



**Topps Tiles**

# Annual Report and Accounts

for the 52 week period ended 30 September 2017

Stock Code: TPT

# Welcome

Topps Tiles is the UK's leading tile specialist. Our core business is focused on the domestic tile market and, specifically, refurbishment of residential homes. We provide an industry leading range of tiles and associated accessories to this market. Our customer base includes both homeowners (predominantly retail customers) and tile fitters (trade customers) and our business is based on a broadly even split between the two customer types. Our colleagues are a key ingredient of our business model – our customers rely on our expert product knowledge and world-class customer service.

We have also announced our desire to participate in the commercial tile market. We are at the very start of our journey to develop a meaningful presence in this significant part of the overall UK tile market. We have completed a small acquisition during the year and 2018 will be a year of learning and building this new strategically important business.

## OUR STRATEGY

Our core business strategy of “**Out-specialising the Specialists**” remains very much at the heart of what we do. It is built on the foundation of ensuring we have **Great People** and provide them with an environment in which they can thrive and help us to sustain a **Great Company**.

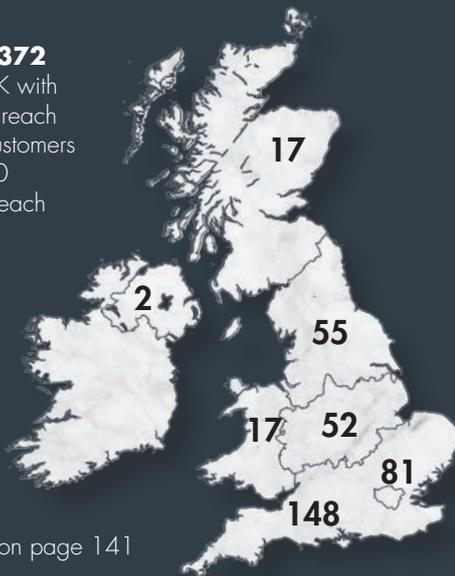
Our key areas of strategic focus are having the UK's **Leading Range**, providing our customers with an **Inspirational Experience** and being the **Traders' Champion**.

## READ MORE

Read Our Strategy on pages 12 to 16

## OUR STORES

Topps Tiles has over **372 stores** across the UK with a broad geographic reach which means most customers require less than a 20 minute drive time to reach their local store.



## READ MORE

See our full store list on page 141



## PICTURED

Cover: Kineci™ Stonewash Blue and Larvik

IFC: Industria™, engineered stone metal effect, wall mosaic

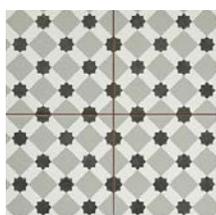


### **BUSINESS MODEL**

We offer our customers outstanding value for money through exceptional customer service, an up-to-date market leading product range and unrivalled multi-channel convenience.

#### **READ MORE**

Pages 10 and 11



### **OUR STRATEGY**

The business has an overarching goal to achieve profitable sales growth. During the period we conducted our annual refresh of strategy and have now included a more explicit focus on the commercial tile market in our future growth plans.

#### **READ MORE**

Pages 12 to 16



### **KEY PERFORMANCE INDICATORS**

The Board monitors a number of financial and non-financial metrics and KPIs both for the Group and by individual store.

#### **READ MORE**

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### **INVESTOR WEBSITE**

We maintain an investors' website containing a wide range of information to investors

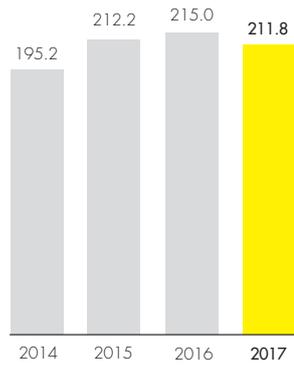
[www.toppstilesplc.com](http://www.toppstilesplc.com)



# Highlights

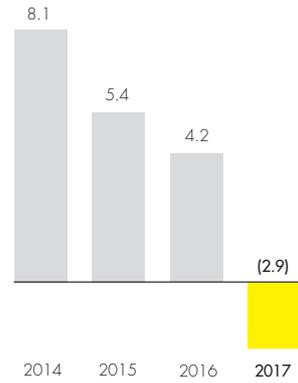
GROUP REVENUE (£m)

**-1.5%**



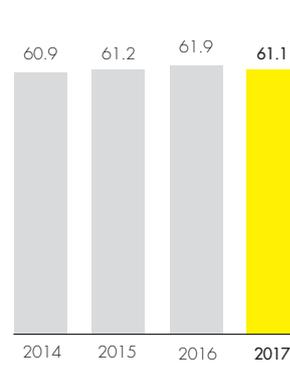
LIKE-FOR-LIKE REVENUE GROWTH YEAR-ON-YEAR<sup>1</sup> (%)

**-2.9%**



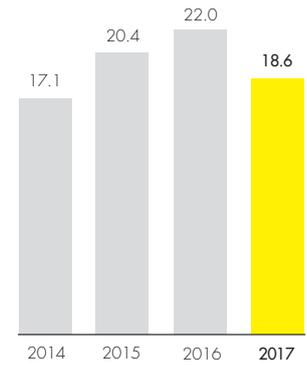
GROSS MARGIN (%)

**-80bps**



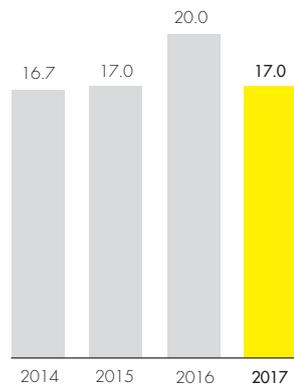
ADJUSTED PROFIT BEFORE TAX<sup>2</sup> (£m)

**-15.5%**



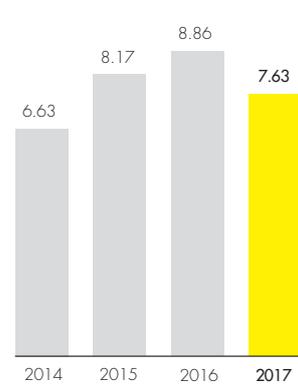
PROFIT BEFORE TAX (£m)

**-15.0%**



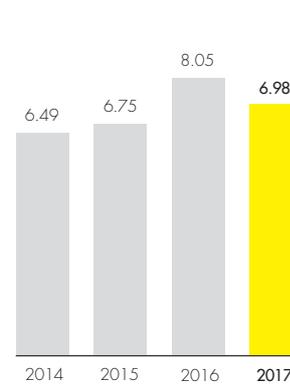
ADJUSTED EARNINGS PER SHARE<sup>3</sup> (p)

**-13.9%**



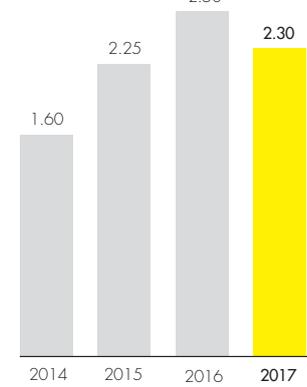
BASIC EARNINGS PER SHARE (p)

**-13.3%**



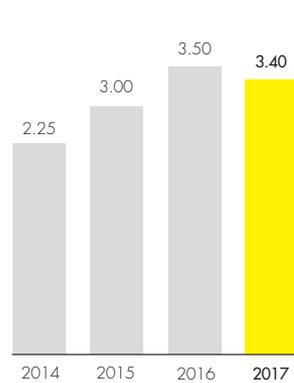
FINAL DIVIDEND (p)

**-8.0%**



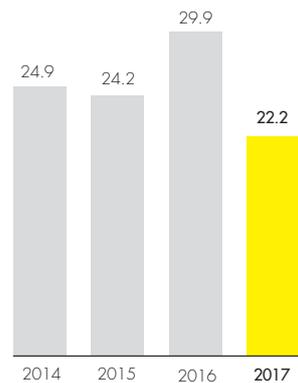
TOTAL DIVIDEND (p)

**-2.9%**



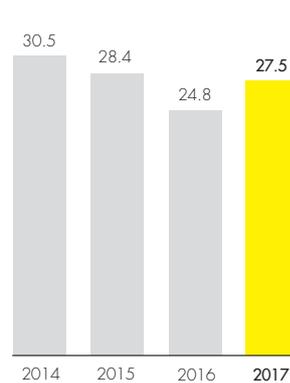
CASH GENERATED FROM OPERATIONS (£m)

**-7.7m**



NET DEBT<sup>4</sup> (£m)

**+2.7m**



## FINANCIAL PERFORMANCE

- Sales of £211.8 million (2016: £215.0 million). Like-for-like sales decline of 2.9% (2016: +4.2%)
- Gross margin decreased to 61.1% (2016: 61.9%) reflecting pressure of weaker sterling which was partly offset by underlying sourcing gains and our focus on a differentiated product offer
- Adjusted profit before tax<sup>2</sup> of £18.6 million, a decrease of 15.5%
- Final dividend of 2.30 pence per share (2016: 2.50 pence per share), making a total for the year of 3.40 pence per share (2016: 3.50 pence per share)
- Net debt<sup>4</sup> at period end increased to £27.5 million (2016: £24.8 million)

## STRATEGY UPDATE

- Core business strategy of "Out-specialising the Specialists" remains key focus in the domestic tile market, where Topps Tiles is market leader
- Growth strategy expanded into the commercial segment of the UK tile market (c. 45% of total UK tile market)
- Parkside Ceramics, a small business which specialises in the supply of tiles into the commercial segment acquired during the period for £1.1 million
- Parkside to form the basis of a new Commercial division – plans in place to invest c.£1 million in the year ahead into capabilities to drive longer term growth

## OPERATIONAL PERFORMANCE

- Trade participation increased to 55% of total sales (2016: 52%) driven by growth of the trade loyalty programme and trend for "Do It For Me"
- Digitisation of "Rewards +" trade loyalty programme, enhancing offer to trade customer base – 55,000 traders now registered and spending, a 35% increase
- Sales continuing to benefit from new product development – 9.2% of tile revenues generated from ranges launched in the last 12 months (2016: 12.6%)
- Active management of store portfolio – 26 new openings and five closures in the period, resulting in a net 21 new stores. Between five and 10 net new openings expected in current financial year.

## READ MORE

Read the Financial Review on pages 27 to 32

## CURRENT TRADING AND OUTLOOK

- The Group is now trading from 372 stores (2016: 352 stores)
- In the first eight weeks of the new financial period, Group revenues, stated on a like-for-like basis, increased by 3.2% (2016: decrease of 0.3%)

Commenting on the results, Matthew Williams, Chief Executive said: "The business responded well to the more challenging trading conditions we experienced in 2017, maintaining tight control of costs to help offset the reduction in gross margin and continuing to make good progress with its strategic initiatives.

"Trading in the first eight weeks of the new financial year has improved, with like-for-like sales increasing by 3.2%. While we are retaining our prudent view of market conditions for the year ahead, we are encouraged by this return to like-for-like sales growth. We are confident that the combination of the significant further potential in our strategy of 'Out-specialising the Specialists' with our accelerated plan to grow in the commercial tile market will underpin our future success."

## NOTES

1. Like-for-like revenues are defined as sales from online and stores that have been trading for more than 52 weeks.
2. Adjusted profit before tax excludes several items that we have incurred during the period in order to give users of the accounts improved information around underlying performance trends. These are items which are either one-off in nature or can fluctuate significantly from year to year (such as some property related items). These are set out as follows:

	2017 £m	2016 £m
<b>Adjusted pre-tax profit</b>	<b>18.6</b>	22.0
Vacant property costs	<b>(0.4)</b>	(0.3)
Costs related to acquisition during the period	<b>(0.2)</b>	nil
Impairment of plant, property and equipment	<b>(1.2)</b>	(0.8)
Gains or losses on disposal of freehold of long leasehold properties	<b>0.2</b>	nil
Stock write-off relating to wood category exit	<b>nil</b>	(0.5)
Restructuring costs including transitional costs relating to prior year business simplification initiatives	<b>nil</b>	(0.4)
<b>Statutory pre-tax profit</b>	<b>17.0</b>	20.0

3. Adjusted for the post tax effect of the items highlighted above.

4. Net debt is defined as loan facilities drawn down less cash and cash equivalents.

# Chairman's Statement



DARREN SHAPLAND | CHAIRMAN

“

In this new financial year we are accelerating our plans to grow in the commercial tile market and are excited about the opportunity this presents. The Board remains confident that this focus on building on the Group's strong existing position within the UK tile market will be the foundation of our future success.”

## INTRODUCTION

A warm welcome to the Topps Tiles 2017 Annual Report. This year has delivered some challenging trading conditions for the business but I am pleased to report that we have responded well and continued to deliver good progress under our “Out-specialising the Specialists” strategy. We have delivered a number of important new strategic initiatives which are detailed throughout the pages of this report and, having conducted our annual refresh of strategy, we have confirmed our ambition to grow in the commercial side of the UK tile market.

## PICTURED

Kinect™, Stonewash Blue, ceramic, wall & floor tile





## TRADING AND FINANCIAL PERFORMANCE

The market has been more challenging this year and, whilst I am satisfied with how the business has responded, we have ultimately seen some impact on our financial performance. This has comprised two main factors – weakened demand, which is linked predominantly to lower levels of consumer confidence, and lower gross margins resulting from the depreciation of sterling which has resulted in increased product sourcing costs.

We have delivered sales for the year of £211.8 million (2016: £215.0 million) and an adjusted profit before tax of £18.6 million (2016: £22.0 million).

## CAPITAL STRUCTURE AND DIVIDEND

We have previously stated our ambition to migrate to a dividend policy of two times cover and we have continued to progress towards that target this year with a further increase in the ratio of profits we remit to shareholders.

We anticipate achieving our goal by the end of the next financial year and the Board considers that, once achieved, a dividend which is approximately two times covered by earnings should be sustainable.

As a result, the Board is recommending a final dividend for the year of 2.30 pence per share (2016: 2.50 pence per share). This will bring the total dividend for the year to 3.40 pence per share (2016: 3.50 pence per share). As a consequence of this recommendation dividend cover for the year is 2.25x (2016: 2.50x).

## GOAL AND STRATEGY

Our overarching business goal is to drive profitable sales growth. Within our core Topps Tiles business, we are focused on the domestic tile market where we are the clear market leader. Our strategy of “Out-specialising the Specialists” continues to serve us well in this market and remains key for driving long-term profitable growth. This year, we have been explicit about our plans to expand into the commercial tile market.

We made a small acquisition during the year and are planning for further investments in the year ahead which will allow us to grow a much stronger position in this attractive market.

More detail on the Company's strategy and the effectiveness with which it is being delivered can be found on the following pages.

## THE BOARD AND CORPORATE GOVERNANCE

The Board of Topps Tiles is focused on good governance and we have further improved our disciplines on several fronts over the year. We have seen some positive improvements within the Audit Committee agenda, where we have strengthened our internal controls and have further improved internal reporting to ensure good transparency for Board members.

In line with last year I am pleased to confirm that all Non-Executive Directors are independent and the Board is compliant with the Corporate Governance code from this perspective. We have benefited from very good stability on the Board with all Directors having completed at least two years of service and the combined Board having 43 years of experience with the Group in total.

We have continued to assess the performance of the Board and the committees, including my own performance as Chairman. These reviews concluded that, overall, the Board is operating effectively and there are some further minor improvements that we will implement in the year ahead.

## OUR PEOPLE

As a customer service-based business, our people are at the heart of our organisation and this is a key aspect of Topps Tiles success. Our customer service metrics are excellent and we benefit from extensive training and development programmes and clear and open communication across the business. On behalf of the Board I would like to extend my sincere thanks to all colleagues for their hard work, commitment and dedication.

## THE FUTURE FOR TOPPS TILES

In our core domestic market, Topps Tiles' strategy of “Out-specialising the Specialists” remains very much at the heart of what we do and the management team will continue to evolve the key strands of this strategy to maximise the opportunities to drive performance. In this new financial year we are accelerating our plans to grow in the commercial tile market and are excited about the opportunity this presents.

The Board remains confident that this focus on building on the Group's strong existing position within the UK tile market will be the foundation of our future success.

DARREN SHAPLAND | CHAIRMAN

## READ MORE

Read Strategy in Action on pages 18 to 24

# Strategic Report





The content of this Strategic Report meets the content requirements of the Strategic Report as set out in s414a of the Companies Act 2006. This Strategic Report and Chairman's Statement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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**PICTURED**

Regional Reflections™ Dwyran and Diamante Pastels Bone and Mist

# Marketplace

## THE UK TILE MARKET AND PERFORMANCE OF THE BUSINESS

Topps Tiles is the largest tile specialist in the UK. Our primary focus is the domestic market for the renovation, maintenance and improvement of UK homes.

Due to the highly discretionary nature of our market, consumer confidence remains a key driver of our performance. During 2017 the average level of consumer confidence was -7.3, which compares with -1.3 in 2016. Whilst the index has been negative across the whole year, the second half saw a modest deterioration where the average level of consumer confidence was -8.8, compared with -5.8 over the first half (source: GFK). The consumer confidence index has remained negative since the EU referendum result in June 2016 and we will continue to monitor this measure closely.

A further key driver of the customer decision to take on a home improvement project is buying a new home. Housing transactions are therefore a very useful indicator of likely future demand. During this financial year housing transactions declined by around 5% to 1.2m. In part, this decline is a reversal of the growth spike in March 2016 ahead of the changes in stamp duty that occurred in April 2016. On a two-year basis housing transactions are broadly flat (source: HMRC).

We also consider UK house price data to be a useful indicator of the relative health of our market. House prices are both a good reflection of the housing market itself and also tend to reflect consumer confidence, as homeowners tend to feel more affluent in a rising market. During the year we saw an increase in house prices, with the average price of a house in the UK rising to £210,116, an increase of 2.0% on the previous year (source: Nationwide).

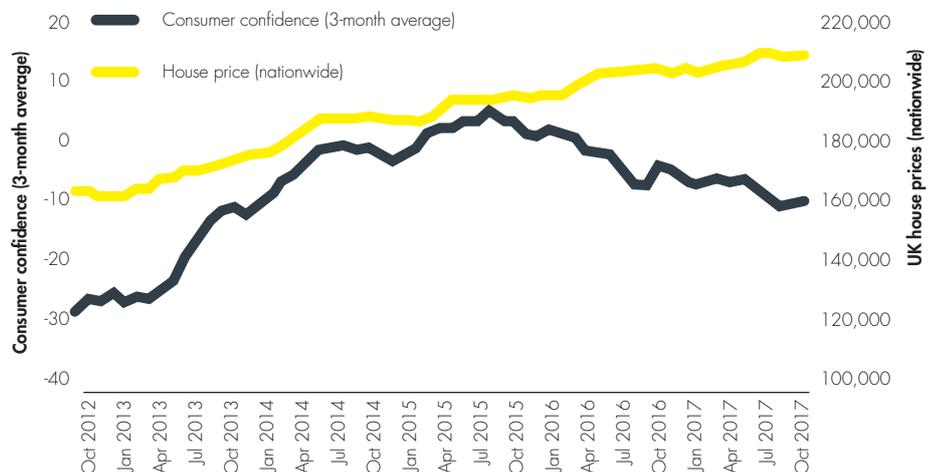
### READ MORE

Read our KPIs on page 26



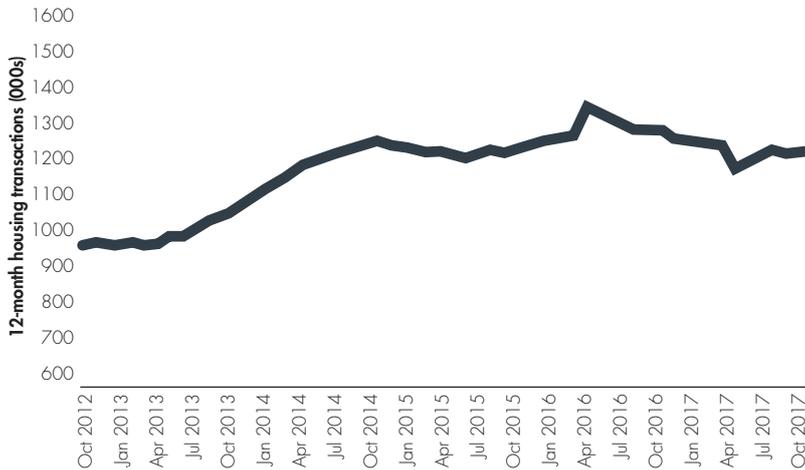
The annual Tile Industry Report published by MBD covers the whole of the UK tile market (domestic and commercial) and is based on manufacturer and supplier data. Growth of the entire market in 2016 was 7.8% on a value basis and 4.4% on a volume basis. MBD have estimated that volume growth in 2017 will be 4% and our view is that this growth will have been driven by the commercial side of the UK tile market (note – MBD do not provide a value forecast growth estimate).

### UK HOUSE PRICES AND CONSUMER CONFIDENCE



Source: Consumer confidence = GFK, UK house price = Nationwide

**UK 12-MONTH HOUSING TRANSACTIONS – HMRC**

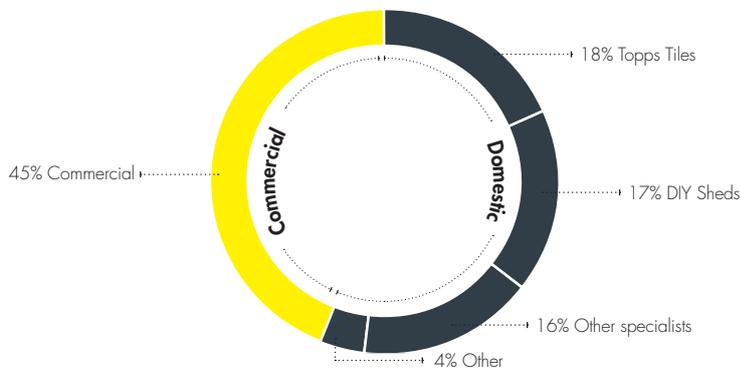


Source: Housing transactions = HMRC

**UK TILE MARKET – DOMESTIC VS COMMERCIAL**

UK tile market estimated at c. £700m @ RSP\*

- **Commercial c.45%** (Principally catering for architects and designers)
- **Domestic c.55%** (Refurbishment of residential properties)



\*Source: MBD and Company estimates



**PICTURED**

- Left page:** Busca Bronze Flat, Spaces Carnelle Walnut
- Top left:** Grosvenor™ ceramic wall and floor tile
- Top right:** Indas™ Rust porcelain wall and floor tile
- Bottom left:** Burbank™ Peppermint Geometric ceramic wall tile
- Bottom left:** Minton Hollins Honeysuckle ceramic wall tile
- Bottom page left:** Busca Silver Flat, Foundry Tarnish Box
- Bottom page right:** Attingham Earth Lagoon and Macrame Flint



# Business Model

Topps Tiles is the leading specialist retailer of tiles in the UK. We supply tiles and associated products to both a trade and retail customer base, primarily for the refurbishment of UK domestic housing.

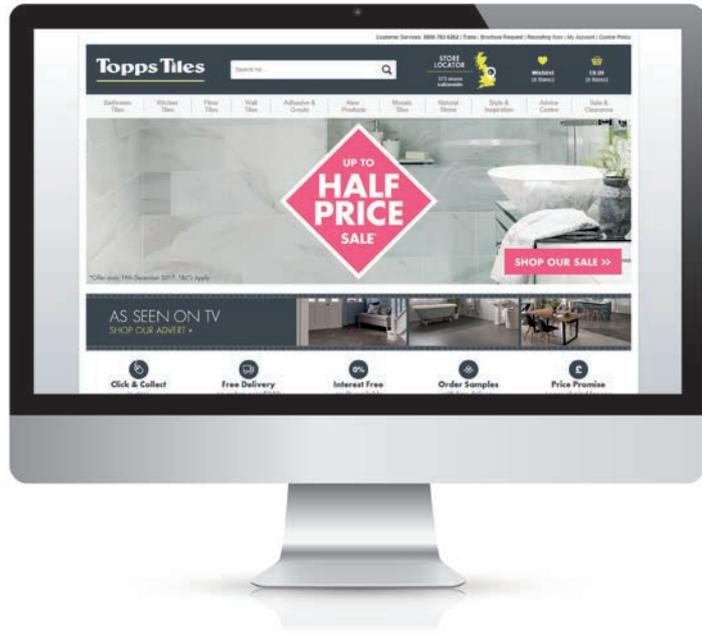
## SOURCING

We source our products directly from manufacturers all around the world and focus on long-term strategic relationships with our suppliers. Products are delivered to our 150,000 sq ft warehouse in Leicester and from there all stores receive two deliveries per week through our fleet of 28 commercial vehicles. In addition, each store operates as a mini warehouse, carrying sufficient stock to ensure that our customers' immediate demands can be fulfilled on a "cash and carry" basis.

## PRODUCT INNOVATION

We inspire our customers with a market leading product range which is mostly available on an exclusive basis. We achieve both of these aspects by working collaboratively with our key suppliers to develop new ranges; with Topps Tiles providing the customer insight into emerging trends and the supplier providing the technical knowledge and capability. Technology is an important aspect of modern tile production with innovations such as digital printing and new glaze technologies allowing a much greater variety of patterns and finishes. Over recent years Topps Tiles has led many innovations in the market including the development of natural stone and wood effect tile ranges which continue to be a major trend in the UK.

## CONSUMER WEBSITE



## CHANNELS

We aim to provide maximum convenience for our customers by offering a truly seamless journey across all of our channels to market.

Stores remain our primary channel to market and driven by the almost unique nature of the tile market we estimate that almost all of our customers will utilise a store at some point during their purchase. We operate 372 stores across the UK with an average footprint of 5,000 sq ft. However, the flexibility in our model enables us to trade

successfully from 1,000 sq ft up to 10,000 sq ft. This means we can be found in a variety of locations including high streets, retail parks, trade parks and on main arterial roads en route to larger shopping destinations.

Our store portfolio operates predominantly on a leased basis with an average unexpired lease term of six years.

## STORE FORMATS



CORE (3,500+ SQ FT)



SMALL (2,000-3,500+ SQ FT)



BOUTIQUE (< 2,000 SQ FT)



Customers are also increasingly choosing to use our online presence to conduct initial research into their projects or to maximise convenience by using this as a payment channel. We estimate that around 70% of our customers will use our website at some stage in their journey with us.

Additionally, 55% of our sales are to trade customers but they are rarely the end consumer – that is usually the homeowner. In some cases we may not have a direct relationship with the homeowner which is why our relationship with our trade customers is very important to us. These relationships are built on a basis of our specialist credentials; providing excellent technical knowledge and a range of specialist products which ensure we cater for all of our traders’ needs.

**PEOPLE**

At our heart we are a service-based business and as a result our people are one of our most important assets. We aim to provide our customers with inspiration and advice on their home improvement projects and to do this successfully we ensure that

we have teams of people in our stores that can engage with our customers and truly inspire them. Technical knowledge and a strong service ethic are paramount and we invest significant amounts of time and money in our people every year.

**BRAND**

Topps Tiles is the UK’s leading tile specialist retailer and now has 85% prompted awareness with consumers who have recently purchased or who are about to purchase tiles. Topps Tiles’ focus is on driving consideration with the tile decision makers and building this results in increased sales from both home-improvers and traders. Our customers tell us they want inspirational service at all points of contact and quality “on-trend” products at a range of price levels they can buy conveniently. Topps Tiles has gained brand reappraisal and greater consideration by a wider customer base in recent years by being seen as more modern and design-led whilst retaining a strong perception of value for money.

**VALUE FOR CUSTOMERS**

We offer our customers outstanding value for money through exceptional customer service, an up-to-date market leading product range and unrivalled multi-channel convenience. Topps Tiles successfully combines the added value aspects of its offer with competitive pricing led by an “unbeatable tile value” range, market leading promotions and competitive trade pricing on items like adhesives and grouts. The Topps Tiles model continues to evolve and our strategy seeks to capitalise on the aspects where we consider we can maximise the potential to deliver our goal.

**PICTURED**

Antler™ ceramic wall tile with Dartrey™ Black porcelain wall and floor tile

# Our Strategy



MATTHEW WILLIAMS |  
CHIEF EXECUTIVE OFFICER

The business has an overarching goal to achieve profitable sales growth. During the period we conducted our annual refresh of strategy and have now included a more explicit focus on the commercial tile market in our future growth plans.



## COMMERCIAL

The commercial tile market represents approximately 45% of the overall UK tile market and we have a small representation currently through our core business. We have identified that there are areas of the commercial market that are economically attractive and where we consider that

“

The business responded well to the more challenging trading conditions we experienced in 2017, maintaining tight control of costs to help offset the reduction in gross margin and continuing to make good progress with its strategic initiatives. We are confident that the combination of the significant further potential in our strategy of "Out-specialising the Specialists" with our accelerated plan to grow in the commercial tile market will underpin our future success."

some of our core strengths can be further leveraged, providing a potential source of profitable growth for the business.

## PROGRESS AND OUTLOOK

We have identified several routes of entry into the commercial market and during the period we completed the acquisition of Parkside Ceramics Ltd for £1.1 million in cash. Parkside Ceramics is a small business which specialises in the supply of tiles into the commercial segment and also distributes to independent kitchen and bathroom retailers.

We believe that Parkside gives us a solid platform from which to invest in and develop our presence in the commercial tile market.

2018 will be a year of learning and building this business. Parkside shows significant potential and we are keen to expand with investment in people, physical representation and capability, to establish a new Commercial division. In the year ahead we plan to invest in the region of £1 million into costs which will drive longer term growth. We will also focus further on the opportunities that emerge through our core brand and believe this offers further significant potential as we learn more about the commercial market. We remain open to further growth through acquisition and will continue to review such opportunities as they arise.



## CORE BUSINESS

Within the core Topps Tiles business our strategy of "Out-specialising the Specialists" continues to be very effective. This strategy is focused on the following four key areas:

1. **Leading Range**
2. **Inspirational Experience**
3. **Traders' Champion**
4. **Great People, Great Company**





# Leading Range

Offering the UK's leading tile range is a key aspect of our competitive advantage as our customers value highly the breadth of choice and unique product offering we bring to the market. Our passion for product and specialist knowledge means we are able to work collaboratively with leading manufacturers from all over the world to design and create new tile ranges and finishing solutions based on emerging trends that our buyers are often the first to identify. These ranges are sourced on an exclusive basis wherever possible and we trademark them to protect our competitive advantage and intellectual property.

