malley  
Ross McNair  
Roy Haddon  
Roy Peasland  
Rudy Messiahs  
Russell Adgey  
Russell Thornton  
Ryan Busby

Ryan Curd  
Ryan Milligan  
Ryan Morris

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Sadaqat Basharat  
Sadia Ahmed  
Sagren Naidoo  
Sally Green  
Salvatore Andreozzi  
Sam Gobey  
Sam Nortey  
Sam Shepherd  
Samantha Barrett  
Samantha Perry  
Samantha Sayer  
Samantha Williams  
Samuel Geddam  
Sarah Crane  
Sarah Dallow  
Sarah Dobson  
Sarah Earthy  
Sarah Mccabe  
Sarah Pimm  
Sarah Whitehead  
Satyan Meisuria  
Scott Allaway  
Scott Ambrose  
Scott Coles  
Scott Davis  
Scott Frankland  
Scott Heritage  
Scott Mccluskey  
Scott Meadows  
Scott Smith  
Scott Williams  
Sean Cahill  
Sean Coleman  
Sean De'Oliveira  
Sean Howard  
Sean Kerry  
Sean Nunan  
Sean Wixen  
Shabeena Bibi  
Shane Malone  
Shane Moorhouse  
Shane Watson  
Shannon Woods  
Shanoor Ali  
Sharmake Abdullahi  
Sharon Diffin  
Sharon Homer  
Sharon Mcclung  
Sharon Muir  
Sharon Pearce  
Sharron Bruce  
Shaun Douglas  
Shaun Hayes  
Shaun Mayes  
Shaun Scott

Shawanna Hafiz  
Sheila Robertson  
Shelley Rutter  
Sherry Bell  
Sherry Conlay  
Silvonne Mclean  
Simon Atkinson  
Simon Brookfield  
Simon Brown  
Simon Casey  
Simon Chappell  
Simon Eldridge  
Simon Farr  
Simon Frew  
Simon Gill  
Simon Goodwin  
Simon Green  
Simon Henderson  
Simon Jones  
Simon Lasham  
Simon Morgan  
Simon Pitt  
Simon Rayner  
Simon Ricketts  
Simon Roberts  
Simon Taylor  
Simon Tuckley  
Simon Witham  
Siobhan Waters  
Sion Jackson  
Sophie Macdonald  
Stanley Crowther  
Stephan Linay  
Stephan Whitby  
Stephanie Hamer  
Stephanie Nevett  
Stephen Ainsworth  
Stephen Bloomfield  
Stephen Brighton  
Stephen Clark  
Stephen Collins  
Stephen Crane  
Stephen Davey  
Stephen Hosken  
Stephen Hunter  
Stephen Lewis  
Stephen Marshall  
Stephen Mcgowan  
Stephen Mcleod  
Stephen Mcveigh  
Stephen Nunn  
Stephen Seymour  
Stephen Sherwin  
Stephen Thirry  
Stephen Williams  
Steve Claridge  
Steve Gaylor  
Steve Ho  
Steve Pratt  
Steve Whitehead

Steve Wormald  
Steven Burke  
Steven Clark  
Steven Edwards  
Steven Godwin  
Steven Jenkins  
Steven Lockley  
Steven Lynn  
Steven Macarthur  
Steven Maggs  
Steven Morries  
Steven Nelson  
Steven Saunders  
Steven Tinkler  
Steven Walker  
Steven White  
Steven Whitehead  
Steven Whittle  
Stevie Parish  
Stuart Baigent  
Stuart Cooper  
Stuart Davey  
Stuart Hill  
Stuart Hillman  
Stuart Marcella  
Stuart Pemberton  
Stuart Rees  
Stuart Ross  
Stuart Whitby  
Stuart Williams  
Sudarshan Naidoo  
Sukhbinder Verdding  
Susan Attwell  
Susan Groombridge  
Susan Henshall  
Susan Hulme  
Susan Hunt  
Susan Wilcockson  
Susan Wright

## T

Tahir Nazif  
Temiloluwa Longe  
Terance Langford  
Terance Palmer  
Terence Dooley  
Terence Marshall  
Terence White  
Terry Olivo  
Terry Wade  
Terry Webb  
Theo Buijs  
Theresa Murray  
Thierry Dellys  
Thomas Agate  
Thomas Cloete  
Thomas Cunningham  
Thomas Fry  
Thomas Girvan  
Thomas Hodgson

Thomas Horsfield  
Thomas Lewis  
Thomas Mallion  
Thomas Pressley  
Thomas Roberts  
Thomas Ryan  
Thomas Steel  
Thomas Wade  
Thomas Woollard  
Tim Randall  
Tim Tatlock  
Timothy Boardman  
Timothy Harris  
Timothy Noble  
Timothy O'Sullivan  
Timothy Tuff  
Tina Munkley  
Toby Bateson  
Toby Collins  
Tom Evans  
Toni Thompson  
Tony Alliband  
Tony Haines  
Tony Martin  
Tony Milligan  
Tony Nunn  
Tony Simoes  
Tony Watson  
Tracey Gallagher  
Tracy Hudson  
Tracy Powell  
Trac Ryan  
Trac Stevens  
Tracy Wickenden  
Trevor Griffin  
Trevor Thomas  
Trevor Willers