## PROGRESS AND OUTLOOK

Our iterative cycle of new product introductions saw us launch 45 new ranges in the period, with 9.2% of our tiles sales coming from products launched in the last 12 months. 87% of our tile range is exclusive to Topps Tiles in the UK.

We will continue to invest in relationships around the world with the key influencers of tile design and manufacturing technology in order to foster the development of exciting new industry-leading exclusive ranges of tiles and associated products.

Our increased focus on the commercial tile market will also create new opportunities – such as selling our existing ranges to commercial customers and establishing new manufacturer relationships.

### PICTURED

Albus™ porcelain wall and floor tile



“

What a superbly refitted store this is now. The CHOICE of tiles and ranges on offer are amazing and covers literally every conceivable option. The guys are as friendly, knowledgeable and helpful as ever. We've been buying tiles from here on and off over about 20 years now but this is the best the store and service has ever been. TOP MARKS. It gets our highest recommend. AND . . . you can confidently over order on your tiles because you can return any surplus (complete boxes) for a refund. Can't say fairer than that. FIRST CLASS.”

PATTERJAX | READING



# Inspirational Experience

WHAT OUR CUSTOMERS ARE SAYING

“

From the moment we entered your showroom we were warmly greeted by staff who displayed a genuine concern for our requirements. After choosing, we placed our order and were phoned when they arrived. I over-ordered and it was no problem taking the surplus back and crediting my account. What an absolute pleasure to deal with such courteous and professional staff.”

MIKE | CHEADLE

Inspiring our customers has always been key to our competitive advantage. This starts when customers come into contact with the Topps Tiles brand, often through our website, and moves through to the in-store experience and ultimately to our after sales service. Our website is a vital aspect of the customer journey, offering us the opportunity to showcase our industry-leading range, and helping customers to appreciate our multi-channel convenience and the location of their nearest store. Once in store we are able to inspire customers further with our world-class service. The majority of our customers shop infrequently for tiles which means that when they do they need lots of advice and expertise, which our store colleagues provide, often supported by our digital tools.

## PROGRESS AND OUTLOOK

We strive to ensure that the digital experience is seamless when a customer transitions from online to in-store. Our tile visualiser is industry leading and a key source of inspiration for our customers, and is available in all stores via tablets and “Design Advice Areas”. Our customer service rating for the year was 80.2% (2016: 79.7%). We have continued to invest in our store estate and during the year we opened 26 new stores and closed five, resulting in a net increase of 21 and bringing the year end total to 372 (2016: 351). In the year ahead we will continue to grow our store estate in a highly targeted manner and expect to open between five and 10 net new stores. We also plan to deliver an all-store improvement programme over the next two years which will see us implement some key aspects of the latest store fit out into all existing stores.



## PICTURED

Customers in store using an iPad



# Traders' Champion

Our trade customer base is an important part of our business, providing a vital link to those homeowners who prefer to transact through their fitter rather than with us direct. The trend in the UK away from "Do It Yourself" towards "Do It For Me" is making our trade customer base increasingly important. Sales through our trade channel account for 55% of total sales (2016: 52%). By embracing our trade customers and championing their needs we believe we are building a further source of competitive advantage.

## PROGRESS AND OUTLOOK

We relaunched our trader loyalty programme at the start of the year and this has been very well received by scheme members. We have improved the system in several ways including digitisation, ease of use, the range of rewards available and interaction with store teams. We now have 55,000 traders registered, an increase of 35% year on year. We continue to focus on the needs of our traders from a customer offer perspective and have introduced several new products and services this year which have broadened our overall appeal and made us more convenient for our traders.



### PICTURED

Shopping with store manager Roxanne

WHAT OUR CUSTOMERS ARE SAYING

“

From start to finish service was excellent, I took a sample home and was sent pictures and my own personal brochure which was a nice touch. Because of work commitments I couldn't get in for a couple of weeks and I was phoned to make sure I received my pictures and asked if I required any further assistance. The level of service persuaded me to purchase from Topps as I was also looking elsewhere but felt more confidence with Topps' process.”

GINA | WARRINGTON



# Great People, Great Company

Topps Tiles offers high levels of customer service and this means we are very focused on our colleagues who deliver this service, with their capability and engagement levels being absolutely key. We believe our people represent a major source of competitive advantage and through our great people we strive to continue to build a great company.

## PROGRESS AND OUTLOOK

In January 2017 we launched a refreshed employer brand which was based on colleague interviews across the business and which aimed to identify the reasons why they loved working for Topps Tiles. This has been very successful in improving consideration amongst potential employees and we have seen a significant improvement in the quality of applications, resulting in a substantial reduction in both time to hire and the overall number of vacancies year on year.

This year we also implemented a new Learning Management System, "the Hub", which has resulted in a significant improvement in the learning and development opportunities that we offer to all colleagues. This system allows a modern approach to personal development, allowing the individual to take control of their own development in a way that is convenient for them. We have continued with our programmes of face-to-face learning and development and delivered around 1,500 days of training with a specific focus on trade and customer service.



This year, we have launched a programme of simplification of business processes to either improve the customer experience or the colleague experience, but ideally both. This has delivered some significant results which we believe will improve colleague engagement and customer satisfaction, with the ultimate aims of reducing colleague turnover and helping us to increase sales.

## PICTURED

- Top: Store team at Bolton
- Top left: 2017 annual conference
- Top right: In-store
- Bottom: 2017 annual conference product area



“

Both Ben and Carly have been exceptional in their attitude and constant friendly approach on our many visits to the Weymouth branch looking at bathroom tiles. Always helpful, patient and knowledgeable and despite coming back on numerous occasions we were always welcomed.”

JAN | WEYMOUTH



# Strategy in Action



## Leading Range

Inspired by a backdrop spotted at Maison & Objet design show in Paris, the Topps Tiles buying team saw the potential in developing a crosshatch-design tile range, featuring directional lines which would create different patterns dependent on how the tile was laid.

After close collaboration over a number of months with a leading manufacturer, Kinect™ was launched in an initial three colourways.

The innovation of having directional lines debossed into the tile enables customers to create their own geometric statement wall

or floor, enhanced further by collaboration with a leading essentials manufacturer to develop the Colour Editions grout range.

Colour Editions offers the three identical colours as Kinect™, enabling homeowners to create a truly seamless look in their homes where the grout is barely visible against the tile.

One tile design, numerous laying patterns and a brave new angle on tiling, Kinect™ is exclusive to Topps Tiles and showcases the Company's commitment to being market leaders in innovation and product range.

“

WHAT OUR  
CUSTOMERS  
ARE SAYING

I have recently purchased bathroom tiles from the York store after much deliberation over what style I wanted. David has been brilliant with advising what tiles would match the splash panels we have put up and was able to show me alternatives he thought would go well. I have been back and forth several times buying samples tiles and have always been greeted warmly by David. His product knowledge is fantastic and he was able to sort me out with everything I needed for my husband to put the tiles up. I didn't have a clue what I needed to buy, so really valued his advice."

NICOLA | CLIFTON MOOR

### PICTURED

**Top right:** Artisau™ ceramic wall tile  
**Bottom right:** Thornbury™ ceramic wall and floor tile and Anya™ Frost ceramic wall tile  
**Right:** Kinect™ Powdered Rose ceramic wall and floor tile with Albus porcelain wall and floor tile





# Strategy in Action



## Inspirational Experience

From our industry-leading online visualiser to our in-store design advice areas, inspiring customers is at the heart of what we do.

Our digital offering starts with our website, which has been made fully responsive this year both to increase useability and accessibility for customers using tablet or mobile devices. This has seen the number of orders placed online increase significantly.

Our visualiser is also a key part of the customer journey, both as part of the in-store experience and for homeowners browsing online, enabling them to see their choice of tiles in a selection of rooms, along with their chosen colour schemes.

We also seek to inspire customers in our design advice areas in store. Almost 25% of the estate now features this dedicated consultation area, enabling homeowners to consider the whole look and feel of their project, from tiles to trims, underfloor heating to colour of grout.

The estate has increased by a net 21 to 372 stores, and we continue to invest in the estate as well as improving all existing stores.

“

WHAT OUR CUSTOMERS ARE SAYING

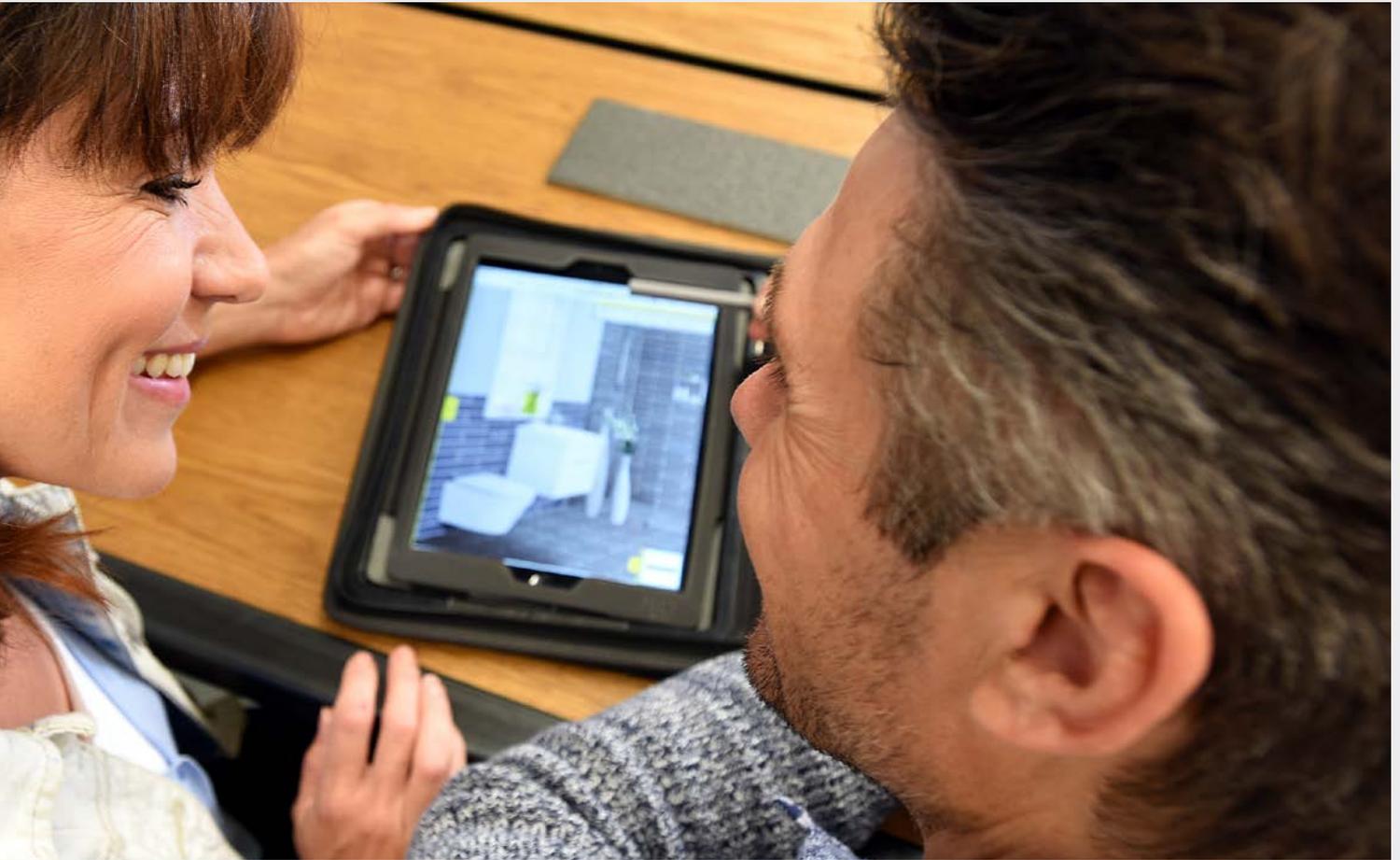
I visited this store three times: there were changes of plans, changes of mind and lots of dithering on my part. On each occasion I was treated with patience (lots!) and understanding and received fantastic advice. I received excellent customer service all round but Sam deserves an extra special mention. I would recommend Sam and her colleagues at Neath to anyone who is thinking about buying tiles. I will definitely be going back when it's time to do the kitchen.”

EVIE | NEATH

### PICTURED

**Top:** Using the in-store visualiser  
**Bottom right:** Design consultation with a service specialist  
**Bottom left:** Making a purchase





# Strategy in Action



## Traders' Champion

With more than half of Topps Tiles' total sales coming through trade customers, each trader has the potential to be an important and influential brand advocate for our products and service.

Our Rewards+ trade loyalty programme was launched at the start of the year as a fully-digital experience, enabling points to be added automatically to accounts and redeemed in exchange for additional discounts on purchases, or carefully selected products and gifts ranging from barbecues to games consoles.

Loyal traders were given the option to allow our customers to find them via their own custom Trader Profile on the Topps Tiles consumer-facing website, enabling them to showcase images of their work and have customer reviews on view to thousands of potential clients.

We also provide have a range of extended business services such as competitive discounts on van leases and insurance services for our traders, via partnerships with companies including Vanarama and Simply Business.

We also offer in-store trade initiatives including launching the "free cuppa" and click and collect ordering facility, alongside evening trade roadshow events which feature product demonstrations, discounted products and competitions, and externally-held training courses in conjunction with major suppliers, to assist traders with their product knowledge and fixing expertise.

Topps Tiles continues to work with and for its loyal trader base on initiatives and services which will fix its position as the traders' champion.

“

In my search for tiles I visited a number of different places and I honestly can't recommend Topps Tiles and this store in particular enough. The staff went above and beyond to help us, in particular Quang, who had a genuine passion for helping us find our perfect tile. The store is accessible and easy to navigate unlike others I tried.”

CHAREH | BAYSWATER BOUTIQUE

WHAT OUR CUSTOMERS ARE SAYING

### PICTURED

One of Topps Tiles' regular trade roadshows, held in stores to engage with local traders.





# Strategy in Action



## Great People, Great Company

From a family, feelgood atmosphere to pride in working for the UK's leading tile specialist, there are many reasons why our colleagues love working for Topps Tiles.

As a retailer we believe that our great people create our great company, leading to our excellent customer service from colleagues who are engaged, involved and care about their role within the business.

Our new Employer Brand with dedicated jobs website showcases why colleagues love working for Topps Tiles, and as a business we also believe in their own personal development.

Topps Tiles took the award for Most Engaged Workforce from The Hub creators Growth Engineering in 2017, as a result of the high levels of engagement for the learning management system.

Although originally launched as a learning management system, The Hub is also becoming increasingly used as a social media-styled communication tool, featuring messages and blogs from the Chief Executive, praise from colleagues for achievement and information on new learning opportunities.

“

WHAT OUR  
CUSTOMERS  
ARE SAYING

Bought tiles from here a few times now. Every time I have visited the store all the staff have consistently been very friendly and helpful. All the staff here are pleasant, professional and a great asset to you!”

ANDY | LETCHWORTH

### PICTURED

**Main:** Topps Tiles Distribution team in the Grove Park warehouse, Leicester

**Top right:** In store

**Bottom right:** 2017 annual conference

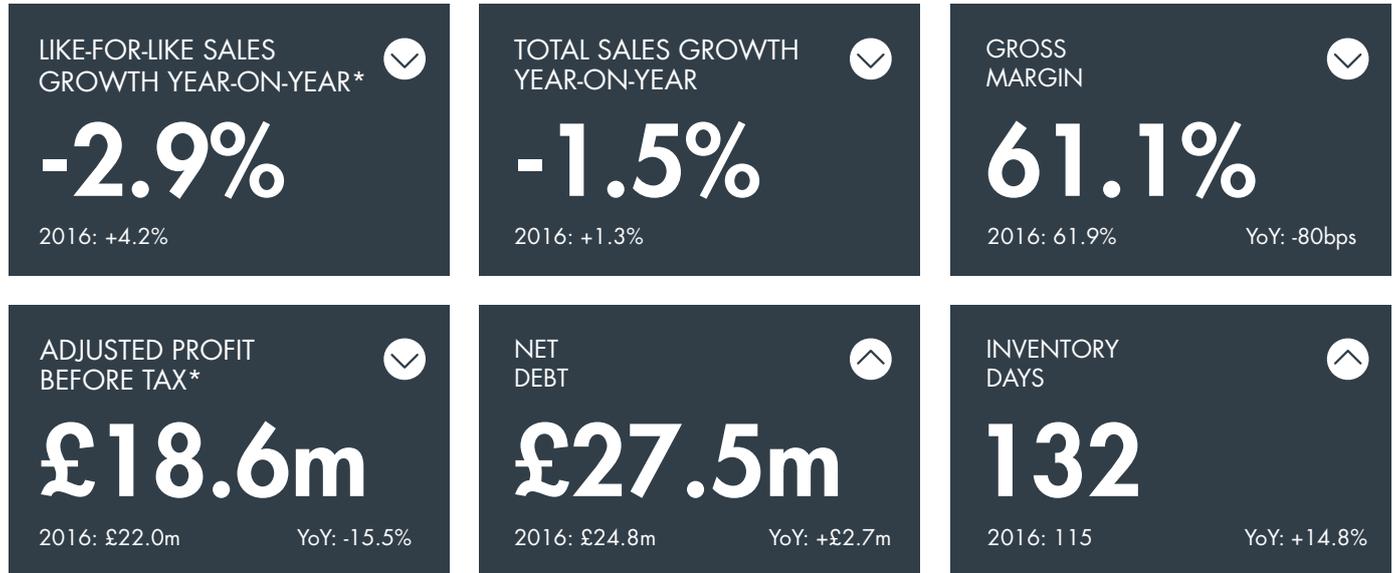




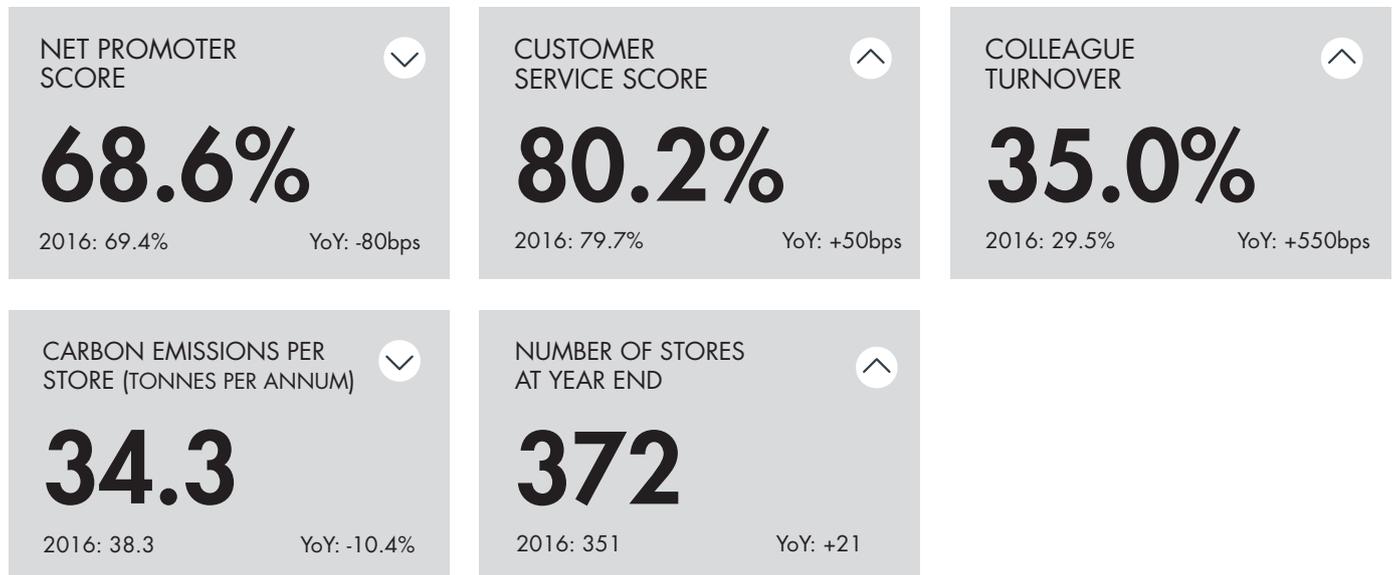
# Key Performance Indicators

The Board monitors a number of financial and non-financial metrics and KPIs both for the Group and by individual store, including:

## FINANCIAL KPIS



## NON-FINANCIAL KPIS



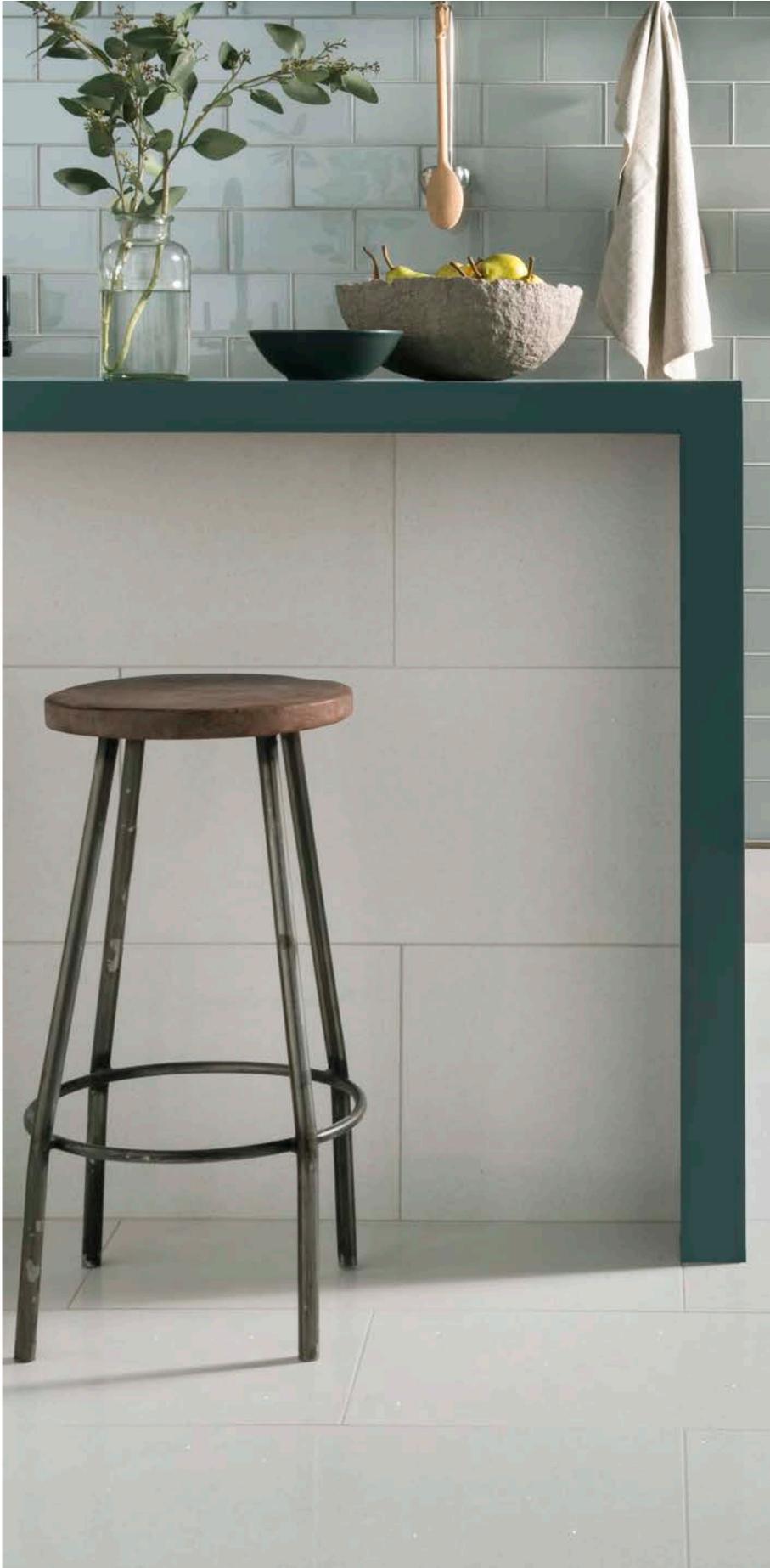
\* As defined on page 3

## NOTES

- Net promoter score is calculated based on customer feedback to the question of how likely they are to recommend Topps Tiles to friends or colleagues. The scores are based on a numerical scale from 0-10 which allows customers to be split into promoters (9-10), passives (7-8) and detractors (0-6). The final score is based on the percentage of promoters minus the percentage of detractors.
- Customer service score is calculated based on the results of our mystery shopper programme. This programme sees a panel of independent shoppers visit each of our stores every month and scores them across six service-led categories. Each category holds a varying weighting towards the overall score percentage.
- Energy carbon emissions have been compiled in conjunction with our electricity supplier (Opus) and our gas supplier (Gazprom). This is based on the actual energy consumed multiplied by Environment Agency approved emissions factors. Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer quoted emission statistics.

The Board receives regular information on these and other metrics for the Group as a whole. This information is reviewed and updated as the Directors feel appropriate.

# Financial Review



ROB PARKER | CHIEF FINANCIAL OFFICER

“

2017 was a more challenging year for Topps Tiles with economic headwinds resulting in lower sales and gross margin.”

## FINANCIAL OBJECTIVES

In addition to the key strategic objectives highlighted in the Strategy section the business maintains a strict financial discipline, including:

- Primary focus on increasing revenues and cash generation, maintaining cost disciplines and optimising gross margins;
- Capital structure and net debt – the level of net debt has now been reduced to a point that the Board feels is an appropriate balance of an efficient capital structure and financial flexibility; and
- Maximising earnings per share and shareholder returns, including bi-annual review of our dividend policy. The Board has previously communicated its intention to target a dividend policy of two times cover and we anticipate achieving this by the end of the next financial year.

## PICTURED

Luxdust™ Diamond engineered stone wall and floor tile and Speculo™ Mist glass wall tile

# Financial Review



## PROFIT AND LOSS ACCOUNT

### REVENUE

Revenue for the period ended 30 September 2017 decreased by 1.5% to £211.8 million (2016: £215.0 million). Like-for-like store sales decreased by 2.9% in the period, which consisted of a 1.9% decrease in the first half of the financial period and a 3.9% decrease in the second half. The decrease in sales performance correlates with the reduction in consumer confidence highlighted above in the Marketplace section of this report.

### GROSS MARGIN

Overall gross margin decreased to 61.1% compared with 61.9% in the previous financial period. Over the first half of the period the gross margin was 61.2%, and we delivered a gross margin of 61.0% in the second half of the period. Gross margin has been adversely affected during the year due to the continued weakness of sterling post the EU referendum, which has generated an impact of around 200bps. In addition to this, we have seen further pressure on margin of c.55bps from the continued shift in customer mix towards trade and the launch of our new Trade Reward+ loyalty programme. We have focused on negating these effects and were successful in offsetting around two-thirds of this pressure in the period.

This has been achieved through a combination of improved product mix (including the benefit from exiting low margin real wood in the prior period), sourcing gains and our continued focus on a differentiated product offer. For the year ahead we anticipate delivering a gross margin gain of c.50bps, assuming stable sterling exchange rates.

### OPERATING EXPENSES

Total operating costs reduced from £112.1 million to £111.5 million, a decrease of 0.5%. Costs as a percentage of sales were 52.6% compared to 52.1% in the previous period. When adjusting items (detailed below) are excluded, operating costs were £109.9 million (2016: £110.1 million), equivalent to 51.9% of sales (2016: 51.2% of sales).

The movement in adjusted operating costs is explained by the following key items:

- The average number of UK stores trading during the financial period was 361 (2016: 344), which generated an increase in costs of approximately £3.4 million
- Inflation at an average of approximately 1.5% increased our cost base by around £1.6 million
- Regulatory costs impacts, including the National Living Wage, accounted for £0.5 million of additional costs
- Depreciation increased by £0.3 million due to continued higher levels of investment in the store estate
- Employee profit share costs decreased by £5.1 million due to a lower level of financial performance compared to budget
- Other savings across the business accounted for £0.9 million; these were primarily generated across the store estate from reduced hours
- The remaining elements of the cost base were flat when compared to the prior year

For the year ahead we expect the adjusted operating costs for the business to be between £116 million and £117 million.

During the period we incurred several charges and gains which we have excluded from our adjusted operating costs as they are not representative of the underlying cost base of the business.

These are:

- The impairment of plant, property and equipment relating to closed or loss-making stores of £1.2 million (2016: £0.8 million)
- Vacant property costs of £0.4 million (2016: £0.3 million)
- Costs relating to the acquisition of the share capital of Parkside Ceramics of £0.2 million
- A gain on the disposal of a long leasehold property of £0.2 million
- In addition, in the prior year we also excluded £0.5 million for a stock write-off relating to the exit of the wood category, and business restructuring costs of £0.4 million. There were no such costs in the current year.



**OPERATING PROFIT**

Operating profit for the period was £17.9 million (2016: £21.1 million), representing 8.4% of sales (2016: 9.8%).

Excluding the adjusting items detailed above, operating profit was £19.5 million (2016: £23.1 million), representing 9.2% of sales (2016: 10.7%).

**OTHER GAINS AND LOSSES**

During the period we disposed of one long leasehold property and recognised a gain of £0.2 million. In the prior period we did not dispose of any property.

**FINANCING**

The net underlying interest charge for the year was £0.9 million (2016: £1.1 million). There has been a small reduction in the interest charge due to a reduced interest margin as a result of lower levels of gearing.

Net interest cover was 29.0 times (2016: 27.4 times) based on earnings before interest, tax, depreciation and the impairment of plant, property and equipment, excluding the impact of IAS 39 in finance charges.

**PROFIT BEFORE TAX**

Profit before tax was £17.0 million (2016: £20.0 million). The Group profit before tax margin was 8.0% (2016: 9.3%).

Excluding the adjusting items detailed on page 3, profit before tax was £18.6 million (2016: £22.0 million). The Group adjusted profit before tax margin was 8.8% (2016: 10.2%).

**TAX**

The effective rate of corporation tax for the period was 21.0% (2016: 22.3%).

The Group tax rate is higher than the prevailing UK corporation tax rate due to non-deductible expenditure and depreciation on assets not qualifying for capital allowances.

**EARNINGS PER SHARE**

Basic earnings per share were 6.98 pence (2016: 8.05 pence).

Diluted earnings per share were 6.86 pence (2016: 7.82 pence).

Excluding the adjusting items detailed on page 3, adjusted earnings per share were 7.63 pence (2016: 8.86 pence).

**DIVIDEND AND DIVIDEND POLICY**

The Board has previously indicated that it intends to pursue a dividend cover policy and that it would target 2x as a sustainable level, with a period of reducing cover until that target is achieved. In line with this policy, the total dividend for the period has been based on cover of approximately 2.25x.

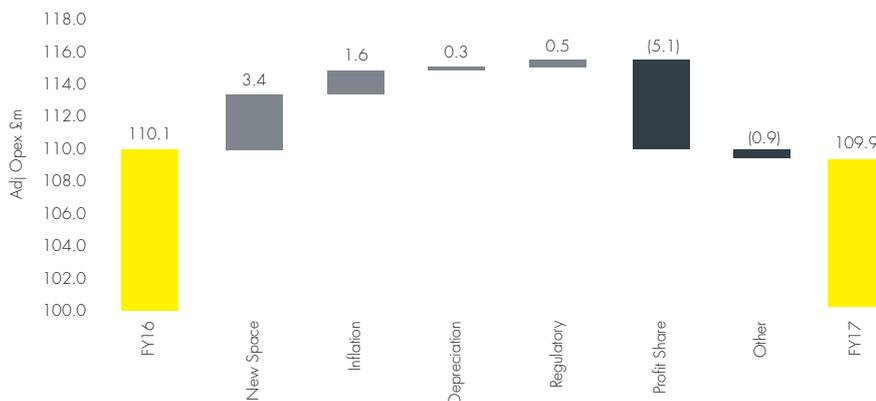
**READ MORE**

Read our Financial Statements on pages 80 to 83

**PICTURED**

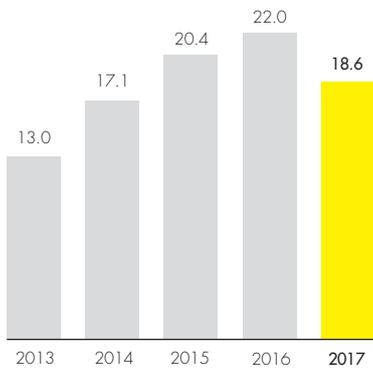
**Left:** Berkeley™ Slate Blue with border and corner pieces, ceramic wall and floor tiles  
**Right:** Bistro™ Black porcelain wall and floor tile

**ADJUSTED OPERATING EXPENDITURE BRIDGE**

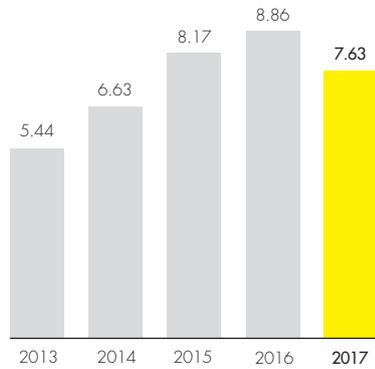


# Financial Review

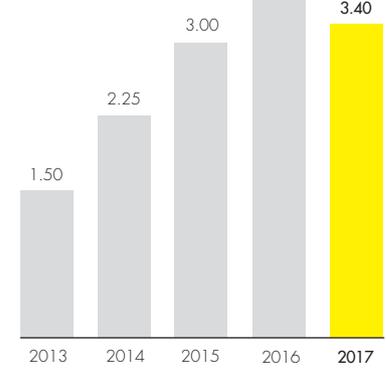
ADJUSTED PROFIT BEFORE TAX £m



ADJUSTED EPS p



TOTAL DIVIDEND p



The Board is recommending to shareholders a final dividend of 2.30 pence per share (2016: 2.50 pence per share). This will cost £4.4 million (2016: £4.8 million). The shares will trade ex dividend on 21 December 2017 and, subject to approval at the Annual General Meeting, the dividend will be payable on 2 February 2018.

This brings the total dividend for the year to 3.40 pence per share (2016: 3.50 pence per share), a decrease of 2.9%.

## BALANCE SHEET

### CAPITAL EXPENDITURE

Capital expenditure on tangible fixed assets in the period amounted to £10.1 million (2016: £10.5 million), a decrease of 3.8%.

Key investments are as follows:

- New stores £4.9 million – 26 new openings (2016: £4.2 million)
- Store refits £2.5 million (2016: £3.3 million)
- All stores related strategic initiatives £0.3 million (2016: £1.7 million)
- Freehold and leasehold investments £0.8 million (2016: £0.2 million)
- Other expenditure of £1.6 million (2016: £1.1 million)

The Board expects capital expenditure in the year ahead to reduce to approximately £8.0 million.

The key driver of this will be a smaller number of store openings and a reduced number of store refits, which will in part be offset by the commencement of a two-year programme of all-store improvements (which is referred to above in the Strategic Review section of this report), and investments in our Leicester warehouse and office facilities to enable growth of the new commercial tile business.

At the period end the Group held nine freehold or long leasehold sites, including two warehouse and distribution facilities, with a total carrying value of £16.5 million (2016: nine freehold or long leasehold sites valued at £16.2 million). The carrying value is based on the historic purchase cost and capital expenditure less accumulated depreciation.

### ACQUISITIONS AND DISPOSALS

During the period we acquired one freehold property for a consideration of £0.8 million and disposed of one long leasehold property for a consideration of £0.3 million. In the prior year there were no acquisitions or disposals of any freehold property.

## INTANGIBLE ASSETS

During the period we acquired 100% of the equity of Parkside Ceramics Ltd for a net cash consideration of £1.1 million (including £0.2 million of cash retained in the business). This resulted in the recognition of goodwill of £0.9 million and separately identifiable intangible assets of £0.4 million.

In addition to the cash consideration paid, there is a further earn out opportunity for management which has a maximum ceiling of £0.3 million, to be paid in 2018 subject to performance targets being met.

## INVENTORY

Inventory at the period end was £29.5 million (2016: £25.7 million) representing 132 days turnover (2016: 115 days turnover). The increase in the absolute level of inventory is driven by the increase in the store base, increased cost of goods due to sterling weakness and also by increased stocks of key selling ranges.

This balance also includes the inventory for Parkside Ceramics of £0.5 million (2016: nil) which was acquired on 1 September 2017. Days cover has increased as a result of this and the lower level of absolute sales.



**CAPITAL STRUCTURE AND TREASURY**

Cash and cash equivalents at the period end were £7.5 million (2016: £10.2 million) with borrowings of £35.0 million (2016: £35.0 million).

This gives the Group a net debt position of £27.5 million (2016: £24.8 million). During the year the Group settled £2.9 million of tax and interest charges with HMRC which related to legacy tax enquiries, and purchased Parkside Ceramics Ltd for a consideration of £1.1 million. Both of these should be considered as one-off cash outflows.

**CASH FLOW**

Cash generated by operations was £22.2 million, compared to £29.9 million in the prior year period, a decrease of £7.7 million.

This decrease was generated by a £4.1 million reduction in EBITDA and a £3.6 million reduction in working capital cash flow. The reduction in working capital cash flow was driven by a £2.5 million working capital cash outflow in the period compared to a £1.1 million working capital cash inflow in the prior period. In the year ahead we have plans in place to reduce working capital by up to £4 million through a combination of actions across inventory, creditors and debtors.

**CURRENT TRADING AND MARKET CONDITIONS FOR THE YEAR AHEAD**

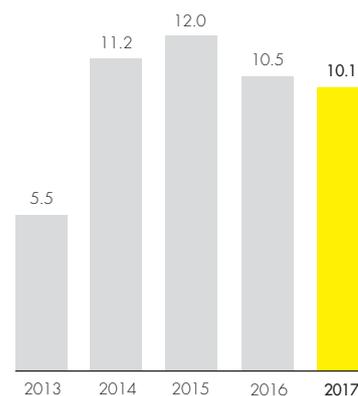
2017 was a more challenging year for Topps Tiles with economic headwinds resulting in lower sales and gross margin.

The Group maintained good control of costs which helped to offset the reduction in gross margin, but ultimately we have recorded a reduction in profits and earnings per share.

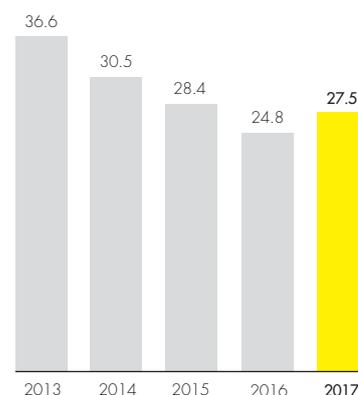
Trading in the first eight weeks of the new financial year has improved, with like-for-like sales increasing by 3.2%. While we are retaining our prudent view of market conditions for the year ahead, we are encouraged by this return to like-for-like sales growth.

We are confident that the combination of the significant further potential in our strategy of "Out-specialising the Specialists" with our accelerated plan to grow in the commercial tile market will underpin our future success.

**CAPITAL EXPENDITURE** £m



**NET DEBT** £m



**PICTURED**

Top right: Cotton Mill™ porcelain wall and floor tile



### CAUTIONARY STATEMENT

This Strategic and Operational Review and Chairman's Statement have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These reports should not be relied on by any other party or for any other purpose.

The Strategic and Operational Review and Chairman's Statement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic and Operational Review, have complied with s414a of the Companies Act 2006. This Business Review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Topps Tiles Plc and to its subsidiary undertakings when viewed as a whole.

### DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face and a fair, balanced and understandable view of the business.

### ANNUAL GENERAL MEETING

The Annual General Meeting for the period to 30 September 2017 will be held on 31 January 2018 at 10am at the Leicester Marriott Hotel.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

MATTHEW WILLIAMS |  
CHIEF EXECUTIVE OFFICER

ROB PARKER |  
CHIEF FINANCIAL OFFICER

28 November 2017

### PICTURED

**Top left:** Glaciem™ Black glass wall mosaic with Hexmix™ Basalt wall and floor mosaic

**Top right:** Penthouse™ Gris porcelain wall and floor tile

# Risks and Uncertainties

The Board has assessed its process for reviewing strategic risk and uncertainties during the year. As a result of this we have developed a new framework, as follows:

- An annual strategic risk workshop which is attended by the Audit Committee Chairman, Head of Internal Audit and key senior members of the management team including the Executive Committee
- The production of a key risks register which is prepared based on a combination of likelihood and impact
- A monthly summary in the Board pack which includes a summary of the key risks identified, combined with mitigants and agreed actions – with each risk refreshed at least quarterly

## GOING CONCERN

When considering the going concern test the Board review several factors including a detailed review of risks and uncertainties, the Group's forecast covenant and cash headroom against lending facilities and management's current expectations. As a result of this review the Board believes that the Group will continue to meet all of its financial commitments as they fall due and will be able to continue as a going concern. Therefore, the Board considers it appropriate to prepare the financial statements on the going concern basis.

## LONG-TERM VIABILITY

In addition to the Going Concern statement the Directors have also assessed the prospects of the Group over a longer period. This assessment has been done over a period of three years for the following reasons:

- this is the basis on which current strategic financial plans have been prepared; and
- the business is largely dependent on UK consumer confidence and discretionary spending which is difficult to project beyond this period.

The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, and principal risks facing the Company, as detailed in the Strategic Report.

The Board considers the key risks to delivery of these financial plans to be a reduction in the level of sales growth and possibly a resultant weakening in gross margin. As a result a number of sales and gross margin based sensitivities have been prepared and reviewed by the Board. It should also be noted that the Group is operationally geared which means that there is a relatively high level of impact from any increases or decreases in levels of turnover.

Topps Tiles' sustained decrease in levels of turnover would be managed by a reduction in operational expenditure, reductions in capital expenditure, tighter working capital controls and possible restriction of Company dividends. The conclusion of these sensitivities is that the Group has a good level of financial flexibility and is well positioned to withstand a number of risks occurring and/or a sustained reduction in levels of consumer spending.

The Board has also considered the Group's current banking facilities which include a non-amortising revolving credit facility that expires in June 2019. The Board considers that the facility will need to be reviewed in the 12-month period prior to expiry and that this is very likely to be completed on similar commercial terms to the current facility.

Based on this review the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years.

# Risks and Uncertainties

Risk	Impact	Mitigation	Status
<b>Brexit – General Economic and Consumer Confidence</b>			
<p>The general economic climate and specifically consumer confidence are important to Topps Tiles and events that may affect these factors present a financial risk to the business. In the period post the UK voting to leave the European Union consumer confidence has been weaker and this has impacted our market.</p>	<p>Consumers need to feel confident to invest money into their homes. In the event of a significant reduction in house prices, housing transactions or consumer confidence we would expect this to adversely impact on business performance. During the year we have seen a softening of these measures and, as expected, a subsequent softening in business performance. The full impact of the decision of the UK to leave the EU still remains unclear and this is likely to continue to create some uncertainty in the outlook over the short term.</p>	<p>We believe that through a combination of a robust level of profitability and financial flexibility the business is able to withstand short-term trading pressures. This has been proven in recent years over the period of the financial crisis. During the year we have kept a tight control on costs and have increased focus on taking market share from competitors along with our proposed diversification into the commercial tile market. Longer term we consider that the UK housing market remains attractive and we believe there remains significant upside from a sustained economic recovery.</p>	
<b>Brexit – Foreign Exchange Rate Fluctuation</b>			
<p>A significant devaluation of sterling will result in increased costs of sourcing for the Group, and a subsequent reduction in profits. In the immediate period post the UK voting to leave the European Union there was a significant weakening in the value of sterling. Since that initial period of devaluation the value of sterling has remained broadly stable.</p>	<p>We source around 50% of our cost of goods from outside the UK which gives us an exposure to movements in foreign currency exchange rates. In the financial period the impact on profits of foreign exchange rates is around £4 million adverse when compared to the prior period.</p>	<p>We have mitigated around half of the impact in the period through supplier negotiation or sourcing management with a number of lines being re-sourced resulting in increased gross margin for these products. Gross margins overall in FY17 have fallen as a result of the devaluation of sterling and we will continue to work on growing underlying gross margin in the year ahead by focusing on innovation, exclusivity and product mix.</p>	
<b>Appropriate Business Strategy</b>			
<p>Our business strategy will not be successfully delivered.</p>	<p>Without a clear Company goal and a well understood strategy to deliver, the risk is that the business loses focus and fails to deliver its objectives.</p> <p>Our refreshed strategy includes a specific intent to diversify into the commercial tile market which will include some risk around successful delivery of acquisitions (where relevant) and management distraction away from our core business.</p>	<p>The strategy is reviewed annually, updated as required and approved by the Board. Bi-annual communication events and regular updates are provided to all colleagues on our progress towards our goals.</p> <p>We have clear plans for our recently acquired business, Parkside Ceramics, and as a result some structural changes have been made to ensure that our diversification into the commercial tile market does not detract from the core business strategy.</p>	
<b>Regulatory Cost Pressures</b>			
<p>The Government programme of above inflation pay rises known as the “National Living Wage” will increase employment costs at a faster rate than sales are rising. The Government has also introduced a new “Apprentice Levy” initiative which will incur an additional annual cost on the business.</p>	<p>The impact of additional costs to the Group could take the form of reduced profits. The costs, based on indications from the Government, over and above underlying inflation are around £0.8 million per annum through to 2020. The Apprentice Levy annual cost will be around £0.2 million p.a.</p>	<p>The Group is focused on how to deliver the Government’s plans through to 2020 whilst maximising the benefit to colleagues and minimising the impact to shareholders. Thus far, we have preserved our high levels of performance related variable pay and resisted any temptations to reduce these payments in order to fund the National Living Wage costs. We will continue to review all options to offset increased regulatory costs elsewhere in our cost base but we remain committed to variable pay to drive performance.</p> <p>Regular checks are carried out on payroll runs to ensure compliance with the National Living Wage.</p>	

**KEY:**

-  Risk has increased
-  Risk has decreased
-  No change
-  New risk



Risk	Impact	Mitigation	Status
<b>Threat from Competitors</b>			
<p>Competitors eroding our market share. A greater competitive threat could come from a new or existing competitor introducing a new point of differentiation to our market such as operational standards, range, service, use of technology, etc.</p>	<p>Loss of market share leading to reduced sales and profitability.</p>	<p>We constantly review our competitor set but at the same time we are clear on what differentiates Topps Tiles from its competitors. Our market leading product offer, inspirational experience and dedicated trade focus are the key elements of our business which, whilst imitated, have never effectively been replicated.</p> <p>For the next two years we will focus on a programme of all-store improvements which will further differentiate us from our competitors. We continue to invest in digital marketing and actively monitor social media platforms.</p> <p>We also work closely with tile manufacturers to ensure we are driving innovation in our market.</p>	
<b>Attracting and Retaining Talent</b>			
<p>The failure to attract and/or retain key individuals could impact on the ability of the business to deliver its objectives.</p> <p>The loss of technical knowledge in stores through high levels of colleague turnover could have a negative impact on our customer service levels.</p>	<p>Reduced levels of customer service or lack of key individuals to deliver the business objectives would result in lower levels of sales and profits for the Group.</p>	<p>We are very focused on colleague engagement and colleague turnover is closely monitored. Pay and benefits are benchmarked to ensure we are rewarding our people in line with the market and reflective of their contribution to the business.</p> <p>During the year we have delivered two key initiatives in this area. We have developed (in conjunction with existing colleagues) a new employer branding and we have also launched a new learning and development platform, "the Hub", which offers all colleagues training matched to their current roles and personal future development plans.</p> <p>In addition, we have a detailed succession plan for each key executive and non-compete clauses for senior colleagues.</p>	
<b>Store Portfolio</b>			
<p>Optimum property strategy for the UK market along with the risk of losing key performing stores which contribute a material amount of Group earnings.</p>	<p>A larger store presence across the UK than is required to maximise the profitability of the Group.</p> <p>Loss of a multiple number of top performing stores or stores in the wrong areas could cause a material impact on the Company's profitability.</p>	<p>We have previously worked with third parties to assess the optimum footprint for the UK and will complete a similar task again in the year ahead. The outputs of this work will provide us with a refreshed target number of total stores.</p> <p>We also actively monitor the digital market to assess any impact this may have on our store estate going forwards.</p> <p>We conduct regular reviews of all stores' profitability and for our most profitable units security of tenure is key. We review lease terms where appropriate and will pro-actively re-gear leases to ensure we always have at least several years of security.</p> <p>We also recognise that freehold is the ultimate mitigant and as part of our continuing review of key stores we consider this where appropriate.</p>	
<b>Loss of a Key Supplier</b>			
<p>The loss of a key supplier could impact on our ability to trade in some areas of our range.</p> <p>We consider that the risk has increased as a result of the UK's decision to leave the European Union. Subject to trade deals agreed both with existing EU nations and countries outside of the EU this could result in the business reviewing key supplier relationships and ultimately having to appoint some new suppliers.</p>	<p>The loss of a key supplier would potentially lead to disruption in supply of key selling products leading to loss of sales and profits.</p>	<p>Our supply chain is diverse and due to our scale we can source products directly from manufacturers anywhere in the world. Re-sourcing ranges from one manufacturer to another is something to which we are accustomed.</p>	

# Risks and Uncertainties

Risk	Impact	Mitigation	Status
<b>Financing</b>			
<p>The Group has a £50 million revolving credit facility in place which was refinanced in June 2014 and expires in June 2019. The loan facility contains financial covenants which are tested on a bi-annual basis. The key risks would be either not negotiating new facilities in advance of expiry or breaching a loan covenant which would have an adverse impact on the Group's financing position.</p>	<p>The most likely impact of not being able to renew the loan facility would be the requirement to raise additional funding from shareholders.</p> <p>The impact of breaching a loan covenant would likely be financial in terms of additional charges and fees. At its worst it would also mean the loan would be repayable which would be likely to result in an equity fundraising.</p>	<p>Loan renewal discussions are conducted well in advance in order to allow sufficient time to cater for different scenarios and would include both existing and new banks to gauge interest.</p> <p>Our expectation for the year ahead is to have completed refinancing negotiations by year end, or be well advanced in our discussions.</p> <p>Loan covenants are measured monthly and reported to the Board. The Company planning model is updated several times a year and gives good forward visibility. Any potential issues would be dealt with well in advance by pro-active discussions with lenders.</p>	
<b>Cyber Security</b>			
<p>The business suffers a breach of its IT systems security leading to either a loss of capability or a loss of customer and/or commercial data.</p>	<p>A temporary loss of systems would be likely to result in an operational impact which would adversely affect sales and ultimately profits.</p> <p>The loss of commercial or customer data would potentially result in reputational damage to the Company.</p>	<p>The Company uses modern systems and the latest network and security protocols to protect against attack or breaches of security.</p> <p>A disaster recovery server provision is in place and the majority of our servers now operate on virtualised technology. This significantly reduces system recovery times from a possible 24 hours to a target of two hours.</p>	
<b>Major Reputational Damage</b>			
<p>The Topps Tiles brand is a very important part of our competitive advantage. Possible areas of impact could be due to a failure in our core processes around our products, our stores, our supply chain (including ethical sourcing) or our people.</p>	<p>Whilst impacts from reputational damage could be wide ranging the most likely impact would be financial, resulting from damage to our brand and consequent loss of sales.</p>	<p>Governance and internal controls are the key mitigants against reputational damage. The Company operates a wide range of processes and procedures designed to ensure that we are fully compliant with all legal requirements and operate industry and governance best practice across the entire business.</p> <p>We have developed during the year a critical incident response process which would be invoked in the event of a business crisis.</p> <p>Supply chain is of particular significance and we believe in long-term strategic relationships with our key suppliers. We have in place a sourcing policy which includes the relevant provisions from the Modern Slavery Act and are working with suppliers to ensure agreement with our terms of trade and compliance.</p>	
<b>GDPR</b>			
<p>General Data Protection Regulations come into force in May 2018. This requires extensive new requirements of companies to ensure that all personal data is protected.</p>	<p>The consequences of non-compliance with new GDPR regulations are severe financial penalties. Fines can be up to €20 million or 4% of annual turnover for severe breaches.</p>	<p>The Company has a good appreciation of GDPR and we already have a plan in place to ensure full compliance.</p> <p>Personal data processes have been catalogued for the four key processing areas which are marketing/ CRM, online, HR and Stores.</p>	

The Directors will continue to monitor all of the key risks and uncertainties and the Board will take appropriate actions to mitigate these risks and their potential outcomes.

# Corporate Social Responsibility

As a large company with a nationwide network of stores as the UK's market leader, and an international supply chain, we take seriously the impact we have in the places where we do business and seek to develop excellent relationships with local communities.

We continue to develop our Corporate Social Responsibility (CSR) policies to protect our environment, look after our people and be good neighbours, over and above our legal and social obligations to do so.

The Company's Board has been fully engaged in this process from its outset and in 2013 we appointed a Non-Executive Director, Andy King, to have specific responsibility for further developing policies in this area.

We continue to seek new ways of achieving in this area, from supporting charities and taking part in community work, to offering a scheme to assist local community projects. We consistently aim to reduce our environmental impact and fully invest in our colleagues and their development.

**PICTURED**

**Top:** Opening of Topps Tiles Stourbridge  
**Centre:** Alan Titchmarsh and Marcellus Baz for ITV's Love Your Garden  
**Bottom:** Macmillan Coffee Morning sale in-store



# Corporate Social Responsibility

## OUR COMMUNITY AND CHARITY WORK

Our colleagues both at our main support office in Leicester and our 372 stores nationwide play a proactive and enthusiastic role in our charity and community projects. We hold a Company-wide ballot every five years to select a national charity to support.

## MACMILLAN CANCER SUPPORT

Topps Tiles has supported Macmillan Cancer Support since 2015, a partnership that will stay in place until at least the end of 2019.

Fundraising events have included a summer barbecue, bike rides, bake sales, coffee mornings and dress-up events, raising more than £58,000 in the past financial year (up from just over £20,000 in the previous year).

We have also had a record year of fundraising for Macmillan via Pennies, the digital charity box, which offers customers in all our stores the opportunity to round up their purchase to the nearest pound, with the additional small change donated to Macmillan.

In 2016-17, £123,604.39 was raised through Pennies, more than double the previous year's donation of just under £55,000.

## LEICESTERSHIRE CARES

We continue to work alongside Leicestershire Cares, a charity organisation local to our Leicester head office, offering staff time out to take part in a range of initiatives to support local good causes.

Our association with Leicestershire Cares continues to support our focus on colleague engagement and provides additional development opportunities for our colleagues. The interest from our colleagues has been extremely positive, leading us into our third year of membership.

Last year we achieved many successes including:

- Five "team challenges" which involved a mix of teams across the business completing challenges, such as protecting the environment, by building tree frames at a public park to redeveloping an animal sanctuary
- Our head office took part in the "Collect for Christmas" campaign, which involved donating new household supplies and toiletry packs to organisations that support the homeless. The campaign collected over £24,000 worth of donations in total.

- Our property department won "Team of the Year" award presented by the CEO of Leicestershire Cares at their annual celebration event, for the outstanding work they completed for their team challenge. This saw colleagues and volunteers from its property team paint, make, build and tile areas of Redgate Animal Sanctuary in Markfield, leaving the charity with a more practical animal feeding area and kitchen
- Our commercial team decorated the accommodation blocks at Topstones, a local campsite used by the Girl Guides

These challenges give everyone at Topps Tiles Head Office the opportunity to give something back to the local community as part of their working day and their own personal development, and enables the Company to showcase its brand as a proactive part of the community in Leicestershire and Rutland.

## PICTURED

**Left:** In-store fundraising for Macmillan Cancer Support  
**Right:** Painting Topstones for Leicestershire Cares





**TILES4SMILES**

The Tiles4Smiles scheme offers community groups and charities the opportunity to request donations of tiles – either for premises renovations, improvements to their kitchen or bathroom areas, or for art projects.

This year has seen a boxing club in Nottingham enjoy the creation of a garden space, as featured on ITV's Love Your Garden with Alan Titchmarsh, a national charity for facially-disfigured people create a large butterfly showcasing positive messages for Changing Faces Day, a community centre in Tyneside enjoy a renovation of its bathroom facilities and a new kitchen facility for a Mencap café.

**YOUTH SPORT**

At Topps Tiles, we have always recognised the benefits that participation in sport can bring to the communities in which we trade. We are proud to be involved in helping children to get outdoors and become active through our youth sport sponsorship. Donating funds for football, rugby and hockey kits, children in 127 teams throughout the UK benefited from the scheme in 2017.

**PICTURED**

**Top:** Alan Sproston, one of Topps Tiles' longest-serving colleagues, with "his" named truck.

**Right:** Changing faces charity event, Sheffield

**TRANSPORT**

Last year our fleet covered more than 3.5m kilometres delivering stock to our stores. This was up by just under 260,000 kilometres travelled on the previous year due to the increased number of stores in the estate, but due to a newer, more efficient fleet, we used 74,000 fewer litres of fuel.

All of the Topps Tiles vehicles now run with the latest, lowest emission engine technology and meet the tough Euro 6 standard.

They are all equipped with forward-facing dashboard mounted cameras, which encourages safer driving and, in the event of an incident, helps us to understand the cause.

In addition, our newest vehicles are equipped with built-in satellite navigation for responding to changing traffic conditions en route to stores, as well as a lane departure warning system to guard against accidents on multi-lane carriageways.

We also use on-board technology from Microlise as standard, which allows remote access to driver and vehicle performance as well as satellite tracking. This system is being used to support good driving behaviour, which can lead to lower fuel use and lower vehicle emissions.

In this past year, driver league tables have been introduced using the data from Microlise, which encourages and incentivises colleagues to monitor and maintain or improve their own standards of driving.

We have also improved efficiency and reduced noise pollution by increasing our use of electric forklifts on our vehicles. These have proved successful during a trial period in making low-noise deliveries, where stores are situated closer to residential areas. This will be key to future plans to enable deliveries outside traditional trading hours, potentially enabling fleet reduction and further reduced fuel consumption.



# Corporate Social Responsibility



## SUPPLY CHAIN

We source product from around the world to bring the latest trends, cutting edge designs and advanced technologies to ensure we remain the market leader in the UK.

Our supply chain can be complex but we are committed to ensuring all our suppliers adhere to the highest standards of ethics, able to demonstrate safe working conditions, and are treating workers with dignity and respect.

All our suppliers are required to comply with the Topps Tiles Responsible Sourcing code. This code has been designed to be ethical, auditable, achievable and is in place to both promote good working practices with our suppliers and provide an opportunity to share our values.

The code represents the Company's fundamental expectations of its supply partners in relation to responsible sourcing. Topps Tiles will not knowingly work with any supplier who does not comply and requires all suppliers to acknowledge this code and confirm their acceptance of its provisions. Compliance is underpinned by way of contractual obligation and audit process.

Suppliers applying this code are expected to comply with national and other applicable laws. Where the provisions of such laws and the code of practice address the same subject, suppliers are to apply those provisions that afford the greater protection.

As part of our auditing process, all of our suppliers this year have had to complete a Social and Ethical Self-assessment document to identify if there are any product or geographical risks. To address any possible concerns our buyers, buying agents and technical manager conduct regular surveillance visits and factory tours to ensure that our products are sourced ethically. As part of our due diligence, third party auditing will take place where any specific risks are identified.

We encourage all our suppliers to be transparent in all their activities and work in collaboration with us in promoting best practice.

In 2015, the Modern Day Slavery Act came in to force and Topps Tiles is committed to this act ensuring that no forms of modern day slavery enter the business and its supply chains. The Company will ensure transparency within the organisation and with its service providers and supplier of goods.

\*Our Responsible Sourcing Code of Conduct and Modern Day Slavery Statement can be found on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk) in the Investor section under Corporate Responsibility.

## ENVIRONMENT

At the very least we expect that suppliers will comply with local environmental laws and legislation. Our suppliers will take into consideration the principles of sustainable development, in particular the optimum use of raw materials, water, the efficient use of energy and also minimising the amount of waste as a result of the supply chain and manufacturing process.

### PICTURED

Members of the HR team at the 2017 annual conference



**WASTE**

Reducing the amount of waste sent to landfill continues to be a focus across the business.

In our Distribution Centre, we continue to recover and in most cases, recycle, several streams of waste from our operations. These include cardboard, shrink-wrap, polythene, polypropylene banding, wooden packaging, scrap metal and repairable wooden pallets.

In partnership with Green4Life and Lafarge we are now recycling our tile waste at a local quarry, where the tiles are crushed and converted into a composite of aggregate.

During the year we invested in a new mill-sized cardboard baler to allow us to increase the revenue earned from this waste stream. We also invested in a new general waste compactor to reduce the volume of our non-recyclable waste and therefore the number of collections.