## U

Umar Ullah  
Upali Herath

## V

Veronica Brownlie  
Vicky Dickinson  
Vicky Roberts  
Vicky Wilkinson  
Victor Watson  
Victoria Bachell  
Victoria Edge  
Victoria Mills  
Vilius Meilus  
Vincent Carroll  
Vinod Joshi  
Vipesh Kerai  
Vivienne Johns

## W

Wade Cummings  
Walkey Hilarie

Warren Bester  
Warren Smith  
Wayne Bowditch  
Wayne Coleman  
Wayne Farini  
Wayne Hughes  
Wayne Quaintance  
Wayne Randell  
Wayne Tearle  
Wayne Van Der Merwe  
Wendy Altimas  
Wesley Neukermans  
William Ohwor  
William Bailey  
William Bunsell  
William Gunshon  
William Hodgkinson  
William Lount  
William Ryves  
Wilmot Williams  
Wim Baggerman  
Wim Strik  
Wim Van Staden

## Y

Yolandé Knight  
Yun Zang  
Yvonne Archer  
Yvonne Burgess

## Z

Ziaur Rahman



INVESTOR IN PEOPLE



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TOPPS TILES PLC

Annual Report and Financial Statements 2005

# STORE LOCATIONS

## TOPPS TILES

### Central Region

Aston  
Banbury  
Bedford  
Binley  
Boston  
Burton  
Bury St Edmunds  
Cambridge  
Cannock  
Clacton-on-Sea ■  
Colchester  
Coventry  
Derby  
Derby 2  
Erdington  
Grantham ■  
Great Yarmouth  
Grove Park  
Hereford  
Ipswich  
Kidderminster  
Kings Heath  
Kings Lynn  
Leicester  
Lincoln  
Luton  
Mansfield  
Martlesham  
Milton Keynes  
Newcastle-U-Lyme  
Newark  
Northampton  
Norwich  
Nottingham  
Oldbury  
Peterborough  
Sheldon  
Shrewsbury  
Solihull  
Stafford  
Stamford ■  
Stoke on Trent  
Stratford-upon-Avon  
Tamworth  
Telford  
Wellingborough  
West Bromwich  
Wolverhampton  
Worcester  
Worksop ■

### London and Thames South

Basildon  
Beckton  
Bexhill  
Braintree  
Brentwood  
Brighton  
Broadstairs  
Camberley ■  
Canterbury  
Catford  
Charlton  
Cheam  
Chelmsford  
Chichester ■  
Chingford  
Colindale  
Crayford  
Croydon  
Dagenham  
Eastbourne  
Edmonton  
Eltham  
Erith ■  
Farnborough  
Farnham  
Folkestone ■  
Fulham  
Gatwick  
Grays ■  
Gunnersbury  
Guildford  
Harlow  
Hedgend  
Highgate ■  
Horsham ■  
Ilford  
Isle of Wight  
Maidstone  
Mitcham  
New Southgate  
Newbury  
Newhaven ■  
Old Kent Road  
Orpington  
Penge  
Portsmouth  
Raynes Park  
Rayleigh  
Reading  
Richmond  
Romford  
Sittingbourne  
Slough  
Southall

Southampton  
Southend  
Stamford Hill  
Sudbury  
Swindon  
Tonbridge  
Tunbridge Wells  
Twickenham  
Uckfield ■  
Uxbridge  
Vauxhall  
Waltham Cross  
Wandsworth ■  
Watford  
Wembley  
West Wickham

### North West

Aintree  
Blackburn  
Blackpool  
Bolton  
Cheadle  
Chester  
Chester 2  
Chorley  
Cleveleys  
Crewe  
Failsworth  
Flint  
Liverpool  
Macclesfield  
Morecambe  
Nantwich ■  
Northwich  
Oldham  
Ormskirk  
Preston  
Rhyl  
Sale  
Salford  
Snipe (Audenshaw)  
St Helens  
Stockport  
Stockport 2 ■  
Warrington  
Widnes  
Wigan  
Wrexham

### North

Barnsley ■  
Barrow-in-Furness  
Birstall ■  
Carlisle  
Chesterfield

Durham  
Harrogate  
Huddersfield  
Dewsbury  
Leeds  
Hull  
Sheffield  
Stockton  
Sunderland  
Tyneside  
Wakefield  
York

### Scotland

Aberdeen  
Dundee  
Edinburgh  
Falkirk  
Glasgow  
Greenock  
Hillington  
Inverness  
Linwood  
Perth  
Rutherglen  
Sighthill ■  
Wishaw