Our Distribution Centre now also centrally recovers cementitious waste product (such as adhesive and grout) from all stores where it is sent on for specialised end-of-life processing.

The Company has now joined the On-pack Recycling Label scheme which delivers a simple, consistent and UK-wide recycling message. As members of the scheme, all our suppliers will place these specific clear recycling symbols on all of our own brand products. This enables our customers to recycle more packaging correctly. It also enables local authorities to recycle more and in turn will minimise our environmental footprint.

The UK Waste Electrical and Electronic Equipment (WEEE) Regulations were introduced in 2007 with the aim of reducing the amount of electrical and electronic equipment ending up in landfill. Our stores offer a like-for-like take back service, whereby customers can return their old product to any store, when purchasing a new one. These electrical products are then collated at our Distribution Centre and sent for recycling.

**THE TILE ASSOCIATION**

This year we have begun working with The Tile Association (TTA), a Trade Association whose mission it is to promote professionalism and technical standards in the tiling industry across tiling contractors, fixers, distributors, retailers and manufacturers. The TTA is the leading body contributing to the formation of British Standards in Tiles and a member of Build UK.

We aim to work with the association on improving industry standards, training and offering support in encouraging best practise throughout the industry.

In 2017 we were also honoured by TTA with the Excellence in Multiple Retailing award in recognition of excellent customer service, outstanding product offering and innovation within a store setting.

**PICTURED**

Members of the Topps Tiles Distribution team with comedian John Bishop at the 2017 Motor Transport Awards after winning Livery of the Year



# Our Governance





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**PICTURED**

Henley™ Fog with border and corner pieces, ceramic wall and floor tiles with Longmore™ Grey porcelain wall and floor tile

# Board of Directors



**DARREN SHAPLAND**  
NON-EXECUTIVE CHAIRMAN

Darren has over 25 years of retail and public experience, having held senior financial and operational positions within the Burton Group, Arcadia and Kingfisher. Darren was Chief Financial Officer at J Sainsbury's plc between 2005 and 2010 before being appointed Group Development Director, a position he held between 2010 and 2011. He was also Non-Executive Chairman of Sainsbury's Bank from 2006 to 2013 and Chief Executive of Carpetright plc from 2012-2013.

Darren is currently Non-Executive Director and Chairman of the Audit Committee at Ferguson plc.



**MATTHEW WILLIAMS**  
CHIEF EXECUTIVE OFFICER

Matt joined the Company in 1998 as Property Director soon after its IPO. He spent the next six years expanding the Company's store base, acquiring more than 200 new sites, which still make up a large part of the store portfolio today. Promoted to the role of Chief Operating Officer in 2004 and joining the PLC board in 2006, he was a key member of the team that established Topps as the leading specialist tile retailer in the UK. In 2007 he was promoted to Chief Executive Officer. Matt is also a non-executive director of The Original Factory Shop.



**ROBERT PARKER**  
CHIEF FINANCIAL OFFICER

Rob joined Topps Tiles in 2007 as Finance Director. Rob's previous role before joining the Group was Director of Finance & IT for Savers Health & Beauty Ltd. Prior to that Rob was with the Boots Group Plc for 10 years, ultimately as Director of Finance for Boots Retail International. He is responsible for all aspects of finance, human resources, property, IT, and company legal matters.



**KEITH DOWN** **C D E**  
NON-EXECUTIVE DIRECTOR

Keith is a chartered accountant and is currently the Chief Financial Officer of Dunelm Group Plc, and has held this post since December 2015. He was previously the Group Financial Director of the Go-Ahead Group plc and JD Wetherspoons plc. Keith joined the Board of Topps Tiles in February 2015.



**CLAIRE TINEY** **B F D H**  
NON-EXECUTIVE DIRECTOR

Claire joined the Board of Topps Tiles in November 2011. She is also a Non-Executive Director of Volution plc and Hollywood Bowl Group plc. Additionally she runs her own business as an HR Consultant, Executive Coach and facilitator, having spent 15 years as an Executive Director in a number of retail businesses including Mothercare and W H Smith. Most recently, she was HR Director at McArthurGlen.



**ANDY KING** **G E H**  
NON-EXECUTIVE DIRECTOR

Andy has recently been appointed Chief Executive Officer of Evans Cycles. Previously he was Managing Director of Dobbies Garden Centres and prior to that Chief Executive of Notcutts Garden Centres. He has also held director roles at The Body Shop, Mothercare, W H Smith and Boots The Chemists. Andy joined the Board of Topps Tiles in January 2012.



**STUART DAVEY** **A**  
COMPANY SECRETARY AND SECRETARY OF BOARD SUBCOMMITTEES

Stuart qualified as a Solicitor in 1987. He joined Topps Tiles in 2005 having previously worked in private practice and in house with National Westminster Bank Plc. Stuart became Group Lawyer in 2010 and was appointed Company Secretary in September 2014.



# Executive Team



**MATTHEW WILLIAMS**  
CHIEF EXECUTIVE OFFICER



**ROBERT PARKER**  
CHIEF FINANCIAL OFFICER



**BRIAN LINNINGTON**  
COMMERCIAL DIRECTOR

A chemistry graduate with an MBA, Brian Linnington has many years retail business experience, starting his career at Boots where his roles included Category General Manager Toiletries, International Country Manager for Holland and then Taiwan and finally Multichannel Director for Boots UK. Prior to joining Topps Tiles in December 2012 Brian was Product and Marketing Director at Vision Express for four years. Brian is responsible for all aspects of buying, marketing and online in Topps.



**RICHARD CARTER**  
OPERATIONS DIRECTOR

Richard is an experienced retailer who has worked for both blue chip retailers as well as smaller, more entrepreneurial businesses. Richard has previously held senior operations roles with the Spirit Group (Punch Taverns), Virgin Retail, Dixons, Office World (Staples) and started his career with Asda on their retail operations graduate recruitment programme. Richard joined Topps in 2010 and has accountability for retail operations, supply chain and the trade customer division.

- A** Secretary of the Audit, Nomination and Remuneration Committees
- B** Senior Independent Director
- C** Chairman of Audit Committee
- D** Member of Nomination Committee
- E** Member of Remuneration Committee
- F** Chairman of Remuneration Committee
- G** Chairman of Nomination and Governance Committee
- H** Member of the Audit Committee

## OUR ADVISERS

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S. Davey

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# Corporate Governance Statement



DARREN SHAPLAND | CHAIRMAN

“  
The Board has reviewed the contents of the Annual Report and consider the document to be fair, balanced, and understandable and an accurate representation of the current position and performance of the Company, its business model and strategy.”

## DEAR SHAREHOLDER

The Company is committed to the principles of corporate governance contained in the 2016 UK Corporate Governance Code issued by the Financial Reporting Council (the “Code”) for which the Board is accountable.

The Board has reviewed the contents of the Annual Report and consider the document to be fair, balanced, and understandable and an accurate representation of the current position and performance of the Company, its business model and strategy. The basis for this view is that all of the Directors of the Company are furnished with the requisite information to perform their duties and are provided access to key members of management as they require. The Board meet regularly and are given adequate time to probe, debate and challenge business performance as and when they consider it necessary to do so. The Board has received a report from the Audit Committee in relation to the financial results and as a result the Board has approved the final accounts for the period. Having gained a thorough understanding of the business each member

has also had the opportunity to review and influence this report and as such have concluded in line with the statement above.

## STATEMENT OF COMPLIANCE WITH THE CODE

Throughout the period, the Company has applied the principles set out in the Code, including both the Main Principles and the supporting principles, by complying with the Code as reported above.

Further explanations of how the Main Principles have been applied are set out below and in the Strategic Report, Directors’ Remuneration Report and Audit Committee Report.

The Board conducts an annual evaluation of its own performance and that of the Audit, Remuneration and Nomination and Governance Committees and as a result minor adjustments will be made to the Board’s timetable and tabling of business.

In addition, each Board member completed a detailed evaluation of the Chairman’s performance, the result of which was positive in all respects.

Matthew Williams, as Chief Executive Officer (“CEO”), does not sit on any of the Audit, Remuneration or Nomination and Governance Committees, although he may attend by invitation of the relevant Chairperson. There is a clear division of responsibilities between his role as CEO and that of Chairman.

The Board currently comprises six members, of which four are considered independent. The Senior Independent Non-Executive Director is Claire Tiney, who also chairs the Remuneration Committee. Brief biographical details of all Directors are given on pages 44 and 45. The Board meets 12 times a year. Certain defined issues are reserved for the Board including:

- approval of Financial Statements and circulars;
- annual budgets;
- strategy;
- Directors’ appointments;
- internal control and risk management;
- corporate governance;
- key external and internal appointments; and
- pensions and employee incentives.

During the period the Board reviewed the matters reserved for the Board and those delegated to Committees and are satisfied that such matters are appropriate.

Board members are responsible for their own development but are provided access to the Company’s advisers and regularly attend external presentations and workshops on areas considered relevant and appropriate, including environmental, social and governance issues. In particular, all members of the Board have access to various technical seminars and professional updates on a range of relevant topics useful to enhancing the Board’s knowledge and understanding of corporate governance. Provision has also been made within the Board’s timetable for regular updates in relation to areas including the economy, the market and development in remuneration practice.

In advance of Board meetings, Directors are supplied with up-to-date information about trading performance, the Group’s overall financial position and its achievement against prior year budgets and forecasts. The Board also has regular contact with individual Heads of Departments by way of Board presentations in relation to specific departmental initiatives and areas of responsibility.

Where required, a Director may seek independent professional advice at the expense of the Company. All Directors have access to the Company Secretary and they may also address specific issues to the Senior Independent Non-Executive Director.

All Directors are subject to annual re-election. Directors are elected at the first AGM after appointment. All Non-Executive Directors have written letters of appointment.

The Board considers that Darren Shapland, Claire Tiney, Andy King and Keith Down are independent for the purposes of the Code. The terms and conditions for the appointment of Non-Executive Directors are available for inspection on request.

The Board reviews the independence of Non-Executive Directors on an ongoing basis.

The Board operates three committees. These are the Nomination and Governance Committee, the Remuneration Committee and the Audit Committee. All of these committees meet regularly and have formal written terms of reference which are available for inspection on request.



**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

The following table shows the number of Board and Committee meetings held during the 52 week period ended 30 September 2017 and the attendance record of the individual Directors. Directors who are not committee members are invited to attend meetings where the respective Chair considers it appropriate given the nature of the business being considered by the Committee.

	D. SHAPLAND	M. WILLIAMS	R. PARKER	C. TINEY	A. KING	K. DOWN
Board of Directors	12 12	12 12	12 12	12 12	12 12	11 12
Audit Committee	3* 3	2* 3	3* 3	3 3	3 3	3 3
Remuneration Committee	2* 2	2* 2	1* 2	2 2	2 2	2 2
Nomination and Governance Committee	2 2	2* 2	0 2	2 2	2 2	2 2

● Meetings attended ● Possible meetings

\*Attended by invitation of the Chairperson of the related committee.

**THE ROLE OF THE BOARD OF DIRECTORS**

The Board of Directors has overall responsibility for approving our Company strategy and the governance of the business. The primary goal of the Board is to ensure that the Company is being run in the best long-term interests of both the Company itself and all of its stakeholders. Stakeholders include employees, shareholders, suppliers and any other creditors of the business.

**SUB-COMMITTEE RESPONSIBILITIES**

**AUDIT COMMITTEE**

- Financial reporting
- External audit
- Risk management and internal controls including internal audit
- Whistleblowing fraud and anti-bribery

➤ Read more on page 48

**NOMINATION AND GOVERNANCE COMMITTEE**

- Board structure
- Board appointments
- Board succession plans
- Senior executive appointments

➤ Read more on page 49

**REMUNERATION COMMITTEE**

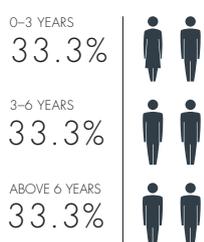
- Chairman and Executive Director pay
- Senior executive pay
- Share incentive plans

➤ Read more on page 54

**BOARD COMPOSITION**



**BOARD TENURE**



**GENDER DIVERSITY**



# Corporate Governance Statement

## STATEMENT ABOUT APPLYING THE PRINCIPLES OF THE CODE

The Company has applied the principles of the Code as reported above. Further explanation of how the Code has been applied in connection with Directors' remuneration is set out in the Remuneration Report.

## AUDIT COMMITTEE

The Audit Committee consists of independent Non-Executive Directors. The Chairman is Keith Down and the other members are Claire Tiney and Andy King. The qualifications of the Audit Committee members are detailed on page 44 of our Annual Report. Its Chairman has relevant experience, being a qualified Chartered Accountant who is currently serving as the Chief Financial Officer of a listed company. The Chief Executive, Chief Financial Officer and the Chairman of the Board usually attend meetings by invitation.

The Audit Committee considers the nature and scope of the audit process (both internal and external to ensure that the programme is aligned to key risks and where necessary any particular risk areas) and its effectiveness. It also monitors, reviews and approves the internal audit programme and receives reports from the internal audit team on a regular basis to review the effectiveness of its work. The Committee meets with the external auditor and considers the Annual and Interim Financial Statements before making its recommendations to the Board. The Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process.

In addition, the Committee is responsible for ensuring that the arrangements are in place to enable staff, in confidence, to raise any concerns about possible improprieties in matters of financial reporting or other matters. No issues have been identified during the period.

The Committee is responsible for the robust assessment of the Company's principal strategic risks which include those to its business model, future performance, solvency and liquidity and this process is performed by the Committee Chairman in conjunction with a number of senior

operational managers. The Committee Chairman reviews the strategic risk schedule on a quarterly basis to ensure that any actions that have been identified are being progressed. It also reviews the Group's system of internal control by reference to an Internal Controls Framework assessment and reports its findings twice a year to the Board.

During the period the Committee has considered and recommended to the Board the adoption of the Topps Tiles Group Tax Strategy which has been published on the Company's website.

The Audit Committee Chairman in conjunction with the Company Secretary conducts an annual internal evaluation of the Committee's processes during the period. The conclusion was that the Committee's is broadly functioning well, in accordance with its Terms of Reference and corporate governance practice providing appropriate assurance to the Board.

The Audit Committee provides advice to the Board on whether the Annual Report is fair, balanced and understandable and provides the necessary information shareholders require to assess the Company's performance, business model and strategy. In doing so, the following risks have been addressed specifically:

- Review of principal strategic risks – the Committee conducts an annual review of principal strategic risks and invites a cross section of Company management in order to ensure that the review includes a detailed understanding of the business. The review highlights the principal risks based on a combination of likelihood and impact and then also considers what appropriate mitigating effects should be implemented (highlights from this work are included in the Strategic Report).
- Review of poor performing stores – as part of both the interim and full year end review process poor performing stores are considered and any related impairments and/or property provisions are provided for. Management will then follow up with detailed action plans to either improve store performance or seek an exit solution. Provisions are made to the extent that the poor performing store leases are considered to be onerous.

Dilapidations are provided for across the entire store portfolio. The Audit Committee also reviews progress towards these plans at the following review. The Audit Committee also reviews and approves the discount rate calculations used to discount these provisions.

- Review of inventory – ensuring that inventory is correctly valued is a key area of focus for the Audit Committee. The finance function performs ongoing detailed checks of supplier invoices by comparing to system prices and management conduct a regular review of any products being sold, or likely to be sold, below the original cost price. Inventory provisions are prepared in accordance with these reviews.
- Loyalty Accounting – the Group operates a trade loyalty scheme which requires the deferral of sales at the time loyalty points are awarded and also tracking of the level of expiry of points (loyalty points expire after 6 months). As this is the first year of this new scheme the Committee has reviewed the level of points accrued and expiry levels to satisfy itself that risks around income recognition have been appropriately managed.
- Going concern & long term viability statement – the Chief Financial Officer provides an assessment of the Company's ability to continue to trade on both a 12-month look-forward test basis and also a longer term review – over three years. The conclusion of those reviews is included in the Strategic Report.

Part of the role of the Audit Committee is to review the independence of the Company's auditor.

Deloitte LLP has been the external auditor for the Group since September 2003. The current audit partner, Damian Sanders, first period of signing was the financial period ended 27 September 2014. In line with independence requirements, his last period as audit partner will be the financial period ended 29 September 2018.



Consideration is also given by the Committee to the work of Deloitte and their independence in deciding whether an audit tender is required. Currently it is satisfied by the work of Deloitte and their independence, and has consequently proposed their reappointment. The Committee has also considered the requirements of the EU statutory audit amending Directive (2014/56/EU) and Audit Regulation (No 537/2014) and has concluded that the Company is not required to rotate and tender for audit services until 2023.

The Company has a policy for the provision of non-audit services which is published on the Company's website. In accordance with the policy the external auditor has not provided non-audit services to the Company during the period.

The audit fees for the statutory audit of the Company's consolidated financial statements and audit related services for the period are £142,500 (2016: £127,500).

#### **NOMINATION AND GOVERNANCE COMMITTEE**

The Nomination and Governance Committee is chaired by Andy King. The other Committee members are Darren Shapland, Keith Down and Claire Tiney. The formal Terms of Reference for this Committee require it to make recommendations to the Board for appointments of Directors and other senior executive staff.

The Nomination and Governance Committee is also responsible for diversity and our policy is included in the Strategic Report.

The Nomination and Governance Committee, in conjunction with the Chief Executive, reviews succession planning in relation to senior positions within the business and development plans for senior colleagues.

All Committee Terms of Reference can be found within the Investors section of the Company's website [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

#### **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. In addition, I write to major shareholders each year offering to meet with them to discuss the Company and specifically matters of governance. The Company also publishes financial information on its website

[www.toppstiles.co.uk](http://www.toppstiles.co.uk). Further, the chairs of the Audit, Remuneration and Nomination and Governance Committees make themselves available at the AGM to answer any questions shareholders may have.

#### **MODERN DAY SLAVERY**

The Board is committed to ensuring that acts of modern day slavery and human trafficking do not enter the business and its supply chain and has complied with the Modern Slavery Act 2015 by making an appropriate statement which has been published on the Company's website. The Board and senior management recognise the importance of this policy statement and its objectives. The Company has successfully introduced The Topps Tiles Code of Conduct for Suppliers, details of which accompany the Company's Modern Slavery Statement on the Company's website.

#### **MAINTENANCE OF A SOUND SYSTEM OF INTERNAL CONTROL**

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and regularly reviews this process. 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.

As previously stated, the Company is committed to complying with Corporate Governance guidelines and currently complies with the Code. The Audit Committee assists the Board in discharging its responsibilities in this regard. The outcomes from the recent key risks and uncertainties review are detailed in the Strategic Report section of this report and the Board has also considered all significant aspects of internal control in conjunction with the review of the work of Internal Audit.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has not been considered necessary.

DARREN SHAPLAND  
CHAIRMAN OF THE BOARD

28 November 2017

# Directors' Report

The Directors of the Company, being the listed entity Topps Tiles Plc, (the "Directors" or the "Board") present their Annual Report on the affairs of the Group (meaning the Company and its subsidiary companies) together with the Financial Statements and Auditor's Report, for the 52 week period ended 30 September 2017. The Corporate Governance Statement set out on pages 46 to 49 forms part of this report.

## PRINCIPAL ACTIVITY

The principal activity of the Group comprises the retail distribution of ceramic and porcelain tiles, natural stone, and related products.

## STRATEGIC REVIEW

The Company is required by the Companies Act 2006 to set out in this report a fair review of the business of the Group during the financial period ended 30 September 2017 and of the position of the Group at the end of that financial period. We are also required to set out a description of the principal risks and uncertainties facing the Group.

The information that fulfils the requirements of the Strategic Review can be found within the Chairman's Statement on page 4, the Strategic Report on pages 6 to 41, and the Corporate and Social Responsibility ("CSR") statement on pages 37 to 41, which are incorporated into this report by reference.

The future prospects of the Group are highlighted in both the Chairman's Statement and the Strategic Report.

The Directors monitor a number of financial and non-financial key performance indicators (KPIs) for the Group and its stores. The most significant of these are detailed on page 26.

The Company conducts an annual strategic risk discussion with the Audit Committee Chairman and senior managers from the business which includes a wide range of risks including commercial, continuity and environmental, social and governance risks.

## RESULTS AND DIVIDENDS

The audited Financial Statements for the 52 week period ended 30 September 2017 are set out on pages 80 to 83. The Group's profit for the period from continuing operations, after taxation, was £13,431,000 (2016: £15,531,000).

During the interim period, a dividend of 1.1 pence per share was declared and paid (2016: interim dividend of 1.00 pence per share was paid).

Following careful consideration, and for the reasons given in the Chairman's Statement of this report, the Board is recommending the payment of a final dividend of 2.3 pence per share, totalling £4,425,000 (2016: 2.50 pence per share, totalling £4,803,000).

## DIRECTORS

The Directors, who served throughout the year and thereafter, were as follows:

D. Shapland  
Non-Executive Chairman

M. Williams  
Chief Executive Officer

R. Parker  
Chief Financial Officer

C. Tiney  
Senior Independent Non-Executive Director

A. King  
Non-Executive Director

K. Down  
Non-Executive Director

In line with the 2016 UK Corporate Governance Code issued by the Financial Reporting Council all Directors are subject to annual re-election at the next Annual General Meeting.

The internal regulation of the Company is set out in its Articles of Association which cover such matters as the rights of shareholders, the appointment or removal of Directors and the conduct of the Board and general meetings. Copies are available upon request and are displayed on the Group's website. In accordance with the Articles of Association, Directors can be appointed or removed by the Board or shareholders in general meeting. Subject to company law and the Articles of Association, the Directors may exercise all the powers of the Company and may delegate authorities to committees. Details of the principal Board committees can be found in the CSR statement on page 37 to 41. The Company's Articles of Association can be amended by a special resolution of the Company's shareholders.

All resolutions at the Annual General Meeting are passed on a show of hands, in line with our Articles of Association. The results of the votes polled in advance are also disclosed to members present and in the event that the polled votes did not support the resolution the Chairman would formally call for a poll, thereby ensuring that all members' interests are represented.

The Company provides insurance against Directors' and Officers' liabilities to a maximum value of £15,000,000.

The Directors' interests in the shares of the Company are set out on page 68.

Details of Directors' share options are provided in the Directors' Remuneration Report on pages 66 to 68.

## SHARE CAPITAL

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the period, are shown in note 21 to the Financial Statements.

The Company has one class of ordinary shares in issue, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

## CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

The Group is party to significant agreements, including commercial contracts, financial and property agreements and employees' share plans, which contain certain termination and other rights for the counter parties upon a change of control of the Company. Should the counterparties choose to exercise their rights under the agreements on a change of control such arrangements would need to be renegotiated. None of these are considered to be significant in terms of the



likely impact on the business of the Group as a whole. There are no agreements between any Group company and any of its employees or a Director which provides for compensation to be paid to the employee or Director for termination of employment or for loss of office as a consequence of a takeover of the Company, other than provisions that would apply on any termination of employment.

**CARBON REPORTING**

As detailed in the CSR statement of this report on page 41 our primary energy consumption is electricity used across our store estate. In-store lighting is a major driver of overall consumption and we have been working on installing modern, energy efficient lighting for the last few years. We continue to experiment with new technology to establish its suitability for our business. Emissions per store are calculated on average stores across the year.

	2017		2016	
	CO <sub>2</sub> (Tonnes)	CO <sub>2</sub> (Tonnes)/Store	CO <sub>2</sub> (Tonnes)	CO <sub>2</sub> (Tonnes)/Store
Electricity	6,424	17.8	7,095	20.6
Gas and oil	2,554	7.1	2,455	7.1
Commercial fleet	3,074	8.5	3,269	9.5
Company cars	340	0.9	379	1.1
<b>Total</b>	<b>12,392</b>	<b>34.3</b>	13,198	38.3

Energy carbon emissions have been compiled in conjunction with our suppliers Opus and Gazprom and is based on the actual energy consumed multiplied by Environment Agency approved emissions factors.

Vehicle emissions have been calculated by our in-house transport team based on mileage covered multiplied by manufacturer quoted emission statistics.

The period for which the carbon reporting information is set out above is the same as the period for which the Directors' Report has been prepared.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

The Group has a designated charitable partner, the Macmillan Trust. Across the Group's business, colleagues engage in numerous fundraising activities which are documented in the CSR statement of this report. During the period the Group made no monetary charitable donations (2016: £nil). The Group made no political contributions (2016: £nil).

**SUBSTANTIAL SHAREHOLDINGS**

In addition to the Directors' shareholdings noted on page 68, as at 30 September 2017, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following disclosable interests in its issued share capital.

	Number	% held
Williams S K M Esq	20,593,950	10.6%
AXA Investment Managers SA	19,213,670	9.9%
BlackRock Investment Mgt (UK)	11,256,019	5.8%
Aberforth Partners LLP	10,053,920	5.2%
Clients of Woodford	9,810,000	5.1%
FMR plc	9,702,900	5.0%
Invesco Asset Management	9,619,695	5.0%
Schroder Investment Mgt	9,300,541	4.8%
Miton Group	8,920,893	4.7%
Standard Life	7,783,246	4.0%

In addition to the above shareholdings, between 30 September 2017 and 28 November 2017 we have not been notified of any changes in shareholdings.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company has a long-standing Corporate Social Responsibility (CSR) agenda covering Community and Charity, and Environment and Our People. The full detail of our current CSR activities is detailed in this report on page 37. We take the impact of our business on our environment extremely seriously and have included a range of environmental metrics above with local laws and we pay particular attention to labour standards and factory conditions.

**HUMAN RIGHTS**

All of our directly employed colleagues are based in the UK and covered by UK employment law, with which we are fully compliant. The Modern Slavery Act 2015 came into effect in 2015 and the Company has taken and continues to take steps to promote and improve our commitment to ensuring that slavery and human trafficking is not within our business and supply chain. The Company has in place The Topps Tiles Suppliers' Code of Conduct.

Both are reinforced by commercial agreements that require our suppliers to be fully compliant with local laws and we pay particular attention to labour standards and factory conditions.

No issues were raised during the year. Both the Suppliers' Code of Conduct and our Modern Slavery Statement can be found on the Company's website [www.toppstiles.co.uk](http://www.toppstiles.co.uk) in the Investors centre under Corporate Responsibility.

# Directors' Report

## DIVERSITY

The Nominations and Governance Committee reviews the balance of skills, knowledge and experience on the Board regularly. Its policy with regard to gender is that we recognise the need for a greater level of diversity across all levels in our organisation; however, we do not endorse positive discrimination and encourage colleagues to appoint the very best possible candidate to the post. During the year we have seen an improvement in overall diversity but also recognise that within our senior manager population we are lacking diversity.

Our workforce at the period end date comprises:

	2017			2016		
	Male	Female	Total	Male	Female	Total
Directors	5	1	6	5	1	6
Senior managers	11	2	13	15	1	16
Other employees	1,506	473	1,979	1,487	438	1,925
<b>Total employees</b>	<b>1,522</b>	<b>476</b>	<b>1,998</b>	<b>1,507</b>	<b>440</b>	<b>1,947</b>
<b>% of total</b>	<b>76%</b>	<b>24%</b>		<b>77%</b>	<b>23%</b>	

## EQUAL OPPORTUNITIES

At Topps Tiles we are committed to equal opportunities and ensure that we hire on potential, promote on talent and reward on success. We aim to promote equality of opportunity in employment regardless of age, gender, colour, ethnic or national origin, culture, religion or other philosophical belief, disability, marital or civil partnership status, political affiliation, sexual identity or sexual orientation.

## COLLEAGUES WITH DISABILITIES

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

## COLLEAGUE CONSULTATION

The Group places considerable value on communication with and involvement of employees and has continued to keep all employees informed on matters affecting them and on the various factors affecting the performance of the Group. This is

achieved through formal and informal meetings, electronic announcements and the Company magazine. Regular forums are held at local and national levels to ensure that employee representatives are consulted quarterly on a wide range of matters affecting their current and future interests.

## FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks, namely interest rate risk, currency risk and credit risk. Information regarding such financial risks is detailed in notes 15, 16, 17, 18 and 19 to the Financial Statements. The Group's risk management policies and procedures are also discussed in the Strategic Report on pages 33 to 36.

## 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 number of options held by employees, including Directors, is 13,027,913 (2016: 10,748,450).

As described in note 29, employee share purchase plans are open to almost all employees and provide for a purchase price equal to the daily average market price over the three days preceding the start of the offer period, less 20%. The shares can be purchased during a two-week offer period, which during the period ended 30 September 2017 fell between 5 January 2017 and 20 January 2017; the offer price to employees was 0.70 pence. The shares that are the subject of the share option schemes are ordinary shares which carry the same rights as those set out under the "Share capital" section above.

Details of Directors' share options are provided in the Directors' Remuneration Report on page 68.

## INFORMATION GIVEN TO THE AUDITOR

Each of the Directors at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**AUDITOR**

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. They have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 Reduced Disclosure Framework. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions. They must also disclose with reasonable accuracy, at any time, the financial position of the Company and enable themselves to ensure that the financial statements comply with the Companies Act 2006. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into this Directors' Report, includes a fair review of the development and performance of the business, the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

ROB PARKER | DIRECTOR

28 November 2017

# Directors' Remuneration Report



CLAIRE TINEY | CHAIRMAN OF THE REMUNERATION COMMITTEE

“

We continue to monitor executive remuneration to take account of evolving market practice and remain committed to taking a responsible approach. Accordingly, the fundamental structure of the package remains largely unchanged.”

## STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

### DEAR SHAREHOLDER

On behalf of the Remuneration Committee I am pleased to present the Directors' Report on Remuneration.

This report is presented in two sections: the Annual Report on Remuneration and The Directors' Remuneration Policy. At the Annual General Meeting in January 2017, the Remuneration Policy was subject to a binding vote, and received strong support from shareholders with 94% of the votes cast being in favour. This policy is now in place for three years. A summary of the policy can be found on pages 55 to 63.

The Annual Report on Remuneration provides details of the amounts earned in respect of the 52 week period ending 30 September 2017 and how the policy will be operated for the 52 week period commencing 1 October 2017. This is subject to an advisory vote at the next Annual General Meeting which takes place in January 2018.

### PERFORMANCE IN 2016/17 AND REMUNERATION OUTCOMES

The year under review presented some challenging market conditions, which resulted in a step back in both revenue and profit numbers from the prior year. During this year the business continued to make strategic investments in line with the business plan and retains its market leading position in the domestic tile market.

Reflecting the financial performance of the Group, the variable elements of pay of executives has been lower than last year. The annual bonus element was 9% of the maximum. No payment was made in respect of the financial targets which were linked to delivery of Adjusted PBT which was not achieved. The remainder of the bonus was linked to delivery of the strategic targets and performance against these was partially met as outlined on page 65.

The long-term plan awards granted in December 2014 were based upon performance over the three financial years to October 2017. The awards required cumulative adjusted earnings per share (EPS) over the period to be at least 23.02p for 25% vesting, increasing to 24.83p for full vesting of the awards. Actual cumulative EPS was 24.51 reflecting sustained delivery over the three year performance period and which will result in 86.7% of the awards vesting in November 2017.

### REMUNERATION DECISIONS FOR 2017/18

During the period, the Committee reviewed the base salary levels for the Executive Directors and it was deemed appropriate to increase base pay in line with the 2% budgeted salary increase across the Group.

We continue to monitor executive remuneration to take account of evolving market practice and remain committed to taking a responsible approach. Accordingly, the fundamental structure of the package remains largely unchanged.

On behalf of the Board I would like to thank shareholders for their continued support and I look forward to meeting you at the Annual General Meeting on 31 January 2018.

CLAIRE TINEY  
CHAIRMAN OF THE  
REMUNERATION COMMITTEE

28 November 2017



**DIRECTORS' REMUNERATION POLICY**

This part of the report sets out the Company's Directors' Remuneration Policy which was subject to a binding shareholder vote at the Annual General Meeting in January 2017 and remains in force for a 3 year period from that date.

**EXECUTIVE DIRECTORS**

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>BASE SALARY</b>	Core element of fixed remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	Salaries are usually reviewed annually taking into account: <ul style="list-style-type: none"> <li>• underlying Group performance;</li> <li>• role, experience and individual performance;</li> <li>• competitive salary levels and market forces; and</li> <li>• pay and conditions elsewhere in the Group.</li> </ul>	<p>While there is no maximum salary, increases will normally be in line with the typical level of salary increase awarded (in percentage of salary terms) to other employees in the Group.</p> <p>Salary increases above this level may be awarded in certain circumstances, such as, but not limited to:</p> <ul style="list-style-type: none"> <li>• where an Executive Director has been promoted or has had a change in scope or responsibility;</li> <li>• an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time);</li> <li>• where there has been a change in market practice; or</li> <li>• where there has been a change in the size and/or complexity of the business.</li> </ul> <p>Such increases may be implemented over such time period as the Committee deems appropriate.</p>	Not applicable.
<b>BENEFITS</b>	Fixed element of remuneration set at a market competitive level with the aim to attract and retain Executive Directors of the calibre required.	<p>Executive Directors receive benefits in line with market practice, and these include principally life insurance, income protection, private medical insurance, company car or car allowance and fuel allowance and, where relevant, relocation expenses. Other benefits may be provided based on individual circumstances. These may include other benefits which are introduced for the wider workforce on broadly similar terms.</p> <p>Any reasonable business related expenses (including the tax thereon) can be reimbursed.</p>	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.	Not applicable.

# Directors' Remuneration Report

## EXECUTIVE DIRECTORS

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>PENSIONS</b>	Provides market competitive post-employment benefits (or cash equivalent) with the aim to attract and retain Executive Directors of the calibre required.	Executive Directors are eligible to participate in the defined contribution pension scheme. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of contributions to a pension plan.	<p>Set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role and individual circumstances.</p> <p>The contribution levels for the year 2015/16 were set at 12.5% of salary.</p> <p>Contributions of up to 20% of salary may be made to take account of a change in the scope of the role, increase in responsibility and/or a change in the size and/or complexity of the business.</p>	Not applicable.
<b>ALL EMPLOYEE SHARE SCHEMES</b>	To create alignment with the Group and promote a sense of ownership.	<p>Executive Directors are entitled to participate in a tax qualifying all employee SAYE scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant.</p> <p>Executive Directors are also entitled to participate in an HMRC tax-qualifying Share Incentive Plan ("SIP").</p>	Participation limits are those set by the UK tax authorities from time to time.	Not subject to performance measures in line with HMRC practice.



EXECUTIVE DIRECTORS

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>ANNUAL BONUS</b>	<p>Rewards performance against annual targets which support the strategic direction of the Group.</p>	<p>Awards are based on annual performance against key financial targets and/or the delivery of personal/strategic objectives.</p> <p>Pay-out levels are determined by the Committee after the year end based on performance against those targets.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance.</p> <p>For up to two years following the payment of an annual bonus award, the Committee may require the repayment of some or all of the award if an act or omission or a failure to apply reasonable skill and judgement leads to a material loss to the Group or serious reputational damage to the Group or a material misstatement of the Group's financial statements.</p>	<p>The maximum bonus opportunity for an Executive Director will not exceed 100% of salary.</p>	<p>Targets are set annually reflecting the Company's strategy and are aligned with key performance indicators.</p> <p>Up to 20% of the bonus may be based on strategic measures and/or individual performance. The balance will be assessed against key financial performance metrics of the business.</p> <p><b>Financial metrics</b> There is no minimum payment at threshold performance and all of the maximum potential will be paid out for maximum performance, with scaled vesting in between.</p> <p><b>Non-financial or individual metrics</b> Vesting of the strategic awards will apply based on the Committee's assessment of the extent to which a strategic metric has been met.</p>
<b>LONG TERM INCENTIVE PLAN ("LTIP")</b>	<p>To incentivise Executive Directors, and to deliver genuine performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.</p>	<p>Long-term incentive awards are granted under the LTIP, approved by shareholders on 23 January 2013.</p> <p>Under the LTIP, awards of nil cost share options or conditional shares may be made.</p> <p>Awards may be settled in cash at the election of the Committee.</p> <p>The vesting of awards will be subject to the achievement of specified performance conditions, over a period of at least three years.</p>	<p>The normal maximum award is 100% of salary in respect of a financial year. Under the share plan rules the overall maximum opportunity that may be granted in respect of a financial year is 200% of salary. The normal maximum award limit will only be exceeded in exceptional circumstances involving the recruitment or retention of an Executive Director.</p> <p>The market value of the shares subject to an award is based on the three day average share price immediately after the Company's Qtr 4 trading statement, unless the Committee determines otherwise.</p>	<p>Relevant performance measures are set that reflect underlying business performance.</p> <p>Performance measures and their weighting where there is more than one measure are reviewed annually to maintain appropriateness and relevance.</p> <p>For achievement of threshold performance 25% of the maximum opportunity will vest.</p> <p>There will usually be straight line vesting between threshold and maximum performance.</p>

# Directors' Remuneration Report

## EXECUTIVE DIRECTORS

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<b>2020 AWARDS</b>	A one-off share award to incentivise Executive Directors to achieve our ambitious 2020 growth strategy and to align them with the goals set for the rest of the management team.	<p>The 2020 awards will be granted under the rules of the LTIP approved by shareholders on 23 January 2013.</p> <p>Awards of nil cost share options or conditional shares may be made. Awards may be settled in cash at the election of the Committee.</p> <p>The vesting of awards will be subject to the achievement of specified performance conditions based on the financial reporting period ending 3rd October 2020.</p> <p>The Executive Directors will be required to retain 50% of the shares vesting (net of tax) until the fifth anniversary of grant.</p>	<p>Up to 100% of salary.</p> <p>The number of shares will be based on a share price of 147.75 pence, being the share price when awards under the 2020 plan were granted to other members of the management team.</p> <p>The combined value of LTIP and 2020 awards granted in the same financial year will be subject to an overall limit of 200% of salary.</p>	The awards are subject to achieving revenue of £300m and adjusted profit before tax under pin of £38m in the financial period ending 3rd October 2020.

### SHAREHOLDING GUIDELINE

The Executive Directors are subject to a shareholding requirement to build and maintain a shareholding in Topps Tiles equivalent to 200% of salary for the Chief Executive and 150% of salary for the Chief Financial Officer.

### LTIP AND 2020 AWARDS ADDITIONAL INFORMATION

The Committee has the right to reduce, cancel or impose further conditions on unvested or unexercised awards if there has been a material misstatement of the Company's financial results, a material failure of risk management by the Company or if there has been serious reputational damage to the Company as a result of the participant's misconduct or otherwise.

For up to two years following the payment of a long-term incentive award, the Committee may require the repayment of some or all of the award if an act or omission or a failure to apply reasonable skill and judgement leads to a material loss to the Group or serious reputational damage to the Group or a material misstatement of the Group's financial statements.

### EXPLANATION OF PERFORMANCE MEASURES CHOSEN FOR THE INCENTIVE SCHEMES

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching performance targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the economic environment. Full vesting will only occur for what the Committee considers to be a stretching performance.

The annual bonus can be assessed against financial and individual/strategic measures as determined by the Committee. The Committee considers that profit before tax is a key performance metric for the annual bonus and specific strategic objectives for each Director, which are aligned to delivering the overall business strategy, encourage behaviours which facilitate profitable growth and the future development of the business.

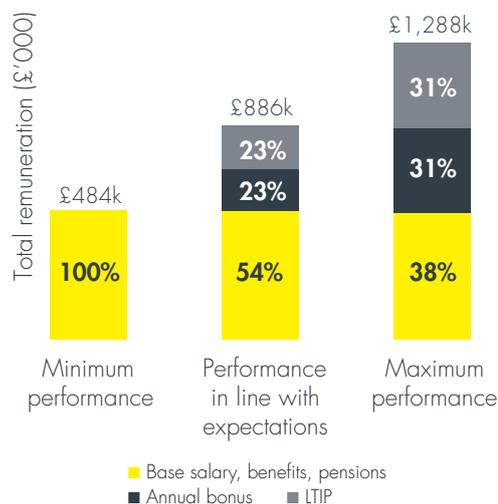
Long-term performance measures are chosen by the Committee to provide a robust and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the business strategy. They are selected to be aligned with the interests of shareholders and to drive business performance whilst not encouraging excessive risk-taking.

The Committee retains the ability to adjust or set different performance measures for the annual bonus and share awards if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

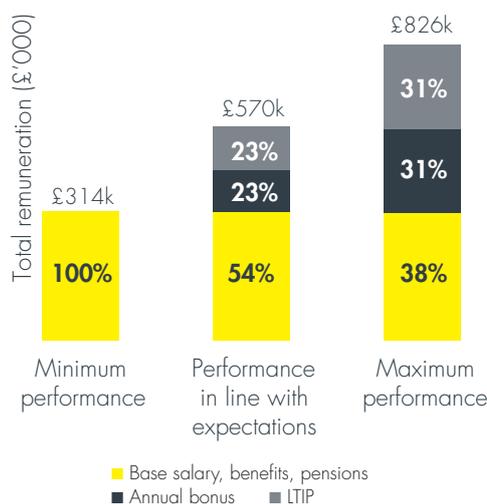
Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

**ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY FOR 2017/18**

**M T M Williams**



**R Parker**



In illustrating the potential reward, the following assumptions have been made:

	Fixed pay	Annual bonus	LTIP*
MINIMUM PERFORMANCE	Fixed elements of remuneration only – base salary (being the salary as at 1 October 2017), benefits as disclosed in the single figure table on page 63 for the year 2016/17 and pension of 12.5% of salary.	No bonus.	No LTIP vesting.
PERFORMANCE IN LINE WITH EXPECTATIONS		50% of salary awarded for achieving target performance.	50% of maximum award vesting (equivalent to 50% of salary) for achieving target performance.
MAXIMUM PERFORMANCE		100% of salary awarded for achieving maximum performance.	100% of maximum award vesting (equivalent to 100% of salary) for achieving maximum performance.

\* LTIP awards are included in the scenarios above at face value with no share price movement included.

**NON-EXECUTIVE DIRECTORS**

Purpose and link to strategy	Approach of the Company
Sole element of Non-Executive Director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.	<p>Fees are normally reviewed annually.</p> <p>Fees paid to Non-Executive Directors for their services are approved by the Board. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees or holding the office of senior independent director). Fees are based on the level of fees paid to Non-Executive Directors serving on the boards of similar-sized UK listed companies and the time commitment and contribution expected for the role. Typically, any fee increase will be in line with the wider workforce. Fee increases may be awarded above this level in certain circumstances such as (but not limited to):</p> <ul style="list-style-type: none"> <li>• where there has been a change in market practice;</li> <li>• where there has been a change in the size and complexity of the Company; or</li> <li>• where there has been an increase in the Non-Executive Director's time commitment to the role.</li> </ul> <p>Overall fees paid to Non-Executive Directors will remain within the limits set by the Company's Articles of Association.</p> <p>Non-Executive Directors cannot participate in any of the Company's share options schemes and are not eligible to join the Company's pension scheme. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs (including any tax incurred thereon) or other benefits that may be appropriate.</p>

# Directors' Remuneration Report

## APPROACH TO RECRUITMENT REMUNERATION

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Company and not to pay more than is appropriate.

The Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

When hiring a new Executive Director, the Committee will typically align the remuneration package with the above Policy for existing Directors. The Committee may include other elements of pay which it considers are appropriate, however, this discretion is capped and is subject to the principles and the limits referred to below.

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Pension and benefits will be provided in line with the above Policy.
- The Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus").
- Others elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short-term basis;
  - if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis;
  - if the Executive Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.
- The Committee may also alter the performance measures, performance period and vesting period of the annual bonus or LTIP, subject to the rules of the LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report.
- The maximum level of variable remuneration which may be granted (excluding "buyout" awards as referred to below) is 300% of salary.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under section 9.4.2 (2) of the Listing Rules which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

The Committee may make payments or awards in respect of hiring an employee to "buyout" remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited. Any such payments or awards are limited to the expected value of the forfeited awards. Where considered appropriate, such special recruitment awards will be liable to forfeiture or "malus" and/or "clawback" on early departure.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chairman or Non-Executive Director will be in line with the fee policy in place at the time of appointment.



**SERVICE CONTRACTS**

It is the Company's policy that Executive Directors are offered permanent contracts of employment with a twelve month notice period. Under an event of contract termination any severance payment would be subject to negotiation but would be with regard to length of service and prevailing notice period.

Company policy also states that Non-Executive Directors should have contracts of services with an indefinite term providing for a maximum of six months' notice. The role of Chairman is also Non-Executive, with an indefinite term contract and a maximum six months' notice.

**PAYMENTS FOR LOSS OF OFFICE**

The principles on which the determination of payments for loss of office will be approached are set out below:

<b>Policy</b>	
<b>PAYMENT IN LIEU OF NOTICE</b>	The Company has discretion to make a payment in lieu of notice. Such a payment would be calculated by reference to basic salary and shall include compensation for any employer pension contributions for the unexpired period of notice. The payment may also include compensation for benefits for the period.
<b>ANNUAL BONUS</b>	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Committee retains discretion to pay the bonus earlier in appropriate circumstances).
<b>LTIP</b>	<p>The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if the participant leaves due to death, illness, injury, disability, sale of his employer or any other reason at the discretion of the Committee, the Committee shall determine whether the award will vest at cessation or at the normal vesting date. In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. Awards may then be exercised during such period as the Committee determines.</p> <p>Awards which have already vested at the date of cessation may be exercised for such period as the Committee determines.</p>
<b>CHANGE OF CONTROL</b>	<p>The extent to which unvested awards will vest will be determined in accordance with the rules of the LTIP.</p> <p>Awards under the LTIP will vest early on a takeover, merger or other relevant corporate event. The Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant corporate event relative to the performance period. The Committee has discretion under the rules of the LTIP to vest awards on a different basis.</p>
<b>MITIGATION</b>	The Committee's practice is that if an Executive Director's employment is terminated any compensation payment will be calculated in accordance with normal legal principles including the application of mitigation to the extent appropriate to the circumstances of the termination.
<b>ALL EMPLOYEE SHARE PLANS</b>	<p>Payments may be made either in the event of a loss of office or a change of control under the all employee share plans, which are governed by the rules and the legislation relating to such tax qualifying plans. There is no discretionary treatment for leavers or on a change of control under these schemes.</p> <p>In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.</p>

# Directors' Remuneration Report

Where a buyout award is made under section 9.4.2 (2) of the Listing Rules then the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

There is no entitlement to any compensation in the event of a Non-Executive Director's appointment being terminated.

## **EXISTING CONTRACTUAL ARRANGEMENTS**

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report:

- where the terms of the payment were agreed before the policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company; and
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

## **POLICY FOR THE REMUNERATION OF EMPLOYEES MORE GENERALLY**

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees.

When determining the remuneration arrangements for Executive Directors, the Committee takes into consideration, as a matter of course, the pay and conditions of employees throughout the Group. In particular, the Committee is kept informed on:

- salary increase for the general employee population;
- overall spend on annual bonus; and
- participation levels in the annual bonus and share plans.

Although no consultation with employees takes place in relation to determining the remuneration policy for Directors, the Group has various ways of engaging employees collectively, as teams and one-to-one which provide a forum for employees to express their views on the Company's executive and wider employee reward policies. The Chair of the Remuneration Committee is available to meet with the employee consultation group if requested.

## **STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS**

The Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. Prior to this Remuneration Policy being formally put to shareholders, the Committee engaged with major shareholders and institutional bodies setting out the proposals and rationale for the changes on variable pay arrangements for Executive Directors.



**ANNUAL REPORT ON REMUNERATION**

**SINGLE FIGURE TABLE  
(AUDITED INFORMATION)**

The tables below detail the total remuneration receivable by each Director for the 52 week period ended 30 September 2017 and the 52 week period ended 1 October 2016.

	Salary and fees £'000	Benefits £'000	Annual bonus £'000	LTIP £'000	Pension £'000	Total remuneration £'000
<b>2016/17</b>						
<b>EXECUTIVE DIRECTORS</b>						
M T M Williams	394	31	35	256	49	765
R Parker	250	26	23	158	27	484
<b>NON-EXECUTIVE DIRECTORS</b>						
D Shapland	124	2	–	–	–	126
A King	43	–	–	–	–	43
K Down	43	–	–	–	–	43
C Tiney	44	–	–	–	–	44
<b>2015/16</b>						
<b>EXECUTIVE DIRECTORS</b>						
M T M Williams	387	31	260	339	49	1066
R Parker	246	26	165	203	29	669
<b>NON-EXECUTIVE DIRECTORS</b>						
D Shapland	122	7	–	–	–	129
A King	42	1	–	–	–	43
K Down	42	–	–	–	–	42
C Tiney	43	1	–	–	–	44

# Directors' Remuneration Report

The figures in the single figure tables above are derived from the following:

<b>SALARY AND FEES</b>	The amount of salary/fees received in the period.
<b>BENEFITS</b>	The taxable value of benefits received in the period. These are principally life insurance, income protection, private medical insurance, company car or car allowance, fuel allowance and the value of SAYE scheme options granted during the period. The value attributable to Sharesave scheme options is calculated on the following basis: Monthly contribution x 12 x 20% (being the discount applied to market value in determining the exercise price). In the case of the Non-Executive Directors taxable expenses are shown as being paid by way of benefits.
<b>PENSION</b>	The pension figure represents the cash value of Company pension contributions paid to the Executive Directors as part of the Company's defined contribution scheme or as a cash supplement taken in lieu of contributions to the pension plan. Rob Parker has chosen to take a cash supplement.
<b>ANNUAL BONUS</b>	The annual bonus is the cash value of the bonus earned in respect of the period. A description of performance against the objectives which applied for the period is provided on page 65.
<b>LTIP</b>	<p>The LTIP figure for the period 2016/17 represents the awards granted on 12 December 2014. The awards were based on cumulative EPS performance over three financial years to 30 September 2017 and will vest at 86.7% on 28 November 2017. The estimated value of the vested shares is based on a share price of 82.17 pence being the market value of the Company's shares for the last quarter of the 52 week period ended 30 September 2017.</p> <p>The LTIP figure stated for the period 2015/16 represents the value of awards granted under the Topps Tiles Plc 2013 Long Term Incentive Plan on the 17 December 2013. The awards were based on cumulative EPS performance over three financial years to 1 October 2016 and vested at 100% on 29 November 2016. The estimated value of the vested shares is based on a share price of 113 pence being the market value of the Company's shares for the last quarter of the 52 week period ended 1 October 2016.</p>

## INDIVIDUAL ELEMENTS OF REMUNERATION (AUDITED INFORMATION)

### BASE SALARY AND FEES

Base salaries for individual Directors are reviewed annually by the Committee and are set with reference to the Remuneration Policy. During the period the following changes to base salary were made with effect from 1 October 2017:

	Base salary 1 October 2016	Base salary 1 October 2017	% increase
M T M Williams	£394,147	<b>£402,030</b>	2%
R Parker	£250,604	<b>£255,616</b>	2%

The base salary increases for Matthew Williams and Rob Parker awarded in 2017 are in line with the range of salary increases across the Group.



The Non-Executive Directors' fees are reviewed annually with any changes effective from 1 October. Details of the current fee policy for the Non-Executive Directors are set out in the table below. The fee increased in 2017 in line with the increase for the wider workforce.

	Fees 1 October 2016	Fees 1 October 2017	% increase
Chairman's fee	£124,236	<b>£126,720</b>	2%
Non-Executive Directors' Basic fee	£37,805	<b>£38,561</b>	2%
Additional fees			
Senior Independent Director/Chair of Remuneration Committee	£6,336	<b>£6,462</b>	2%
Chair of the Nominations and Governance Committee	£5,280	<b>£5,385</b>	2%
Chair of the Audit Committee	£5,280	<b>£5,385</b>	2%

### TOTAL PENSION ENTITLEMENTS

During the year the Company pension benefit represented 12.5% of salary for the Executive Directors (paid as cash in lieu in respect of Rob Parker) and is in line with the Remuneration Policy.

### ANNUAL BONUS

For the 52 week period ended 30 September 2017, the maximum annual bonus opportunity was 100% of salary. To encourage behaviours which facilitate profitable growth and future development of business, up to 80% of salary could be earned based on adjusted PBT performance and up to 20% of salary could be earned for the achievement of individual objectives specifically delivering the strategic plan.

The following table sets out the bonus pay-out to the Executive Directors for 2016/2017 and how this reflects performance for the period:

	Weighting	Threshold	Stretch	Actual performance	Executive Director bonus earned as a percentage of salary
Adjusted PBT <sup>1</sup>	80%	£20.7 million	£25.3 million	£18.6 million	0%
Strategic objectives:					
Cost Control	5%	£113.5m	£112.5m	£110.0m	5%
Average Transaction Value ("ATV")	5%	>£70.66	>£72.26	£70.79	1%
Gross margin	5%	61.8%	62.2%	61.1%	0%
Customer Service	5%	79.5%	80.5%	80.2%	3%
<b>Total bonus earned</b>					<b>9%</b>

1. Adjusted PBT as defined in the Financial Review section of this report.

### ANNUAL BONUS FOR 2017/18

The maximum annual bonus opportunity for the 2017/18 financial year remains 100% of salary. Up to 20% of salary will continue to be focused upon achievement of individual objectives specifically delivering the strategic plan and 80% will be based on challenging adjusted PBT targets. The strategic objectives for 2017/18 are based on average transaction value, customer service, working capital and colleague engagement and other strategic targets.

The Committee considers that the actual annual bonus targets are commercially sensitive and should therefore remain confidential to the Company at this stage. However, the Remuneration Committee will continue to disclose how the bonus pay-out delivered relates to performance against the targets on a retrospective basis.

# Directors' Remuneration Report

## LONG-TERM INCENTIVES

(AUDITED INFORMATION)

### AWARDS VESTING IN RESPECT OF THE FINANCIAL YEAR

The LTIP awards granted in December 2014 were based on cumulative adjusted EPS targets over the three financial years to 30 September 2017. The performance targets for the awards were as follows:

Cumulative Adjusted EPS for the period 2014/15 to 2016/17	Percentage of the award that will vest
23.02 pence	25%
Greater than 23.02 pence but less than 24.83 pence	Determined on a straight-line basis between 25% and 100%
24.83 pence	100%

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items. Cumulative EPS over the three year period was 24.51 pence. This resulted in 86.7% of the award vesting. Details of the awards vesting to the individual Directors are set out in the table below:

	Type of award	Number of shares granted	% Vesting	Number of shares vesting	Value of shares on vesting*	Vesting Date†
M T M Williams	Nil-cost option	359,159	86.7%	311,391	£255,870	28 November 2017
R Parker	Nil-cost option	221,833	86.7%	192,333	£158,040	28 November 2017

\* Based on the average share price over the last quarter of the 52 week period to 30 September 2017 of 82.17 pence.

† The awards can be exercised any time until 14 December 2024.

## AWARDS GRANTED DURING THE FINANCIAL YEAR

(AUDITED INFORMATION)

For the 52 week period ended 30 September 2017 the following awards were granted to Executive Directors on 16 December 2016:

	Type of award	Percentage of salary	Number of shares	Face value at grant <sup>1</sup>	% of award vesting at threshold	Performance period
M T M Williams	Nil-cost option	100%	389,589	394,147	25%	3 years
R Parker	Nil-cost option	100%	247,706	250,604	25%	3 years

1. Valued using a share price of 101.17 pence based on the average three-day share price ending on 7 October 2016.

The awards will vest based on the following Cumulative Adjusted EPS targets:

Cumulative Adjusted EPS for the period 2016/17 to 2018/19	Percentage of the award that will vest
29.84 pence	25%
Greater than 29.84 pence but less than 32.29 pence	Determined on a straight-line basis between 25% and 100%
32.29 pence	100%

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items and subject to such adjustments as the Board in its discretion determines are fair and reasonable.

These targets equate to adjusted EPS growth of c.7% growth from the 2015/16 outturn for 25% vesting and c.11% for 100% vesting.

Notwithstanding the Cumulative Adjusted EPS targets calculated above, the extent to which the awards will vest will be subject to the Committee's assessment of the quality of earnings over the performance period. The Committee may reduce the extent to which the award would otherwise vest if the Committee determines that the Cumulative Adjusted EPS achieved is not consistent with the achievement of commensurate underlying financial performance taking into account such factors as the Committee considers appropriate, including market share, margin performance, net debt, overall returns to shareholders and shareholder value creation.

## 2020 AWARDS

In accordance with approved Remuneration Policy on 20 March 2017, the Executive Directors were granted awards to align them with the 2020 Incentive Plan already rolled out to other members of the management team. The 2020 awards for the Executive Directors comprise a one-off award of shares worth up to 100% of salary with the number of shares calculated using a share price of 147.75p (being the share price used when the awards were granted to participants from Store Managers to the Leadership Team, below the Executive Committee).

	Type of award	Percentage of salary	Number of shares <sup>1</sup>	Face value at grant <sup>2</sup>	% of award vesting at threshold	Performance period
M T M Williams	Nil-cost option	100%	262,824	254,282	100%	3yrs
R Parker	Nil-cost option	100%	167,107	161,676	100%	3yrs

1. The number of shares was cumulated using a share price of 147.75p (being the share price used when the awards were granted to participants from Store Managers to the Leadership Team, below Executive Committee).

2. The face value is shown using the actual share price at the date of grant of 96.8p.

The awards were subject to the following conditions based on performance in the financial year 2019/2020 of £300 million together with an underpin of a minimum of £38m Adjusted PBT.

	2019/2020
Sales	£300m
Adjusted profit before tax	£38m

Both the sales and PBT targets must be achieved for the awards to vest. If the targets are achieved the awards will vest at 100% but the Executive Directors will be required to retain 50% of the net of tax shares vesting under the award until January 2022 (the fifth anniversary of grant).

## LONG-TERM INCENTIVES FOR 2017/18

### LTIP AWARDS

No changes to the quantum or performance conditions are proposed. The maximum LTIP opportunity will remain at 100% of salary and the proportion of the award vesting for threshold performance remains at 25% of salary.

The awards will vest based on the following Cumulative Adjusted EPS targets that equate to straight-line adjusted EPS growth of c.7% growth from the 2017/18 outturn for 25% vesting and c.11% for 100% vesting. The Remuneration Committee considers that both the threshold can stretch targets are challenging in the light of the growth environment and current business expectation.

Cumulative Adjusted EPS for the period 2017/18 to 2019/20	Percentage of the award that will vest
23.52 pence	25%
Greater than 23.52 pence but less than 25.37 pence	Determined on a straight-line basis between 25% and 100%
25.37 pence	100%

Adjusted EPS is defined as stated in the Company's accounts for the relevant financial period excluding exceptional items and subject to such adjustments as the Board, in its discretion, determines are fair and reasonable.

# Directors' Remuneration Report

## ALL EMPLOYEE SHARE PLANS

The Executive Directors may participate in the Company's all employee share plans, the Topps Tiles Plc SAYE Scheme (SAYE Scheme) and the Topps Tiles Plc Share Incentive Plan (SIP), on the same basis as other employees.

The SAYE Scheme provides an opportunity to save a set monthly amount (currently up to £500) over three years towards the exercise of a discounted share option, which is granted at the start of the three years.

The SIP provides an opportunity for employees to buy shares from their pre-tax remuneration up to the limit permitted by the relevant tax legislation (currently £1,800 per year). No matching shares are awarded.

Options and awards under these plans are not subject to performance conditions.

The following SAYE options were granted to the Executive Directors during the financial year ended 30 September 2017:

	Type of award <sup>1</sup>	Number of shares	Face value at grant <sup>2</sup>
M T M Williams	3yr Discounted share option	5,142	£4,281
R Parker	3yr Discounted share option	5,142	£4,281

3. In accordance with the scheme rules, the options are granted with an exercise price set at a discount of up to 20% to the market value of a share when the invitations to acquire the option are issued. For the awards granted in 2016/17 the share price at the date of invitation was 87.00 pence and the exercise price is 70.00 pence per share. In accordance with the scheme rules, the exercise of the options is not subject to any performance condition.

4. The face value of the award is calculated by multiplying the number of shares under option by the market value of a share on the date of grant (being 83.25 pence for these options granted on 26 January 2017).

## STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED INFORMATION)

In order to further align the Executive Directors' long-term interests with those of shareholders and in accordance with the Remuneration Policy, the Committee introduced new shareholding guidelines, effective from the 2017 AGM, which required that Executive Directors build up a shareholding or two times salary for the CEO and 1.5 times salary for the CFO. The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 30 September 2017:

	Shareholding guidelines	Current shareholding (as % of salary)
M T M Williams	200%	452%
R Parker	150%	182%

The interests of each Executive Director of the Company as at 30 September 2017 were as follows:

Director	Type	Owned	Exercised during the year	Vested	Unvested and subject to performance conditions	Unvested and not subject to performance conditions	Total as at 30 September 2017
<b>Executive Directors</b>							
M T M Williams	Shares	1,720,749	n/a	n/a	n/a	n/a	1,720,749
	LTIP shares	n/a	n/a	1,206,222	1,274,396	n/a	2,480,618
	SAYE options	n/a	n/a	n/a	n/a	16,613	16,613
R Parker	Shares	377,893	n/a	n/a	n/a	n/a	377,893
	LTIP shares	n/a	n/a	423,734	803,757	n/a	1,227,491
	SAYE options	n/a	n/a	n/a	n/a	21,337	21,337
<b>Non-Executive Directors</b>							
D Shapland	Shares	80,000	n/a	n/a	n/a	n/a	80,000
K Down	Shares	n/a	n/a	n/a	n/a	n/a	n/a
C Tiney	Shares	15,480	n/a	n/a	n/a	n/a	15,480
A King	Shares	n/a	n/a	n/a	n/a	n/a	n/a

Note. Directors' shareholdings include shares held by their closely associated persons where relevant.



There have been no changes in the Directors' shareholdings between 30 September 2017 and the date of this report.

**PAYMENTS MADE TO FORMER DIRECTORS DURING THE PERIOD**  
(AUDITED INFORMATION)

There have been no payments to former Directors during the period.

**PAYMENTS FOR LOSS OF OFFICE MADE DURING THE PERIOD**  
(AUDITED INFORMATION)

No payments for loss of office were made in the period to any Director of the Company.

**PERFORMANCE GRAPH**

The graph below shows the TSR performance for the Company's shares in comparison to the FTSE Small Cap Index for the eight years to 30 September 2017. For the purposes of the graph, TSR has been calculated as the percentage change during the eight-year period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value, by the end of the 2016/2017 financial year, of £100 invested in the Group over the last eight financial years compared with £100 invested in the FTSE Small Cap Index which the Directors believe is the most appropriate comparative index.



# Directors' Remuneration Report

## HISTORICAL CHIEF EXECUTIVE REMUNERATION OUTCOMES

The table below shows details of the total remuneration and annual bonus and LTIP vesting (as a percentage of the maximum opportunity) for the Chief Executive over the last eight financial years.

	Total remuneration £'000	Annual bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
52 week period ended 30 September 2017	765	9%	86.7%
52 week period ended 2 October 2016	1,180	67%	100%
53-week period ended 3 October 2015	2,027 <sup>1</sup>	83%	100%
52 week period ended 27 September 2014	849	99%	n/a
52 week period ended 28 September 2013	564	46.3%	n/a
52 week period ended 29 September 2012	579	35.2%	n/a
52 week period ended 1 October 2011	384	0%	n/a

1. Restated to include the value of the January 2013 LTIP award which vested in January 2016 based on performance to 3 October 2015.

## CEO PAY INCREASE IN RELATION TO ALL EMPLOYEES

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage change in remuneration for Matthew Williams compared to the wider workforce. For these purposes, the wider workforce includes all employees.

Percentage change	CEO	Wider workforce
Salary	1.8%	2.4%
Taxable benefits	0%	4.9%
Annual bonus	-86.5%	-50.5%

## SPEND ON PAY

The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation):

	52 week period ended 1 October 2017	53-week period ended 1 October 2016	Percentage change
Dividends and share buybacks	3.4 pence per share	3.5 pence per share	- 2.9%
Overall expenditure on pay	£50,548,000	£53,816,000	- 6.1%

## CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Committee is composed of the Company's independent Non-Executive Directors, Claire Tiney (Chairman), Andy King and Keith Down. The Company Secretary attends the meetings as secretary to the Committee.

The role of the Committee is to:

- Determine the pay and benefits of the Executive Directors in accordance with the Remuneration Policy.
- Determine the short and long-term incentives for Executive Directors in accordance with the Remuneration Policy.
- To determine awards against incentive schemes.
- To consult with major shareholders about changes to these incentive schemes.
- To determine fees payable to the Non-Executive Chairman.
- To review the Remuneration Report.
- To monitor the level and structure of remuneration for senior management.

**ADVISERS**

The Committee is assisted in its work by the Chief Executive Officer and Chief Financial Officer. The Chief Executive Officer is consulted on the remuneration of those who report directly to him and also of other senior executives. No Executive Director or employee is present or takes part in discussions in respect of matters relating directly to their own remuneration.

New Bridge Street has been appointed as its independent adviser. New Bridge Street is a trading name of Aon Hewitt Limited.

Adviser	Details of appointment	Fees paid by the Company for advice to the Committee and basis of charge	Other services provided to the Company in the 52 week period ended 30 September 2017
New Bridge Street	Appointed by the Committee in March 2016	£22,943.50 (excluding VAT)  Charged on a time/cost basis or fixed fee dependent on the nature of the project.	None

New Bridge Street is a member of the Remuneration Consultants Group and adhere to its Code of Conduct. The Remuneration Committee is satisfied that the advice received from New Bridge Street during the year has been objective and independent.

**STATEMENT OF VOTING AT LAST AGM**

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report at the Company's Annual General Meeting on 26 January 2017:

Resolution	Votes for	% of vote	Votes against	% of vote	Discretion	% of vote	Votes withheld
Approve Remuneration Report	115,007,901	89.18%	13,933,302	10.80%	22,389	0.02%	1,272,181

The following table sets out the actual voting in respect of the resolution to approve the Directors' Remuneration Policy at the Company's Annual General Meeting on 26 January 2017:

Resolution	Votes for	% of vote	Votes against	% of vote	Discretion	% of vote	Votes withheld
Approve Directors' Remuneration Policy	117,880,410	94.81	6,434,637	5.18	6,889	0.01	5,913,837

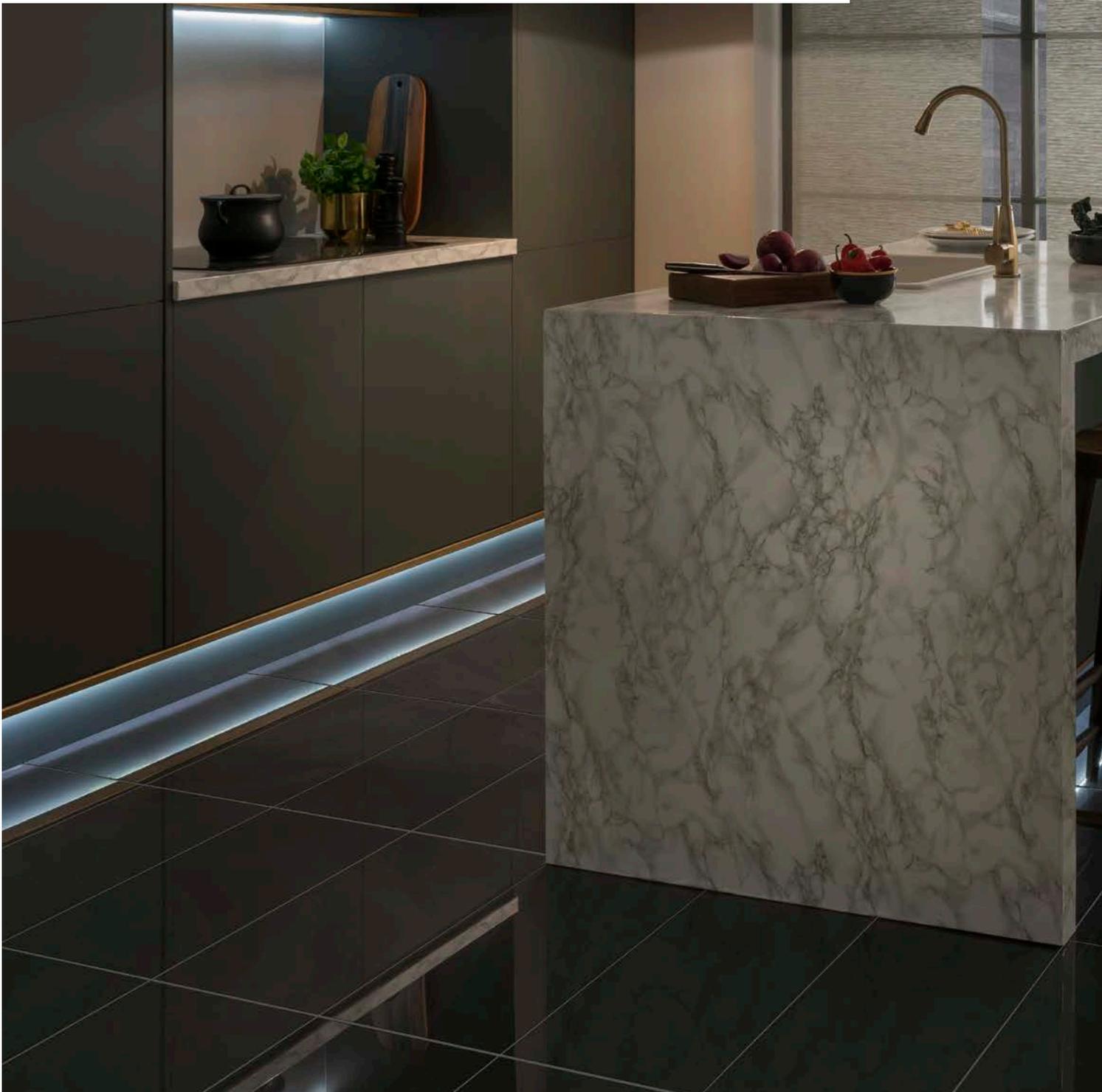
**APPROVAL**

This report was approved by the Board on 28 November 2017 and signed on its behalf by:

CLAIRE TINNEY | CHAIRMAN OF THE REMUNERATION COMMITTEE

28 November 2017

# Our Financials





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**PICTURED**

Regal™ Wave Shadow porcelain wall and floor tile

# Independent Auditor's Report to the Members of Topps Tiles Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## OPINION

In our opinion:

- **the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2017 and of the Group's profit for the 52 week period then ended;**
- **the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.**

We have audited the financial statements of Topps Tiles Plc (the "parent Company") and its subsidiaries (the "Group") which comprise:

- the Consolidated Statement of Financial Performance;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement;
- the Parent Company Balance Sheet;
- the related notes 1 to 30 of the Consolidated Financial Statements; and
- the related notes 1 to 7 of the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## SUMMARY OF OUR AUDIT APPROACH

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Inventory valuation; and</li> <li>• Property provisions.</li> </ul> <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year are identified with .</p>
<b>Materiality</b>	The materiality that we used in the current year was £867,000 which is 5% of statutory pre-tax profit.
<b>Scoping</b>	Our full scope audit procedures covered 99.9% of revenue (2016: 100%), 100.2% of profit before tax, offset by losses on consolidation elsewhere in the Group (2016: 100%) and 97.7% of net assets (2016: 100%).
<b>Significant changes in our approach</b>	During the 2016 financial year, the Group moved the majority of suppliers to net pricing agreements. Consequently, we did not identify supplier rebates to be a key audit matter for the current year audit.

**CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT**

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the Directors' statement on the longer term viability of the Group contained within the Strategic Report on page 33.

We are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 33 to 36 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 33 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group and the parent Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- the Directors' explanation on page 33 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions; or
- whether the Directors' statements relating to going concern and the prospects of the Company required in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit.

**We confirm that we have nothing material to add or draw attention to in respect of these matters.**

**We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.**

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report to the Members of Topps Tiles Plc

The significant changes in key audit matters identified are summarised on page 74

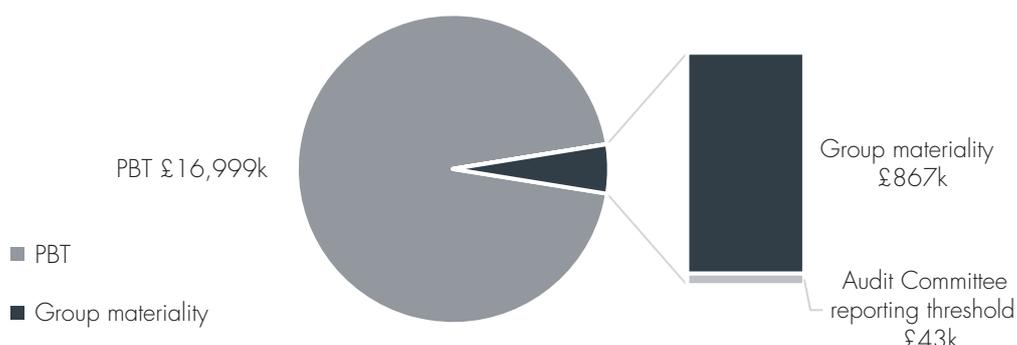
<b>INVENTORY</b> 	
<b>Key audit matter description</b> 	<p>There is significant management judgement involved in assessing the inventory provisions relating to the decisions of discontinued product lines and the requirement for provisions based on forecast consumer trends and sales. There are also judgements involved in determining the provisions required for inventory loss from stores based on the average value of inventory loss and time from most recent full inventory count. In addition judgement exists in relation to the type and percentage of overhead costs to be capitalised into inventory.</p> <p>Given the size of the inventory balance, with inventory of £29.5 million (2016: £25.7 million) and the judgements noted above, we identified this as a key audit matter.</p> <p>Inventory valuation policy is included with note 2 to the accounts and reviewed by the Audit Committee as disclosed on page 48.</p>
<b>How the scope of our audit responded to the key audit matter</b> 	<p>We challenged management's assumptions in relation to the future sales prices of discontinued lines, as well as the calculation methodology, involved in calculating the inventory provisions for obsolete and aged stock.</p> <p>We also performed analytical procedures over the overheads absorption method and tested a sample of overheads absorbed to determine whether the types of costs and value of overheads capitalised in inventory is appropriate. Substantive testing was performed on the accuracy and completeness of the information used in calculating the provisions, as well as in assessing the accuracy and level of overheads absorbed into inventory.</p>
<b>Key observations</b> 	<p>Based on the work performed we have concluded that the inventory provisions related to obsolete and aged stock are appropriate and that the level of overheads absorbed in inventory is reasonable.</p>
<b>PROPERTY PROVISIONS</b> 	
<b>Key audit matter description</b> 	<p>The property provisions arise from the Group's portfolio of 372 stores (2016: 351 stores). The appropriateness and completeness of onerous lease provisions (£1.7 million) and dilapidation provisions (£2.2 million) in relation to those stores is judgemental as they include an assessment of the likely future periods of which leasehold properties may be vacant and estimates of future costs of making good dilapidations.</p> <p>Due to the size of the Group's property portfolio and the sensitivity of the assumptions, property provisions were considered to be an area for potential fraud and one which had the most significant impact on the audit; we therefore identified it as a key audit matter.</p> <p>Property provisions are included within the key sources of estimation uncertainty within note 2, and the balance sheet provisions are disclosed in note 20.</p>
<b>How the scope of our audit responded to the key audit matter</b> 	<p>We assessed the appropriateness and completeness of onerous lease and dilapidations provisions by challenging management's principal assumptions in identifying and providing for the Group's at-risk properties, as well as the overall policy applied to the provisions.</p> <p>Our audit team included property specialists who assisted us in evaluating management's estimates, for example, those relating to the length of time anticipated to exit onerous lease arrangements on vacant or loss-making stores as well as recalculating provisions required on a sample basis.</p> <p>We also challenged management's assumptions in relation to the calculation of onerous leases at loss-making stores by reviewing management's track record of returning such stores to profit and the period of time management assume will take to exit the property where relevant.</p> <p>Furthermore, we challenged management's assumptions regarding the calculation of the dilapidations provision, including validating property information back to the original lease documentation and agreeing dilapidation charges historically incurred to third party sources. In performing this work, we utilised our specialists to assess whether the provisions are appropriately discounted.</p>
<b>Key observations</b> 	<p>Based on the work performed we have concluded that the provisions held at year end in relation to onerous leases and dilapidations are reasonable.</p>

**OUR APPLICATION OF MATERIALITY**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Group materiality</b>	£867,000 (2016: £1,000,000)
<b>Basis for determining materiality</b>	5.1% of pre-tax profit (2016: 5.0%)
<b>Rationale for the benchmark applied</b>	Pre-tax profit is a key performance measure of the business for users of the financial statements



There are no account balances, classes of transactions or disclosures where a lower materiality threshold has been applied.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £43,000 (2016: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The increase in our reporting threshold is to align with market practice and was agreed with the Audit Committee. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**AN OVERVIEW OF THE SCOPE OF OUR AUDIT**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and by assessing the risks of material misstatement at the Group level.

Given the nature of the Group’s corporate structure, which contains one main external trading entity and all evidence relating to each subsidiary being compiled at the Group’s head office, we performed an audit covering all of the Group’s trading components, with the exception of Parkside Ceramics Limited, which was acquired on 31 August 2017, and the dormant components within the Group. At the Group level, we performed an audit on the acquisition accounting for Parkside Ceramics Limited to Group materiality.

Our full scope audit procedures covered 99.9% of revenue (2016: 100%), 100.2% of pre-tax profit, offset by losses on consolidation elsewhere in the Group (2016: 100%), and 97.7% of net assets (2016: 100%).

Our audit work was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £5,000 to £858,000 (2016: £5,000 to £900,000).

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

As part of the inventory count programme, alongside attendance at the Group’s main warehouse, members of the audit team attended 16 (2016: 16) of the Group’s stores as part of their consideration of the controls around revenue, inventory, inventory count procedures and physical asset verification. This programme of visits was designed so that the audit team visited different store locations compared to previous years depending upon risks identified in conjunction with the work performed by Internal Audit.

# Independent Auditor's Report to the Members of Topps Tiles Plc

## OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.1OR(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

**We have nothing to report in respect of these matters.**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS  
OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

**ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS**

Under the Companies Act 2006 we are required to Report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

**We have nothing to Report  
in respect of these matters.**

**DIRECTORS' REMUNERATION**

Under the Companies Act 2006 we are also required to Report if, in our opinion, certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

**We have nothing to Report  
in respect of these matters.**

**OTHER MATTERS**

**AUDITOR TENURE**

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 1 August 2003 to audit the financial statements for the period ending 27 September 2003 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 15 years, covering the periods ending 27 September 2003 to 30 September 2017.

**CONSISTENCY OF THE AUDIT REPORT WITH THE ADDITIONAL REPORT TO THE AUDIT COMMITTEE**

Our audit opinion is consistent with the additional Report to the Audit Committee we are required to provide in accordance with ISAs (UK).

**DAMIAN SANDERS, FCA (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
**Statutory Auditor**  
**Manchester, United Kingdom**  
28 November 2017

# Consolidated Statement of Financial Performance

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

	Notes	52 weeks ended 30 September 2017 £'000	52 weeks ended 1 October 2016 £'000
<b>Group revenue – continuing operations</b>	3	<b>211,848</b>	214,994
Cost of sales		<b>(82,473)</b>	(81,825)
Gross profit		<b>129,375</b>	133,169
Employee profit sharing		<b>(4,972)</b>	(10,046)
Distribution and selling costs		<b>(80,006)</b>	(77,113)
Other operating expenses		<b>(7,724)</b>	(6,489)
Administrative costs		<b>(14,254)</b>	(13,887)
Sales and marketing costs		<b>(4,530)</b>	(4,561)
<b>Group operating profit</b>		<b>17,889</b>	21,073
Investment revenue	7	<b>24</b>	85
Finance costs	7	<b>(914)</b>	(1,176)
<b>Profit before taxation</b>	5	<b>16,999</b>	19,982
Taxation	8	<b>(3,568)</b>	(4,451)
<b>Profit for the period attributable to equity holders of the Company</b>	27	<b>13,431</b>	15,531
<b>Earnings per ordinary share from continuing operations</b>	10		
– Basic		<b>6.98p</b>	8.05p
– Diluted		<b>6.86p</b>	7.82p

# Consolidated Statement of Comprehensive Income

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

	52 weeks ended 30 September 2017 £'000	52 weeks ended 1 October 2016 £'000
Profit for the period and total comprehensive income	<b>13,431</b>	15,531
Total comprehensive income for the period attributable to equity holders of the Parent Company	<b>13,431</b>	15,531

# Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2017

	Notes	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Goodwill	11	1,096	245
Intangible assets	12	429	–
Property, plant and equipment	13	54,342	51,619
		<b>55,867</b>	51,864
<b>Current assets</b>			
Inventories		29,502	25,667
Trade and other receivables	15	6,502	6,708
Cash and cash equivalents	16	7,501	10,228
		<b>43,505</b>	42,603
<b>Total assets</b>		<b>99,372</b>	94,467
<b>Current liabilities</b>			
Trade and other payables	17	(32,500)	(33,108)
Current tax liabilities		(2,375)	(4,004)
Provisions	20	(1,170)	(1,448)
		<b>(36,045)</b>	(38,560)
<b>Net current assets</b>		<b>7,460</b>	4,043
<b>Non-current liabilities</b>			
Bank loans	18	(34,923)	(34,807)
Deferred tax liabilities	20	(1,071)	(709)
Provisions	20	(3,780)	(2,846)
<b>Total liabilities</b>		<b>(75,819)</b>	(76,922)
<b>Net assets</b>		<b>23,553</b>	17,545
<b>Equity</b>			
Share capital	21	6,548	6,539
Share premium	22	2,487	2,473
Own shares	23	(4,411)	(4,411)
Merger reserve	24	(399)	(399)
Share-based payment reserve	25	3,921	4,280
Capital redemption reserve	26	20,359	20,359
Retained losses	27	(4,952)	(11,296)
<b>Total equity</b>		<b>23,553</b>	17,545

The accompanying notes are an integral part of these financial statements.

The financial statements of Topps Tiles Plc, registered number 3213782, on pages 81 to 84 were approved by the Board of Directors and authorised for issue on 28 November 2017. They were signed on its behalf by:

MATTHEW WILLIAMS  
ROB PARKER  
DIRECTORS

# Consolidated Statement of Changes in Equity

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

	Share capital £'000	Share premium £'000	Own shares £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 3 October 2015	6,457	1,906	(630)	(399)	2,820	20,359	(19,715)	10,798
Profit and total comprehensive income for the period	–	–	–	–	–	–	15,531	15,531
Issue of share capital	82	567	–	–	(7)	–	–	642
Dividends	–	–	–	–	–	–	(6,296)	(6,296)
Own shares purchased in the period	–	–	(4,415)	–	–	–	–	(4,415)
Own shares issued in the period	–	–	634	–	–	–	(634)	–
Credit to equity for equity-settled share based payments	–	–	–	–	1,467	–	448	1,915
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(630)	(630)
Balance at 1 October 2016	6,539	2,473	(4,411)	(399)	4,280	20,359	(11,296)	17,545
Profit and total comprehensive income for the period	–	–	–	–	–	–	13,431	13,431
Issue of share capital	9	14	–	–	–	–	–	23
Dividends	–	–	–	–	–	–	(6,924)	(6,924)
Own shares purchased in the period	–	–	(8)	–	–	–	–	(8)
Own shares issued in the period	–	–	8	–	–	–	(8)	–
Debit to equity for equity-settled share-based payments	–	–	–	–	(359)	–	3	(356)
Deferred tax on share-based payment transactions	–	–	–	–	–	–	(158)	(158)
<b>Balance at 30 September 2017</b>	<b>6,548</b>	<b>2,487</b>	<b>(4,411)</b>	<b>(399)</b>	<b>3,921</b>	<b>20,359</b>	<b>(4,952)</b>	<b>23,553</b>

# Consolidated Cash Flow Statement

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

	52 weeks ended 30 September 2017 £'000	52 weeks ended 1 October 2016 £'000
<b>Cash flow from operating activities</b>		
Profit for the period	13,431	15,531
Taxation	3,568	4,451
Finance costs	914	1,176
Investment revenue	(24)	(85)
Group operating profit	17,889	21,073
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	6,544	5,832
Loss on disposal of property, plant and equipment	589	152
Share option (credit)/charge	(359)	1,701
Decrease in trade and other receivables	324	1,334
(Increase)/decrease in inventories	(3,587)	1,740
Increase/(decrease) in payables	752	(1,916)
<b>Cash generated by operations</b>	22,152	29,916
Interest paid	(1,985)	(1,045)
Taxation paid	(5,015)	(4,648)
<b>Net cash from operating activities</b>	15,152	24,223
<b>Investing activities</b>		
Interest received	24	84
Purchase of property, plant and equipment	(10,160)	(10,577)
Proceeds on disposal of property, plant and equipment	303	–
Acquisition of subsidiary, net of cash acquired	(1,137)	–
Purchase of own shares	–	(4,383)
<b>Net cash used in investment activities</b>	(10,970)	(14,876)
<b>Financing activities</b>		
Dividends paid	(6,924)	(6,296)
Proceeds from issue of share capital	15	613
Drawdown of bank loans	5,000	–
Repayment of bank loans	(5,000)	(10,000)
<b>Net cash used in financing activities</b>	(6,909)	(15,683)
Net decrease in cash and cash equivalents	(2,727)	(6,336)
Cash and cash equivalents at beginning of period	10,228	16,564
<b>Cash and cash equivalents at end of period</b>	7,501	10,228

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 1 GENERAL INFORMATION

Topps Tiles Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 45. The nature of the Group's operations and its principal activity are set out in the Directors' Report on page 50.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

## ADOPTION OF NEW AND REVISED STANDARDS

In the current period, there were no new or revised standards and interpretations adopted that have a material impact on the financial statements.

## STANDARDS NOT AFFECTING THE REPORTED RESULTS NOR THE FINANCIAL POSITION

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements that may impact the accounting for future transactions and arrangements.

Amendments to IFRS 10, IFRS 12 and IAS 28 (Dec 2014) – Investment Entities: Applying the Consolidation Exception

Amendments to IFRS 11 (May 2014) – Accounting for Acquisitions of Interests in Joint Operations

Amendments to IAS 1 (Dec 2014) – Disclosure Initiative

Amendments to IAS 16 and IAS 38 (May 2014) – Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IAS 16 and IAS 41 (Jun 2014) – Agriculture: Bearer Plants

Amendments to IAS 27 (Aug 2014) – Equity Method in Separate Financial Statements

Annual Improvements to IFRSs: 2012-2014 Cycle (Sept 2014) – Annual Improvements to IFRSs: 2012-2014 Cycle

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Amendments to IAS 7 (Jan 2016) – Disclosure Initiative

Amendments to IAS 12 (Jan 2016) – Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to IFRSs: 2014-16 Cycles (Dec 2016) – Annual Improvements to IFRSs: 2014-16 Cycle – IFRS 12 Amendments

IFRS 9 – Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

Clarifications to IFRS 15 (Apr 2016) – Clarifications to IFRS 15 Revenue from Contracts with Customers

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

Amendments to IFRS 2 (Jun 2016) – Classification and Measurement of Share-based Payment Transactions

Amendments to IFRS 4 (Sept 2016) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

Amendments to IAS 40 (Dec 2016) – Transfers of Investment Property

Annual Improvements to IFRSs: 2014-16 Cycle (Dec 2016) – Annual Improvements to IFRSs: 2014-16 Cycle – IFRS 1 and IAS 28 Amendments

Amendments to IFRS 10 and IAS 28 (Sept 2014) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRIC 23 – Uncertainty over Income Tax Treatments

Amendments to IFRS 9 (Oct 2017) – Prepayment Features with Negative Compensation

Amendments to IAS 28 (Oct 2017) – Long-term Interests in Associates and Joint Ventures

IFRS 17 – Insurance Contracts

IFRS 9 – Management do not expect this to have a material impact but an exercise is ongoing to quantify the impact

**1 GENERAL INFORMATION CONTINUED**

IFRS 15 – The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Group does not expect the introduction of IFRS 15 to significantly affect the Group's approach to recognition of revenue. The Group's revenue streams are not considered particularly complex in nature and revenue will continue to be recognised once the risk and reward of ownership of goods sold by the Group is transferred to the customer.

IFRS 16 – Operating Leases, will have a material impact on the Group, with all of its operating leases (note 28) being recognised on the balance sheet with a corresponding right to use the asset being recognised. Rental costs in the income statement will be replaced by interest and depreciation charges and will therefore impact the Group's profit. It has been noted that the profile of the overall expense in the income statement will change as the interest expense will be more front-loaded compared to a straight-line operating lease rental. Following an initial impact assessment, management has concluded that the most significant items that are currently classified as operating leases that will be recognised in the financial statements in accordance with the new standard are the Group's property leases. It is not currently practical to provide a reasonable financial estimate of the effect of the new standard until the full implementation of the project has been concluded. The Group will continue to monitor the practical interpretation of the new leasing standard within the retail sector prior to full implementation.

The Directors anticipate that the adoption of the remaining standards and interpretations in future periods will have no material impact on the financial statements of the Group.

**2 ACCOUNTING POLICIES**

The principal accounting policies adopted are set out below.

**A) BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS regulation. The financial statements have been prepared on the historical cost basis, except for the revaluation of derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**B) GOING CONCERN**

When considering the going concern test, the Board reviews several factors including a detailed review of the above risks and uncertainties, the Group's forecast covenant and cash headroom against lending facilities, and management's current expectations (see Strategic Report for further details). As a result of this review the Board believes that the Group will continue to meet all of its financial commitments as they fall due and will be able to continue as a going concern. Therefore, the Board considers it appropriate to prepare the financial statements on the going concern basis.

**C) BUSINESS COMBINATIONS**

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-on date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquisition and the equity interest issued by the Group in exchange for control of the acquisition. Acquisition-related costs are recognised in the profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Contingent consideration is recognised at fair value at the date of acquisition. Subsequent changes in contingent consideration which has been classified as an asset or liability which does not result from a measurement period adjustment is accounted for in accordance with IAS 39 where the asset or liability is a financial instrument, and in accordance with IAS 37 in all other cases.

**D) BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 2 ACCOUNTING POLICIES CONTINUED

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of financial performance from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### E) 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.

Throughout the financial statements, Directors' Report and Business Review, references to 2017 mean "at 30 September 2017" or the 52 weeks then ended; references to 2016 mean "at 1 October 2016" or the 52 weeks then ended.

### F) GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill of £15,080,000 written off to reserves under UK GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal.

### G) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from the sale of goods is recognised on the collection or delivery of goods, when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, being the date goods are collected from store or received by the customers;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The level of sales returns is closely monitored by management and provided for when management considers them to be significant.