### South West

Barnstaple  
Basingstoke  
Bournemouth  
Bridgend  
Bridgewater  
Bristol  
Cardiff  
Cheltenham  
Christchurch  
Cribbs Causeway  
Exeter  
Frome ■  
Gloucester  
Hengrove  
Launceston  
Merthyr Tydfil  
Newport  
Plymouth  
Poole  
Salisbury  
Swansea  
Taunton  
Torquay  
Weston-Super-Mare  
Winchester  
Yeovil

## TILE CLEARING HOUSE

### Central Region

Aylesbury  
Fenton  
Great Barr  
Leicester  
Northampton  
Nottingham  
Peterborough  
Shrewsbury ■  
Stoke-on-Trent

### London and Thames South

Barking  
Beckenham  
Charlton  
Eastbourne ■  
Harlow  
New Southgate  
Orpington  
Southampton ■  
Swindon  
Wembley

### North West

Bolton  
Cheadle  
Crosby  
Maghull  
Oldham  
Preston  
Stockport  
Wigan

### North

Bradford  
Darlington  
Doncaster  
Hull  
Sheffield

### Scotland

Aberdeen  
Edinburgh ■

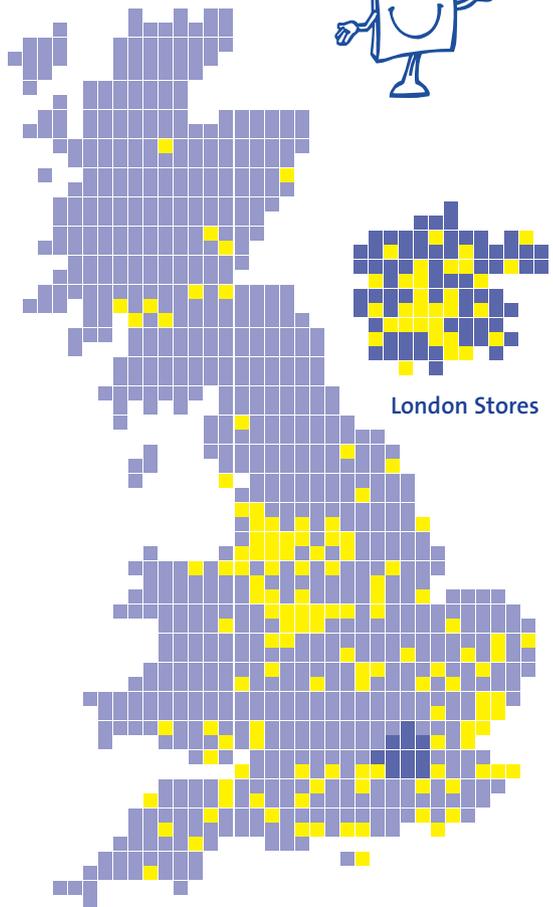
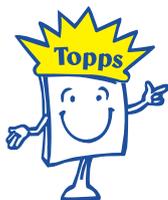
### South West

Bournemouth  
Exeter  
Salisbury ■

### TOTAL 244 STORES

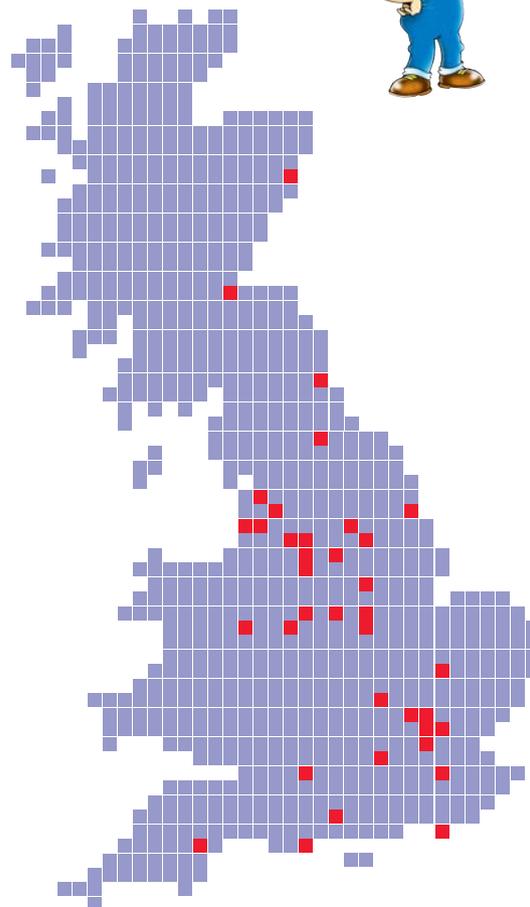
■ New store 2004/05





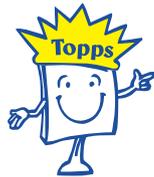
London Stores

Stores at beginning of period	187
New stores opened	20
Sub-Total	207
Closures	—
<b>Total</b>	<b>207</b>



Stores at beginning of period	33
New stores opened	5
Sub-Total	38
Closures	(1)
<b>Total</b>	<b>37</b>





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