Sales of goods that result in award credits for customers, under the Company's Trader Loyalty Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value being the amount for which the award credits should be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2 ACCOUNTING POLICIES CONTINUED****H) INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at the fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated impairment losses.

Separately identifiable intangible assets are amortised over their useful economic lives.

**I) PROPERTY, PLANT & EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, less estimated residual value, over their estimated useful lives, on the following bases:

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 50 years on a straight-line basis
Fixtures and fittings	over 10 years, except for the following: four years for computer equipment or five years for display stands, as appropriate
Motor vehicles	25% per annum on a reducing balance basis

Freehold land is not depreciated.

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

**J) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

At each period end, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**K) INVENTORIES**

Inventories are stated at the lower of cost and net realisable value and relate solely to finished goods for resale, net of supplier rebates. Cost comprises the purchase price of materials and an attributable proportion of distribution overheads based on normal levels of activity and is valued at standard cost. Net realisable value represents the estimated selling price, less costs to be incurred in marketing, selling and distribution. Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. The net replacement value of inventories is not considered materially different from that stated in the consolidated statement of financial position.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 2 ACCOUNTING POLICIES CONTINUED

### L) TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of financial performance because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### M) FOREIGN CURRENCY

The individual financial statements of each Group company are presented in pounds sterling (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each period end, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of financial performance for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of financial performance for the period.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

### N) LEASES

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease even where payments are not made on such a basis, except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed or a provision has been made for an onerous lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group provides for the unavoidable costs prior to lease termination or sub-lease relating to onerous leases. Dilapidation costs are provided for against all leasehold properties across the entire estate.

**2 ACCOUNTING POLICIES CONTINUED****O) INVESTMENTS**

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

**P) RETIREMENT BENEFIT COSTS**

For defined contribution schemes, the amount charged to the statement of financial performance in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

**Q) FINANCE COSTS**

Finance costs of debt are recognised in the statement of financial performance over the term of the debt at a constant rate on the carrying amount.

**R) FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**FINANCIAL ASSETS AT FVTPL**

Financial assets are classified as at FVTPL where the financial asset is either held for trading or is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied, such as discounted cash flows and assumptions regarding market volatility.

**LOANS AND RECEIVABLES**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**EFFECTIVE INTEREST METHOD**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets and liabilities classified as at FVTPL.

**IMPAIRMENT OF FINANCIAL ASSETS**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 2 ACCOUNTING POLICIES CONTINUED

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 50 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash within three months and are subject to an insignificant risk of changes in value.

### DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or is designated as at FVTPL. The Group does not have any designated FVTPL liabilities.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of disposal in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

### OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**2 ACCOUNTING POLICIES CONTINUED****DERECOGNITION OF FINANCIAL LIABILITIES**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**DERIVATIVE FINANCIAL INSTRUMENTS**

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group uses foreign exchange forward contracts to manage its foreign currency risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, on the use of financial derivatives.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each period end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**S) SHARE-BASED PAYMENTS**

The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 October 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model.

The Group provides employees with the ability to purchase the Group's ordinary shares at 80% of the current market value through the operation of its Sharesave scheme. The Group records an expense, based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

**T) TRADE PAYABLES**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

**U) OPERATING PROFIT**

Operating profit is stated after charging/(crediting) restructuring costs but before property disposals, investment income and finance costs.

**V) PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

**W) SUPPLIER INCOME**

Amounts receivable from suppliers are initially held on the balance sheet within the cost of inventory and recognised within the income statement once the contractual terms of the supplier agreements are met and the corresponding inventory has been sold.

Volume rebates and price discounts are recognised in the income statement as a reduction in cost of sales, in line with the recognition of the sale of a product.

**X) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have concluded that there are no critical areas of accounting judgement in the application of the Group's accounting policies in the current period.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 2 ACCOUNTING POLICIES CONTINUED

### KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the period end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below:

#### PROPERTY PROVISIONS

Onerous lease provision – During the period the Group has continued to review the performance of its store portfolio, which has resulted in one further store being exited before its lease terms had expired (2016: seven stores). In respect of the leases in relation to stores exited before lease end dates in prior periods that are still vacant, the Group has provided for what it considers to be the unavoidable costs prior to lease termination or sub-lease. The Group has further reviewed any trading loss-making stores and provided for those leases considered to be onerous. These estimates are based upon available information and knowledge of the property market. The ultimate costs to be incurred in this regard may vary from the estimates.

Dilapidations provision – The Group has estimated its likely dilapidation charges for its store portfolio and provided accordingly. This estimate involves an assessment of average costs per store and the expected exit period for the current portfolio, and is based on management's best estimate, taking into account knowledge of the property market and historical trends. The ultimate costs to be incurred may vary from the estimates.

Property provisions are discounted to a present value by applying a discount rate consistent with market conditions at the reporting date. Discount rates used and sensitivity of the discount rate is disclosed in note 20.

## 3 REVENUE

An analysis of Group revenue is as follows:

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
Revenue from the sale of goods	<b>211,848</b>	214,994
Total revenue	<b>211,848</b>	214,994

Investment revenue represents bank interest receivable. There are no other gains recognised in respect of loans and receivables.

The Group has one reportable segment in accordance with IFRS 8 – Operating Segments, which is the Topps Tiles stores and online business segment. The Group's Board is considered the chief operating decision maker. The Board receives monthly financial information at this level and uses this information to monitor the performance of the Topps Tiles stores and online business segment, allocate resources and make operational decisions. Internal reporting focuses on the Group as a whole and does not identify any further individual segments. All revenue is derived from sales in the UK and is from one class of business.

## 4 ACQUISITION OF SUBSIDIARIES

The Group acquired 100% of the issued share capital of Parkside Ceramics Limited on 31 August 2017. The acquisition of Parkside Ceramics Limited gives the Group greater coverage in the commercial tile market and allows the Group to utilise economies of scale to create additional value and create further synergies.

The Group performed a purchase price allocation exercise on Parkside Ceramics Limited to restate assets and liabilities at their fair value. Intangible assets were recognised in relation to the Parkside Ceramics brand and customer relationships.

The contingent consideration is estimated based on performance conditions in place for Parkside Ceramics Limited over the next 12 months.

The Group incurred £169,000 of cost in relation to acquisition activity during the year.

**4 ACQUISITION OF SUBSIDIARIES CONTINUED**

The fair value of the net assets acquired and liabilities assumed at the acquisition date were:

	Fair value of net assets required £'000
Property, plant and equipment	45
Inventories	248
Trade and other receivables	117
Trade and other payables	(347)
Other financial liabilities	(12)
Corporation tax	11
Deferred tax	(35)
Cash and cash equivalents	128
Brand valuation	229
Customer relationships valuation	200
<b>Fair value of assets acquired</b>	<b>584</b>
Cash consideration	1,265
Contingent consideration*	170
<b>Total consideration</b>	<b>1,435</b>
<b>Goodwill</b>	<b>851</b>

\* Contingent consideration is valued at fair value based on forecast attainment of performance conditions associated with the payment of the contingent consideration.

The net cash outflow in the cash flow statement is as follows:

	£'000
Cash consideration	1,265
Cash acquired	(128)
<b>Net cash outflow in the cash flow statement</b>	<b>1,137</b>

Since the date of control, the following amounts have been included within the Group's financial statements for the period:

	£'000
Revenue	124
Loss before tax	38

Had the acquisition been included from the start of the period, £2,238,000 of revenue and £172,000 of loss before tax would have been included in the Group's financial statements.

There were no contingent liabilities acquired as a result of the above transaction.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 5 PROFIT BEFORE TAXATION

Profit before taxation for the period has been arrived at after charging/(crediting):

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
Depreciation of property, plant and equipment	6,544	5,832
Impairment of property, plant and equipment	438	152
Disposal of property, plant and equipment loss	151	–
Property related provisions charged	349	719
Staff costs (see note 6)	50,548	53,816
Operating lease rentals	24,762	23,830
Write-down of inventories recognised as an expense	3,177	3,971
Cost of inventories recognised as an expense	79,296	78,612

During the year the business disposed of one freehold property (2016: no freehold property disposal).

Analysis of the auditor's remuneration is provided below:

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
Fees payable to the Company's auditor with respect to the Company's annual accounts	46	41
Fees payable to the Company's auditor and their associates for other audit services to the Group:		
Audit of the Company's subsidiaries pursuant to legislation	97	87
Total audit fees	143	128
Taxation compliance services	–	70
Total non-audit fees	–	70
Total fees payable to the Company's auditor	143	198

A description of the work of the Audit Committee is set out on page 48 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

**6 STAFF COSTS**

The average monthly number of persons and their full-time equivalents employed by the Group in the UK during the accounting period (including Executive Directors) was:

	<b>52 weeks ended 30 September 2017 Number employed</b>	52 weeks ended 1 October 2016 Number employed
Selling	1,837	1,778
Administration	193	199
	<b>2,030</b>	1,977
	<b>2017 £'000</b>	2016 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP, see note 29)	45,967	48,667
Social security costs	3,719	4,286
Other pension costs (see note 28b)	862	863
	<b>50,548</b>	53,816

Details of Directors' emoluments are disclosed on pages 63 to 71. The Group considers key management to be the Directors only. Employee profit sharing of £5.0 million (2016: £10.0 million) is included in the above and comprises sales commission and bonuses.

**7 INVESTMENT REVENUE AND FINANCE COSTS**

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
<b>Investment revenue</b>		
Bank interest receivable and similar income	24	85
	<b>24</b>	85
<b>Finance costs</b>		
Interest on bank loans and overdrafts	(868)	(1,092)
Other interest	(46)	–
Interest on underpaid tax <sup>†</sup>	–	(84)
	<b>(914)</b>	(1,176)

<sup>†</sup> The Group has historically provided for tax on open HMRC enquires and a final payment of £2.9 million was made in October 2016 against these enquires. In the prior year a £84,000 interest payment against these open enquiries was included in finance costs.

No finance costs are appropriate to be capitalised in the period, or the prior period.

Interest on bank loans and overdrafts represents gains and losses on financial liabilities measured at amortised cost. There are no other gains or losses recognised in respect of financial liabilities measured at amortised cost.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 8 TAXATION

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
Current tax – charge for the period	3,504	3,906
Current tax – adjustment in respect of previous periods	(104)	148
Deferred tax – charge for the period (note 20)	125	302
Deferred tax – adjustment in respect of previous periods (note 20)	43	95
	<b>3,568</b>	4,451

The charge for the period can be reconciled to the profit per the statement of financial performance as follows:

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
<b>Continuing operations:</b>		
Profit before taxation	16,999	19,982
Tax at the UK corporation tax rate of 19.5% (2016: 20.0%)	3,315	3,997
Expenses that are not deductible in determining taxable profit	57	58
Difference between IFRS 2 and corporation tax relief	67	137
Reduction in UK corporation tax rate	8	(246)
Tangible fixed assets which do not qualify for capital allowances	182	261
Adjustment in respect of prior periods	(61)	244
Tax expense for the period	<b>3,568</b>	4,451

In the period, the Group has recognised a corporation tax credit directly to equity of £3,254 (2016: £448,000) and a deferred tax debit to equity of £157,921 (2016: £630,000) in relation to the Group's share option schemes.

## 9 DIVIDENDS

	<b>52 weeks ended 30 September 2017 £'000</b>	52 weeks ended 1 October 2016 £'000
Interim dividend for the period ended 30 September 2017 of £0.011 (2016: £0.010) per share	2,116	1,930
Proposed final dividend for the period ended 30 September 2017 of £0.023 (2016: £0.025) per share	4,425	4,803

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

## 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.

	<b>52 weeks ended 30 September 2017</b>	52 weeks ended 1 October 2016
Weighted average number of issued shares for basic earnings per share	<b>196,367,310</b>	195,063,550
Weighted average impact of treasury shares for basic earnings per share	<b>(4,038,495)</b>	(2,131,436)
Total weighted average number of shares for basic earnings per share	<b>192,328,815</b>	192,932,114
Weighted average number of shares under option	<b>3,487,211</b>	5,769,647
For diluted earnings per share	<b>195,816,026</b>	198,701,761

The calculation of the basic and diluted earnings per share used the denominators as shown above for both basic and diluted earnings per share.

## 11 GOODWILL

	£'000
Cost and carrying amount at 3 October 2015 and 1 October 2016	245
Acquisition of Parkside Ceramics Limited (note 4)	851
<b>Cost and carrying amount at 30 September 2017</b>	<b>1,096</b>

The balance of goodwill remaining is the carrying value that arose on the acquisition of Surface Coatings Limited in 1998 and Parkside Ceramics Limited in 2017.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates based on the Group's weighted average cost of capital. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Discounted cash flows are calculated using a pre-tax rate of 13.2% (2016: 14.2%).

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following years. The growth rate applied does not exceed the average long-term growth rate for the relevant markets. There are no reasonable changes that would result in the carrying value of goodwill being reduced to its recoverable amount.

No impairment has been identified in the current period as a result of the annual test for impairment.

## 12 INTANGIBLE ASSETS

	Brand £'000	Customer relationships £'000	Total £'000
Cost and carrying amount at 1 October 2016	–	–	–
Additions	229	200	429
<b>Cost and carrying amount at 30 September 2017</b>	<b>229</b>	<b>200</b>	<b>429</b>

The intangible assets additions occurred on the acquisition of Parkside Ceramics Limited on 31 August 2017.

The brand is amortised over its estimated useful life of 10 years. Customer relationships are amortised over their estimated useful lives of three years.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
	Freehold £'000	Short leasehold £'000			
<b>Cost</b>					
At 3 October 2015	18,560	1,954	72,309	58	92,881
Additions	–	93	10,411	5	10,509
Disposals	–	–	(691)	–	(691)
At 1 October 2016	18,560	2,047	82,029	63	102,699
Additions	801	88	9,225	–	10,114
Disposals	(231)	–	(413)	–	(644)
Reclassification of assets*	(142)	(686)	779	49	–
Acquisition of subsidiary undertakings	–	–	31	14	45
<b>At 30 September 2017</b>	<b>18,988</b>	<b>1,449</b>	<b>91,651</b>	<b>126</b>	<b>112,214</b>
<b>Accumulated depreciation</b>					
At 3 October 2015	2,046	1,648	42,046	47	45,787
Charge for the period	289	49	5,482	12	5,832
Provision for impairment	–	–	152	–	152
Eliminated on disposals	–	–	(691)	–	(691)
At 1 October 2016	2,335	1,697	46,989	59	51,080
Charge for the period	293	53	6,188	10	6,544
Provision for impairment	–	–	438	–	438
Eliminated on disposals	(86)	–	(104)	–	(190)
Reclassification of assets*	(6)	(680)	671	15	–
<b>At 30 September 2017</b>	<b>2,536</b>	<b>1,070</b>	<b>54,182</b>	<b>84</b>	<b>57,872</b>
<b>Carrying amount</b>					
<b>At 30 September 2017</b>	<b>16,452</b>	<b>379</b>	<b>37,469</b>	<b>42</b>	<b>54,342</b>
At 1 October 2016	16,225	350	35,040	4	51,619

\* During the period the Group undertook an asset reclassification exercise to reclassify some assets between asset categories.

Freehold land and buildings includes £4,104,000 of freehold land (2016: £4,104,000) on which no depreciation has been charged in the current period. There is no material difference between the carrying and market values.

Cumulative finance costs capitalised in the cost of tangible fixed assets amount to £nil (2016: £nil). Contractual commitments for the acquisition of property, plant and equipment are detailed in note 28.

During the period, the Group has closed five stores in the UK. As the fixtures and fittings within these stores cannot be reused in other locations within the Group, the carrying value of these assets has been fully provided for in the period, with the associated impairment charge of £268,000 (2016: £152,000) included within other operating expenses.

## 14 SUBSIDIARIES

A list of all subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 3 to the Company only financial statements.

**15 TRADE AND OTHER RECEIVABLES**

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Amounts receivable for the sale of goods	493	681
Allowance for doubtful debts	(37)	(33)
Other debtors and prepayments		
– Rent and rates	4,192	4,001
– Other	1,854	2,059
	<b>6,502</b>	<b>6,708</b>

The Directors consider that the carrying amount of trade and other receivables at 30 September 2017 and 1 October 2016 approximates to their fair value on the basis of discounted cash flow analysis.

**CREDIT RISK**

The Group's principal financial assets are bank balances and cash and trade receivables.

The Group considers that it has no significant concentration of credit risk. The majority of sales in the business are cash-based sales in the stores.

Total trade receivables (net of allowances) held by the Group at 30 September 2017 amounted to £0.5 million (2016: £0.6 million). These amounts mainly relate to sundry trade account generated sales. In relation to these sales, the average credit period taken is 49 days (2016: 54 days) and no interest is charged on the receivables.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

Included in the Group's trade receivable balance are debtors with a carrying amount of £70,000 (2016: £94,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables:

	2017 £'000	2016 £'000
Greater than 60 days	70	94

The allowance for doubtful debts was £37,000 by the end of the period (2016: £33,000). Given the minimal receivable balance, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The allowance for doubtful debts includes £24,000 relating to individually impaired trade receivables (2016: £20,000) which are due from companies that have been placed into liquidation.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**16 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits (with associated right of set-off) net of bank overdrafts, with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. A breakdown of significant bank and cash balances by currency is as follows:

	2017 £'000	2016 £'000
Sterling	5,232	8,738
US dollar	919	715
Euro	1,350	775
Total cash and cash equivalents	<b>7,501</b>	<b>10,228</b>

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 17 OTHER FINANCIAL LIABILITIES TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>		
Trade payables	18,330	16,598
Other payables	3,641	3,740
Accruals and deferred income	10,529	12,770
	<b>32,500</b>	33,108

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 53 days (2016: 49 days). No interest is charged on these payables.

The Directors consider that the carrying amount of trade payables at 30 September 2017 and 1 October 2016 approximates to their fair value on the basis of discounted cash flow analysis.

## 18 BANK LOANS

	2017 £'000	2016 £'000
Bank loans (all sterling)	34,807	34,691

	2017 £'000	2016 £'000
The borrowings are repayable as follows:		
On demand or within one year	–	–
In the second year	35,000	–
In the third to fifth year	–	35,000
	<b>35,000</b>	35,000
Less: total unamortised issue costs	(193)	(309)
	<b>34,807</b>	34,691
Issue costs to be amortised within 12 months	116	116
Amount due for settlement after 12 months	<b>34,923</b>	34,807

The Directors consider that the carrying amount of the bank loan at 30 September 2017 and 1 October 2016 approximates to its fair value since the amounts relate to floating rate debt.

The average interest rates paid on the loan were as follows:

	2017 %	2016 %
Loans	1.78	2.19

The Group borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The Group is part way through a five-year revolving credit facility of £50.0 million, expiring 31 May 2019. As at the financial period end, £35.0 million of this facility was drawn (2016: £35.0 million). The loan facility contains financial covenants which are tested on a bi-annual basis. The Group did not breach any covenants in the period.

At 30 September 2017, the Group had available £15.0 million (2016: £15.0 million) of undrawn committed banking facilities.

## 19 FINANCIAL INSTRUMENTS

### CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents disclosed in note 16 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in notes 21 to 27.

The Group is not subject to any externally imposed capital requirements.

### SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2R to the financial statements.

### CATEGORIES OF FINANCIAL INSTRUMENTS

	Carrying value and fair value	
	2017 £'000	2016 £'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	7,957	10,876
Fair value through profit and loss	–	342
<b>Financial liabilities</b>		
Fair value through profit and loss	124	–
Amortised cost	53,377	51,404

The Group considers itself to be exposed to risks on financial instruments, including market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to mitigate the effects of these risks by using derivative financial instruments to hedge these risk exposures economically. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of goods.

### FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Euro	1,357	781	3,139	3,032
US dollar	927	725	866	1,215

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 19 FINANCIAL INSTRUMENTS CONTINUED FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group is mainly exposed to the currency of China and Brazil (US dollar currency) and to various European countries (euro) as a result of inventory purchases. The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. Ten per cent represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 10% against the relevant currency.

	2017 £'000	2016 £'000	2015 £'000
Profit or loss movement on a 10% strengthening in sterling against the euro	162	205	197
Profit or loss movement on a 10% strengthening in sterling against the US dollar	6	45	44
Profit or loss movement on a 10% weakening in sterling against the euro	(198)	(250)	(241)
Profit or loss movement on a 10% weakening in sterling against the US dollar	(7)	(55)	(54)

## CURRENCY DERIVATIVES

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group uses foreign currency forward contracts in the management of its exchange rate exposures. The contracts are denominated in US dollars and euros.

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the Group has committed to are as below:

	2017 £'000	2016 £'000
Forward foreign exchange contracts	10,142	6,125

These arrangements are designed to address significant exchange exposures for the first half of 2018 and are renewed on a revolving basis as required.

At 30 September 2017 the fair value of the Group's currency derivatives is a loss of £124,417 within accruals (note 17) (2016: gain of £341,917 in prepayments (note 15)). These amounts are based on the market value of equivalent instruments at the balance sheet date.

Losses of £466,064 are included in cost of sales (2016: £225,260 gain).

## INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. Due to the reduced level of floating rate borrowings and the current low level of interest rates, management have not deemed it necessary to implement measures that would mitigate this risk. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

## INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

## 19 FINANCIAL INSTRUMENTS CONTINUED

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit would be impacted as follows:

	50 basis points increase in interest rates		50 basis points decrease in interest rates	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
(Loss) or profit	<b>(181)</b>	(198)	<b>181</b>	198

The Group's sensitivity to interest rates mainly relates to the revolving credit facility.

### CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Management have considered the counterparty risk associated with the cash and derivative balances and do not consider there to be a material risk. The Group has a policy of only dealing with creditworthy counterparties. The Group's exposure to its counterparties is reviewed periodically. Trade receivables are minimal, consisting of a number of insurance companies and sundry trade accounts; further information is provided in note 15.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

### LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### LIQUIDITY AND INTEREST RISK TABLES

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows (and on the assumption that the variable interest rate remains constant at the latest fixing level of 1.73681% (2016: 1.77413%) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Total £'000
<b>2017</b>					
Non-interest bearing	21,971	–	–	–	21,971
Variable interest rate instruments	58	114	512	35,454	36,138
	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Total £'000
<b>2016</b>					
Non-interest bearing	20,337	–	–	–	20,337
Variable interest rate instruments	59	117	521	36,157	36,854

The Group is financed through a £50 million (2016: £50 million) revolving credit facility, of which £35 million (2016: £35 million) was utilised. At the balance sheet date the total unused amount of financing facilities was £15 million (2016: £15 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 19 FINANCIAL INSTRUMENTS CONTINUED

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
<b>2017</b>						
Foreign exchange forward contracts payments	(2,128)	(3,884)	(4,130)	–	–	(10,142)
Foreign exchange forward contracts receipts	2,141	3,837	4,040	–	–	10,018
	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
<b>2016</b>						
Foreign exchange forward contracts payments	(1,179)	(2,435)	(2,511)	–	–	(6,125)
Foreign exchange forward contracts receipts	1,305	2,611	2,567	–	–	6,483

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair values are therefore categorised as Level 2 (2016: Level 2), based on the degree to which the fair value is observable. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

## 20 PROVISIONS

	2017 £'000	2016 £'000
Onerous lease provision	1,697	1,309
Business simplification provision	1,078	1,181
Dilapidations provision	2,175	1,804
	<b>4,950</b>	4,294
Current	1,170	1,448
Non-current	3,780	2,846
	<b>4,950</b>	4,294

	Business simplification provision £'000	Onerous lease provision £'000	Dilapidations provision £'000	Total £'000
At 1 October 2016	1,181	1,309	1,804	4,294
Created in the year	387	786	604	1,777
Utilisation of provision	(490)	(398)	(192)	(1,080)
Release of provision in the period	–	–	(41)	(41)
<b>At 30 September 2017</b>	<b>1,078</b>	<b>1,697</b>	<b>2,175</b>	<b>4,950</b>

**20 PROVISIONS CONTINUED**

The onerous lease provision relates to estimated future unavoidable lease costs in respect of closed, non-trading and loss-making stores. The provision is expected to be utilised over the following four financial periods. The dilapidations provision represents management's best estimate of the Group's liability under its property lease arrangements based on past experience and is expected to be utilised over the following six financial periods. The business simplification provision relates to the decision to exit the Topps Clearance format and relocation of the finance function to Leicester, resulting in redundancies and the subsequent closure of nine store locations and one support office. The discount rate used to calculate the present value of property provisions is 7%. A 10% reduction in discount rate would lead to an increase in property provisions of £75,000.

The following are the deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation £'000	Share-based payments £'000	Exchange rate differences £'000	Rent free £'000	Stock provisions £'000	Intangible assets £'000	Total £'000
As at 3 October 2015	1,523	(1,353)	22	(511)	–	–	(319)
Charge to income	138	(166)	(22)	511	–	–	461
Charge in respect of previous periods	95	–	–	–	–	–	95
Impact of rate change	(263)	105	–	–	–	–	(158)
Credit to equity	–	630	–	–	–	–	630
As at 1 October 2016	1,493	(784)	–	–	–	–	709
Charge/(credit) to income	(55)	181	–	–	–	–	126
Charge in respect of previous periods	43	–	–	–	–	–	43
Charge to equity	–	158	–	–	–	–	158
Recognised on acquisition of subsidiary	–	–	–	–	(38)	73	35
<b>As at 30 September 2017</b>	<b>1,481</b>	<b>(445)</b>	<b>–</b>	<b>–</b>	<b>(38)</b>	<b>73</b>	<b>1,071</b>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 1 October 2016 has been calculated based on these rates.

**21 CALLED-UP SHARE CAPITAL**

	2017 £'000	2016 £'000
Issued and fully paid 196,437,298* (2016: 196,153,770*)		
Ordinary shares of 3.33p each (2016: 3.33p)	6,548	6,539
Total	6,548	6,539

During the period the Group issued 254,998 (2016: 2,453,311) ordinary shares with a nominal value of £9,441 (2016: £81,712) under share option schemes for an aggregate cash consideration of £15,631 (2016: £612,500).

\* During the period £8,468 (2016: £4,415,000) of shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Group.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 22 SHARE PREMIUM

	2017 £'000	2016 £'000
At start of the period	2,473	1,906
Premium on issue of new shares	14	567
At end of period	2,487	2,473

## 23 OWN SHARES

	2017 £'000	2016 £'000
At start of the period	(4,411)	(630)
Acquired in the period	(8)	(4,415)
Disposed of on issue in the period	8	634
At end of the period	(4,411)	(4,411)

A subsidiary of the Group holds 4,038,495 (2016: 4,038,495) shares with a nominal value of £4,410,840 acquired for an average price of £1.09 per share (2016: £4,410,863 acquired for an average price of £1.09 per share) and therefore these have been classed as own shares.

## 24 MERGER RESERVE

	2017 £'000	2016 £'000
At start and end of the period	(399)	(399)

The merger reserve arose on pre-2006 acquisitions. The Directors do not consider this to be distributable as at 30 September 2017 (2016: same).

## 25 SHARE-BASED PAYMENT RESERVE

	2017 £'000	2016 £'000
At start of the period	4,280	2,820
(Debit)/credit to equity for equity-settled share-based payments	(359)	1,460
At end of the period	3,921	4,280

The share-based payment reserve has arisen on the fair valuation of save-as-you-earn schemes and long-term incentive plans. The Directors consider this to be distributable as at 30 September 2017 (2016: same).

## 26 CAPITAL REDEMPTION RESERVE

	2017 £'000	2016 £'000
At start and end of the period	20,359	20,359

The capital redemption reserve arose on the cancellation of treasury shares and as a result of a share reorganisation in 2006. The Directors do not consider this to be distributable as at 30 September 2017 (2016: same).

## 27 RETAINED LOSSES

	£'000
At 3 October 2015	(19,715)
Dividends (note 9)	(6,296)
Deferred and current tax on Sharesave scheme taken directly to equity	(182)
Own shares issued in the period	(634)
Net profit for the period	15,531
At 1 October 2016	(11,296)
Dividends (note 9)	(6,924)
Deferred and current tax on Sharesave scheme taken directly to equity	(155)
Own shares issued in the period	(8)
Net profit for the period	13,431
<b>At 30 September 2017</b>	<b>(4,952)</b>

## 28 FINANCIAL COMMITMENTS

### A) CAPITAL COMMITMENTS

At the end of the period there were capital commitments contracted of £nil (2016: £45,000).

### B) PENSION ARRANGEMENTS

The Group operates a defined contribution pension scheme for employees. 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 £862,000 (2016: £863,000). At the period end, the Group holds outstanding contributions of £142,669 (2016: £136,619).

### C) LEASE COMMITMENTS

Minimum future sub-lease payments expected to be received under non-cancellable sub-leases amount to £2,509,000 (2016: £3,715,000). The Group has entered into non-cancellable operating leases in respect of motor vehicles, equipment and land and buildings.

Minimum lease payments under operating leases recognised as an expense for the period were £24,762,316 (2016: £23,830,000) which includes property service charges of £852,000 (2016: £732,000).

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017		2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- Within 1 year	22,793	1,319	22,601	1,037
- Within 2-5 years	76,434	2,093	71,957	1,363
- After 5 years	49,189	194	51,083	168
	<b>148,416</b>	<b>3,606</b>	145,641	2,568

Operating lease payments primarily represent rentals payable by the Group for certain of its office and store properties. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of five years (2016: five).

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 29 SHARE-BASED PAYMENTS

The Group operates seven share option schemes in relation to Group employees.

### EMPLOYEE SHARE PURCHASE PLANS

Employee share purchase plans are open to almost all employees and provide for a purchase price equal to the average market price over the three days prior to the date of grant, less 20%. The shares can be purchased during a two-week period each financial period. The shares so purchased are generally placed in the employee share savings plan for a three or five year period.

Movements in share-based payment plan options are summarised as follows:

	2017		2016	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	3,080,615	1.14	2,969,105	0.63
Issued during the period	2,105,117	0.70	2,098,318	1.27
Expired during the period	(1,623,808)	1.07	(617,982)	1.05
Exercised during the period	(28,530)	0.54	(1,368,826)	0.45
Outstanding at end of the period	3,533,394	0.91	3,080,615	1.14
Exercisable at end of the period	378,847	0.98	8,372	0.43

The inputs to the Black-Scholes Model for the employee three-year Employee Share Purchase Plans issued in the year are as follows:

#### Three-year plan

Weighted average share price	— pence	83.25
Weighted average exercise price	— pence	70.00
Expected volatility	— %	29.22
Expected life	— years	3.00
Risk-free rate of interest	— %	0.41
Dividend yield	— %	4.20

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years (2016: three and five years). The expected risk used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural forces.

**29 SHARE-BASED PAYMENTS CONTINUED**  
**LONG TERM INCENTIVE PLAN**

Long Term Incentive Plans have been granted to senior management and have a vesting period of three years. Vesting is subject to achievement of certain performance conditions.

Movements in Long Term Incentive Plan options are summarised as follows:

	2017		2016	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	5,064,089	–	5,032,515	–
Issued during the period	1,752,568	–	1,229,100	–
Expired during the period	(128,402)	–	(113,041)	–
Exercised during the period	(254,998)	–	(1,084,485)	–
Outstanding at end of the period	6,433,257	–	5,064,089	–
Exercisable at end of the period	988,989	–	988,989	–

Under the plan a number of share options were granted to senior management. These options will vest in December 2018 subject to the achievement of certain performance criteria.

The total number of share options granted was 13,196 (2016: 1,138,647) and the fair value of these options was £10,786 (2016: £1,674,835).

The inputs to the Black–Scholes model are as follows:

Weighted average share price	– pence	88.00
Weighted average exercise price	– pence	nil
Expected volatility	– %	28.03
Expected life	– years	2.00
Risk-free rate of interest	– %	0.13
Dividend yield	– %	3.69

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The expected risk used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural forces.

During the financial period, the Group granted 17,931 share options under the existing share option scheme due to vest in December 2017. The fair value of these options was £15,027.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	– pence	87.00
Weighted average exercise price	– pence	nil
Expected volatility	– %	30.54
Expected life	– years	1.00
Risk-free rate of interest	– %	0.00
Dividend yield	– %	3.74

During the financial period, the Group granted 1,721,441 share options under the existing share option scheme due to vest in December 2019. The fair value of these options was £1,355,996.

# Notes to the Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 29 SHARE-BASED PAYMENTS CONTINUED

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	88.00
Weighted average exercise price	— pence	nil
Expected volatility	— %	29.73
Expected life	— years	3.00
Risk-free rate of interest	— %	0.28
Dividend yield	— %	3.69

## 2020 LONG TERM INCENTIVE PLAN

Under the plan a number of share options were granted to management level employees across the Group. These options will vest in December 2020 subject to the achievement of certain performance criteria.

Movements in 2020 Long Term Incentive Plan options are summarised as follows:

	2017		2016	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at beginning of the period	2,603,747	—	—	—
Issued during the period	955,217	—	2,698,244	—
Expired during the period	(497,702)	—	(94,497)	—
Exercised during the period	—	—	—	—
Outstanding at end of the period	3,061,262	—	2,603,747	—
Exercisable at end of the period	—	—	—	—

During the financial period, the Group granted an additional 955,217 share options under the 2020 Long Term Incentive Plan share option scheme due to vest in December 2020.

During the financial period, the Group granted an additional 134,000 share options under the 2020 Long Term Incentive Plan share option scheme due to vest in December 2020. The fair value of these options was £101,726.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	88.00
Weighted average exercise price	— pence	nil
Expected volatility	— %	34.18
Expected life	— years	4.00
Risk-free rate of interest	— %	0.45
Dividend yield	— %	3.69

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three and five years (2016: five years).

The expected risk used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural forces.

During the financial period, the Group granted an additional 120,500 share options under the 2020 Long Term Incentive Plan share option scheme due to vest in December 2020. The fair value of these options was £85,715.

**29 SHARE-BASED PAYMENTS CONTINUED**

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	82.50
Weighted average exercise price	— pence	nil
Expected volatility	— %	28.68
Expected life	— years	3.5
Risk-free rate of interest	— %	0.26
Dividend yield	— %	4.36

During the financial period, the Group granted an additional 695,717 share options under the 2020 Long Term Incentive Plan share option scheme due to vest in December 2020. The fair value of these options was £588,695.

The inputs to the Black–Scholes model are as follows:

Weighted average share price	— pence	96.75
Weighted average exercise price	— pence	nil
Expected volatility	— %	34.26
Expected life	— years	4.0
Risk-free rate of interest	— %	0.26
Dividend yield	— %	3.62

In total, the Group recognised a total revenue of £358,502 (2016: £1,827,021) relating to share-based payments.

**30 RELATED PARTY TRANSACTIONS**

S.K.M. Williams is a related party by virtue of his 10.6% shareholding (20,593,950 ordinary shares) in the Group’s issued share capital (2016: 10.6% shareholding of 20,593,950 ordinary shares).

At 1 October 2017, S.K.M. Williams was the landlord of two properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £114,000 (2016: three properties for £187,000) per annum.

No amounts were outstanding with S.K.M. Williams at 30 September 2017 (2016: £nil). The lease agreements on all properties are operated on commercial arm’s length terms.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note, in accordance with the exemption available under IAS 24.

The remuneration of the Board of Directors, who are considered key management personnel of the Group, was £1.1 million (2016: £2.2 million) including share-based payments of £0.4 million (2016: £0.7 million). Further information about the remuneration of the individual Directors is provided in the Remuneration Report on pages 54 to 71.

The Group’s defined contribution pension scheme is administered by Legal and General. During the year the Group made contributions of £862,000 (2016: £863,000) and at year end the Group has outstanding contributions of £142,669 (2016: £136,619).

# Company Balance Sheet

AS AT 30 SEPTEMBER 2017

	Notes	52 weeks ended 30 September 2017 £'000	52 weeks ended 1 October 2016 £'000
<b>Fixed assets</b>			
Investments	3	3,396	2,320
<b>Current assets</b>			
Debtors due within one year	4	51,106	47,615
Cash at bank and in hand		1,083	–
Creditors: amounts falling due within one year	5	(1,268)	(3,805)
<b>Net current assets</b>		<b>50,921</b>	43,810
<b>Net assets</b>		<b>54,317</b>	46,130
<b>Capital and reserves</b>			
Called-up share capital	6,7	6,548	6,539
Share premium	7	2,487	2,473
Share-based payment reserve	7	4,455	4,814
Capital redemption reserve	7	20,359	20,359
Other reserve	7	6,200	6,200
Profit and loss account	7	14,268	5,745
<b>Equity shareholders' funds</b>		<b>54,317</b>	46,130

The financial statements of Topps Tiles Plc, Companies House number 3213782, were approved by the Board of Directors on 28 November 2017 and signed on its behalf by:

MATTHEW WILLIAMS  
ROB PARKER  
DIRECTORS

# Notes to the Company Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 1 BASIS OF ACCOUNTING

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, in the period ended 3 October 2015, the Company has changed its accounting framework from the previous UK GAAP to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council (FRC) and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have therefore been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that Standard:

- i) The requirements of IFRS 7 Financial Instruments: Disclosures
- ii) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - a) Paragraph 79(a)(iv) of IAS 1
  - b) Paragraph 73(e) of IAS 16 Property, Plant and Equipment
  - c) Paragraph 118(e) of IAS 38 Intangible Assets
- iii) The requirements of IAS 7 Statement of Cash Flows
- iv) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- v) The requirements of paragraphs 10(d), 10(f), and 134 to 136 of IAS 1 Presentation of Financial Statements
- vi) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Where relevant, equivalent disclosures have been given in the Group accounts of which the Company's results are included.

The financial statements have been prepared under the historical cost convention. Comparative data is for the period ended 1 October 2016.

## 2 PROFIT FOR THE PERIOD

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the period. Topps Tiles Plc reported a profit for the financial period ended 30 September 2017 of £15,447,000 (2016: £6,666,000).

The auditor's remuneration for services to the Company was £46,000 for audit-related work (2016: £41,000 for audit-related work). Fees relating to non-audit work totalled £nil (2016: £nil); see note 5 to the Group financial statements for further details.

The Company had no employees other than the Directors (2016: same), whose remuneration is detailed on page 63.

# Notes to the Company Financial Statements

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

## 3 FIXED ASSET INVESTMENTS

	£'000
At 1 October 2016	2,320
Movement in share options granted to employees	(359)
Acquisition of subsidiary	1,435
<b>At 30 September 2017</b>	<b>3,396</b>

The Company has investments in the following subsidiaries which affected the profits or net assets of the Group:

Subsidiary undertaking	% of issued shares held	Principal activity
Topalpha Limited*	100%	Property management and investment
Topalpha (Warehouse) Limited	100%	Property management and investment and provision of warehousing services
Topalpha (Stoke) Limited	100%	Property management and investment
Tiles4less Limited*	100%	Intermediate holding company
Topps Tiles (UK) Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Holdings Limited*	100%	Intermediate holding company
Topps Tile Kingdom Limited	100%	Intermediate holding company
Multi Tile 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
Multi-Tile Distribution Limited	100%	Intermediate holding company
Topps Tiles I.P Company Limited	100%	Ownership and management of Group intellectual property
Topps Tiles Employee Benefit Trust*	100%	Employee benefit trust
Parkside Ceramics Limited*	100%	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.

The registered address of all of the above entities (excluding Parkside Ceramics Limited) is Thorpe Way, Grove Park, Enderby, Leicestershire, LE19 1SU, United Kingdom.

The registered address of Parkside Ceramics Limited is 51 Highmeres Road, Thurmaston, Leicester, LE4 9LZ.

## 4 DEBTORS

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	51,080	47,598
Other debtors	–	3
Prepayments and accrued income	26	14
	<b>51,106</b>	<b>47,615</b>

**5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £'000	2016 £'000
Bank loans and overdrafts	–	857
Trade and other creditors	106	12
Amounts owed to subsidiary undertakings	65	72
Accruals and deferred income	1,097	2,864
	<b>1,268</b>	<b>3,805</b>

**6 CALLED-UP SHARE CAPITAL**

	2017 £'000	2016 £'000
Issued and fully paid 196,437,298 (2016: 196,153,770) ordinary shares of 3.33p each (2016: 3.33p)	<b>6,548</b>	<b>6,539</b>

During the period 254,998 shares were purchased by Topps Tiles Employee Benefit Trust for £8,491 on behalf of the Group (2016: 4,139,000 shares – £4,415,000).

During the period the Group issued and allotted 283,528 (2016: 2,453,311) ordinary shares with a nominal value of £9,441 (2016: £81,712) under share option schemes for an aggregate cash consideration of £15,631 (2016: £612,500).

**7 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Company	Share capital £'000	Share premium £'000	Share- based payment reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 3 October 2015	6,457	1,906	3,354	20,359	6,200	5,375	43,651
Profit for the period	–	–	–	–	–	6,666	6,666
Dividend paid to equity shareholders	–	–	–	–	–	(6,296)	(6,296)
Issue of new shares	82	567	(7)	–	–	–	642
Credit to equity for equity-settled share-based payments	–	–	1,467	–	–	–	1,467
Balance at 1 October 2016	6,539	2,473	4,814	20,359	6,200	5,745	46,130
Profit for the period	–	–	–	–	–	15,447	15,447
Dividends	–	–	–	–	–	(6,924)	(6,924)
Issue of new shares	9	14	–	–	–	–	23
Debit to equity for equity-settled share-based payments	–	–	(359)	–	–	–	(359)
Balance at 30 September 2017	6,548	2,487	4,455	20,359	6,200	14,268	54,317

At 30 September 2017, the Directors consider the other reserve of £6,200,000 to remain non-distributable.

The Directors consider £nil (2016: £nil) of profit and loss account reserves to be not distributable at 30 September 2017.



# Additional Information





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**PICTURED**

Monogeo™ Shard and Link porcelain wall and floor tiles with Hartley™ White porcelain wall and floor tile

# Five Year Record

UNAUDITED

Company	52 weeks ended 28 September 2013 £'000	52 weeks ended 27 September 2014 £'000	52 weeks ended 3 October 2015 £'000	52 weeks ended 1 October 2016 £'000	52 weeks ended 30 September 2017 £'000
Group revenue	177,849	195,237	212,221	214,994	<b>211,848</b>
Group operating profit	13,845	18,186	18,883	21,073	<b>17,889</b>
Profit before taxation	10,601	16,691	17,019	19,982	<b>16,999</b>
Shareholders' funds (deficit)	(10,184)	843	10,798	17,545	<b>23,553</b>
Basic earnings per share	4.76p	6.49p	6.75p	8.05p	<b>6.98p</b>
Dividend per share	1.25p	1.65p	2.34p	3.50p	<b>3.40p</b>
Dividend cover	3.81x	3.93x	2.88x	2.30x	<b>2.05x</b>
Average number of employees	1,720	1,794	1,915	1,977	<b>2,030</b>
Share price (period end)	93.0p	105.0p	148.75p	112.25p	<b>75.50p</b>

All figures quoted are inclusive of continued and discontinued operations.



# Notice of Annual General Meeting

**This notice of meeting is important and requires your immediate attention. If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek personal financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred all of your shares in the Company, please pass this document and all accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected so that they can pass these documents to the person who now holds the shares.**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the “**Annual General Meeting**”, the “**AGM**” or the “**meeting**”) of Topps Tiles Plc (the “**Company**”) will be held at the Marriott Hotel, Smith Way, Grove Park, Enderby, Leicestershire LE19 1SW on 31 January 2018 at 10.00 a.m. for the following purposes:

## **ORDINARY BUSINESS**

To consider and, if thought fit, pass the following resolutions 1 – 11 (inclusive) which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Company’s Annual Report and Financial Statements for the financial period ended 30 September 2017 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 2.3 pence per ordinary share for the financial period ended 30 September 2017 payable on 2 February 2018 to shareholders who are on the register of members of the Company on 22 December 2017.
3. To approve the Directors’ Remuneration Report for the financial period ended 30 September 2017 as set out on pages 54 to 71 of the Company’s Annual Report and Financial Statements for that period (excluding the Directors’ Remuneration Policy set out on pages 55 to 62).
4. To re-elect Matthew Williams as a Director of the Company.
5. To re-elect Robert Parker as a Director of the Company.
6. To re-elect Darren Shapland as a Director of the Company.
7. To re-elect Claire Tiney as a Director of the Company.
8. To re-elect Andrew King as a Director of the Company.
9. To re-elect Keith Down as a Director of the Company.
10. To reappoint Deloitte LLP as the auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next general meeting at which the Annual Report and Financial Statements are laid before the Company.
11. To authorise the Directors to determine the remuneration of the auditor.

## **SPECIAL BUSINESS**

To consider and, if thought fit, to pass the resolutions set out below which, in the case of resolutions 12 and 16 will be proposed as Ordinary Resolutions and, in the case of resolutions 13, 14, 15 and 17, will be proposed as Special Resolutions:

12. THAT, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”):
  - (a) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “relevant securities”) up to an aggregate nominal amount of £2,180,454 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (b) below in excess of £2,180,454; and further:
  - (b) to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £4,360,908 (such amount to be reduced by the nominal amount of any allotments or grants made under paragraph (a) above) in connection with an offer by way of rights issue:
    - (i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

# Notice of Annual General Meeting

- (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

13. THAT, the Directors be and they are empowered to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 12 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

- (a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 12, by way of a rights issue only):
  - (i) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and
  - (ii) to holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

- (b) the allotment, otherwise than pursuant to sub-paragraph (a) above, of equity securities up to an aggregate nominal value equal to £327,068; and

unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

14. THAT, in addition to the authorities and powers granted to the Directors pursuant to resolution 13, the Directors be and they are empowered to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 12 above (in accordance with section 570(1) of the Act) and/or by way of a sale of treasury shares (in accordance with section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be:

- (a) limited to the allotment of equity securities up to an aggregate nominal value equal to £327,068; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.



15. THAT, the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 3.33p each in the capital of the Company ("**Ordinary Shares**") provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 19,643,729 (representing 10% 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 3.33p;
  - (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as 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; and
- this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.
16. THAT:
- (a) the Topps Tiles 2018 Sharesave Scheme (the "**Sharesave Scheme**") described in the circular of which the notice containing this resolution forms part and in the form produced at the meeting and initialled by the Chairman of the meeting for the purpose of identification, be and are hereby approved and adopted; and
  - (b) the Directors of the Company be authorised to do all acts and things which they may consider appropriate to implement the Sharesave Scheme, including making any changes to the rules of the Sharesave Scheme necessary or desirable in order to ensure that the Directors can make a valid declaration to HM Revenue & Customs that the Sharesave Scheme satisfies the requirements of Schedule 3 to the Income Tax (Earning and Pensions) Act 2003 necessary as expedient for the purposes of implementing and giving effect to the same.
17. THAT, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Dated: 20 December 2017  
Registered Office:  
Thorpe Way  
Grove Park  
Enderby  
Leicestershire  
LE19 1SU  
Registered Number: 3213782

By order of the Board  
STUART DAVEY  
COMPANY SECRETARY

# Notice of Annual General Meeting

## NOTES

1. The right to vote at the meeting is determined by reference to the register of members. Only those members registered in the register of members of the Company as at close of business on 29 January 2018 or, in the event that the meeting is adjourned, close of business on such date being not more than two days prior to the date fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on 29 January 2018 or, in the event that the meeting is adjourned, after two working days before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A form of proxy is enclosed and notes for completion can be found on the form and should be read carefully before it is completed. To be valid, the form of proxy must be completed, signed and sent to the offices of the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, so as to arrive no later than 10.00 a.m. on 29 January 2018 (or, in the event that the meeting is adjourned, no later than two working days before the time of any adjourned meeting).
3. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. You may photocopy the enclosed proxy form, indicating clearly on each proxy form the name of the proxy you wish to appoint and the number of shares in relation to which the proxy is appointed. All forms must be signed and should be returned together in the same envelope. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The right of a member under section 324 of the Companies Act 2006 (the "**Act**") to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the Act.
4. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
5. As at the close of business on 6 December 2017, the Company's issued share capital comprised 196,437,298 ordinary shares of 3.33p each. Each ordinary share carries the right to one vote at a general meeting of the Company. No ordinary shares were held in treasury but the Company's employee benefit trust holds 3,468,517 ordinary shares to which it has waived its voting rights. Accordingly, the total number of voting rights in the Company as at the close of business on 6 December 2017 is 192,968,781.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.
7. In the case of joint holders, where more than one joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using 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 or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuers' agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice. 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 registrars are 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 provider(s) should note that Euroclear UK & Ireland Limited 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 (as amended).

9. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Act ("**nominee**"):
  - (a) the nominee may have a right under an agreement between the nominee and the member by whom he was appointed, to be appointed, or to have someone else appointed, as a proxy for the meeting; or
  - (b) if the nominee does not have any such right or does not wish to exercise such right, the nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights.
10. Link Asset Services maintain the Company's share register. They also provide a telephone helpline service on 0871 664 0300 (calls cost 12p a minute plus network extras). Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday. If you have any queries about voting or about your shareholding, please contact Link Asset Services.
11. Members have the right to ask questions at the meeting in accordance with section 319A of the Act.
12. It is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
13. 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 not less than 15 minutes prior to and during the meeting:
  - (a) the register of Directors' interests required to be kept under section 809 of the Act;
  - (b) copies of the Directors' service contracts and letters of appointment of the Non-Executive Directors; and
  - (c) a copy of the Company's Articles of Association.
14. Information regarding the meeting, including the information required by section 311A of the Act, is available from the Company's website – [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

# Explanatory Notes to the Notice of Annual General Meeting

THE ANNUAL GENERAL MEETING of the Company will be held at the Marriott Hotel, Smith Way, Grove Park, Enderby, Leicestershire, LE19 1SW on 31 January 2018 at 10.00 a.m.

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

## ORDINARY BUSINESS

### RESOLUTION 1

#### RECEIVING THE ACCOUNTS AND REPORTS

All quoted companies are required by law to lay their annual accounts before a general meeting of the Company, together with the Directors' reports and auditors' report on the accounts. At the Annual General Meeting, the Directors will present these documents to the shareholders for the financial period ended 30 September 2017 (the "**Annual Report and Financial Statements**").

### RESOLUTION 2

#### DECLARATION OF FINAL DIVIDEND

A final dividend of 2.3 pence per Ordinary Share is recommended by the Directors for payment to shareholders on the register of members of the Company at 6.00 p.m. on 22 December 2017. Subject to approval by the Ordinary Shareholders at the Annual General Meeting, the dividend will be paid on 2 February 2018. An interim dividend of 1.10 pence was declared which means the total dividend level will 3.4 pence per Ordinary Share for the 52 weeks prior to 30 September 2017.

### RESOLUTION 3

#### DIRECTORS' REMUNERATION REPORT

All quoted companies are required by law to produce for each financial year a Directors' remuneration report which sets out the Remuneration Committee's policy in relation to Directors' remuneration, together with the remuneration and benefits paid to Directors during the year. The Company is also required to put an ordinary resolution to shareholders approving the report at the meeting at which the Company's report and accounts for that year are laid. Accordingly, resolution 3 seeks the approval of the Directors' Remuneration Report which is set out on pages 54 to 71 of the Annual Report and Financial Statements (excluding the Directors' Remuneration Policy).

### RESOLUTIONS 4 TO 9

#### RE-ELECTION OF DIRECTORS

The Company's Articles of Association require that all members of the Board of Directors submit themselves for re-election at least every three years. Although not required by the Company's Articles, the Directors will, in the interests of good corporate governance under the UK Corporate Governance Code, retire voluntarily and offer themselves for re-election. Brief biographical details about all the Directors appear on pages 44 and 45 of the Annual Report and Financial Statements.

### RESOLUTION 10

#### REAPPOINTMENT OF AUDITOR

This resolution concerns the reappointment of Deloitte LLP as auditor until the conclusion of the next general meeting at which accounts are laid, that is, the next Annual General Meeting.

### RESOLUTION 11

#### AUDITOR'S REMUNERATION

This resolution authorises the Directors to fix the auditor's remuneration.

## SPECIAL BUSINESS

### RESOLUTION 12

#### DIRECTORS' POWER TO ALLOT SHARES

This resolution complies with guidance issued by the Investment Association and will, if passed, authorise the Directors to allot:

- relevant securities up to a maximum nominal amount of £2,180,454 which represents approximately one-third of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out in paragraph (b) of resolution 12 in excess of £2,180,454 ; and
- in relation to a pre-emptive rights issue only, equity securities (as defined by section 560 of the Act) up to a maximum nominal amount of £4,360,908 which represents approximately two-thirds of the Company's issued ordinary shares (excluding treasury shares) as at the date of this notice. This maximum is reduced by the nominal amount of any relevant securities allotted under the authority set out in paragraph (a) of resolution 12.

Therefore, the maximum nominal amount of relevant securities (including equity securities) which may be allotted under this resolution is £4,360,908.

As at the date of this notice, the Company does not have any treasury shares.

The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities.

## RESOLUTIONS 13 AND 14

### *DIRECTORS' POWER TO ISSUE SHARES FOR CASH*

Resolution 13 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are where the allotment:

- takes place in connection with a rights issue or other pre-emptive issue;
- is limited to a maximum nominal amount of £327,068 representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 6 December 2017 being the latest practicable date before publication of this notice.

Resolution 14 authorises the Directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This authority, which is in addition to the authority granted to the Directors pursuant to resolution 13 and is being sought in accordance with the Pre-Emption Group's Statement of Principles, is limited to a maximum nominal amount of £327,068 which represents approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 6 December 2017 being the latest practicable date before publication of this notice.

The Board confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

### *TREASURY SHARES*

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary shares on a non pre-emptive basis, resolutions 13 and 14 will also give Directors power to sell ordinary shares held in treasury on a non-pre-emptive basis, subject always to the limitations noted above. As at the date of this notice, the Company does not have any treasury shares.

The Directors consider that the power proposed to be granted by resolutions 13 and 14 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Unless revoked, varied or extended, the authorities conferred by resolutions 13 and 14 will expire at the conclusion of the next annual general meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

## RESOLUTION 15

### *AUTHORITY TO PURCHASE SHARES (MARKET PURCHASES)*

This resolution authorises the Board to make market purchases of up to 19,643,729 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 6 December 2017, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as treasury shares. The authority will expire at the end of the next annual general meeting of the Company or 15 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent annual general meetings.

The minimum price that can be paid for an ordinary share is 3.33p, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

As at 6 December 2017, being the latest practicable date before publication of this notice, there were outstanding awards under the Company's various share option schemes in respect of 12,081,196 ordinary shares in the capital of the Company, representing 6.2% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares were exercised in full, the number of outstanding options would represent 6.8% of the Company's issued ordinary share capital following the repurchase of shares.

# Explanatory Notes to the Notice of Annual General Meeting

## **RESOLUTION 16**

### **APPROVAL AND ADOPTION OF THE TOPPS TILES 2018 SHARES AVE SCHEME**

It is proposed that the Company adopt the Topps Tiles 2018 Sharesave Scheme (the "**Sharesave Scheme**").

The Sharesave Scheme replaces the Company's existing sharesave scheme that will expire in the next few years ("**Old Scheme**"). No new options will be granted under the Old Scheme after the date of the Annual General Meeting, provided shareholder approval is obtained for the Sharesave Scheme.

The principal terms of the Sharesave Scheme are set out in the Appendix to this document on pages 129 and 130.

The rules of the Sharesave Scheme will be available for inspection during normal business hours on Monday to Friday (excluding bank holidays) at the Company's registered office and at the offices of Osborne Clarke LLP at One London Wall, London, EC2Y 5EB from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before the AGM and during the AGM.

## **RESOLUTION 17**

### **NOTICE PERIOD FOR GENERAL MEETINGS**

The Companies (Shareholders' Rights) Regulations 2009 require the Company to call general meetings (other than annual general meetings) on at least 21 clear days' notice unless shareholders approve a shorter notice period of not less than 14 clear days. Such approval was granted at last year's annual general meeting and this resolution therefore seeks to renew this approval. The approval will be effective until the Company's next annual general meeting, at which it is intended a similar resolution will be proposed. The Directors' intention is to only call general meetings on less than 21 days' notice where such shorter notice period would be in the interests of shareholders as a whole.

# Summary of the principal features of the Topps Tiles 2018 Sharesave Scheme (“Sharesave Scheme”)

## GENERAL

The Sharesave Scheme is a savings related share option scheme designed to take advantage of the tax beneficial status of savings related share option schemes which comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 3**”).

The Sharesave Scheme will be administered by the Board of Directors of the Company (the “**Board**”) or a duly authorised committee of the Board.

## ELIGIBILITY

All UK employees and full-time Directors of the Company and participating companies within the Group are eligible to participate in the Sharesave Scheme.

It is intended that invitations to apply for options over Shares in the Company (“**Options**”) under the Sharesave Scheme will be made to all eligible employees and full-time Directors who are employed by the Company and participating companies within the Group on the date invitations under the SAYE are issued. The Board will determine the basis upon which any invitations to apply for Options are made.

## SAVINGS CONTRACT

To participate in the Sharesave Scheme, an eligible employee must enter in a save-as-you-earn contract (“**Savings Contract**”) with the savings body designated by the Board, agreeing to make monthly contributions of between £5 and £500 of a specified savings period of three or five years. The Board has discretion to determine which of the Savings Contracts will be available in respect of any invitation to apply for Options. A bonus determined by HM Revenue & Customs (“**HMRC**”) is payable after the expiration of the savings period.

Applications to participate in the Sharesave Scheme may be scaled down by the Board if applications exceed the number of Shares available for the grant of Options. Such scaling down may include:

- the exclusion of bonuses;
- reducing monthly contributions above a certain level pro rata;
- reducing monthly contributions for each eligible employee pro rata; or
- treating elections for five-year Savings Contracts as elections for three-year Savings Contracts.

## OPTION PRICE

The Option price for each ordinary share in respect of which an Option is granted shall not be less than the greater of:

- 80% of the average middle-market quotation as derived from the London Stock Exchange Daily Official List for the dealing day prior to the date of grant; and
- the nominal value of the Shares.

## ISSUE OF INVITATIONS

Invitations to apply for Options may only be issued within the period of 42 days following the approval of the Sharesave Scheme by the Company’s shareholders, the announcement of the Company’s results for any period, from any day on which changes to the legislation or regulations affecting save-as-you-earn schemes under Schedule 3 are announced, effected or made or any day on which the Board determines that exceptional circumstances exist. If, during such period, the Company is restricted from issuing invitations, invitations may be made immediately following such restrictions ceasing to apply.

## GRANT OF OPTIONS

The number of Shares over which Options may be granted must, as nearly as possible, be equal to, but not in excess of that number of Shares which may be purchased out of the repayment proceeds (including any interest or bonus payable) of the relevant Savings Contract at the Option price.

Options under the Sharesave Scheme may only be granted within the period of 30 days following the date on which the Option price is determined.

## TERMS OF OPTIONS

Options may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Options are not transferable (other than on death). No payment will be required from participants for the grant of any Options.

# Summary of the principal features of the Topps Tiles 2018 Sharesave Scheme (“Sharesave Scheme”)

## LIMITS ON THE ISSUE OF SHARES

The number of Shares which may be issued or issuable pursuant to rights granted in any 10-year period under the Sharesave Scheme and under any other employees’ share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

The above limits may be varied by the Board to take into account any variation in the Company’s share capital from time to time.

## EXERCISE OF OPTIONS

Options will only normally be exercisable for a period of six months commencing on the third or fifth anniversary (as the case may be) of the starting date of the related Savings Contract and, if not exercised by the end of that period, the Option will lapse.

Earlier exercise may however be permitted in specified circumstances including:

- termination of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works; and
- in the event of a takeover or liquidation of the Company.

## CORPORATE EVENTS

In the event of a takeover, reconstruction or winding up of the Company, Options may be exercised within six months of the change of control.

Alternatively, Options may be exchanged for new equivalent Options over shares in the acquiring company where appropriate.

## RIGHTS ATTACHING TO SHARES

All Shares issued or transferred under the Sharesave Scheme will rank *pari passu* with all other Shares of the Company for the time being in issue (save as regards any rights attaching to such Shares by reference to a record date prior to the date of issue or transfer to the participant).

## ADJUSTMENTS

In the event of any rights of capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital, the Board may make such adjustments as it considers appropriate to the number of Shares subject to Options and/or the price payable on the exercise of options.

## AMENDMENTS AND TERMINATION

The Board may amend the Sharesave Scheme at any time, provided that prior approval of the Company’s shareholders in a general meeting will be required for amendments to the advantage of employees relating to eligibility, limits, the basis for determining a participant’s entitlement to, and the terms of, the Shares comprised in an award and the impact of any variation of capital.

However, any minor amendment to benefit administration, or any amendment to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment in any jurisdiction, may be made by the Board without shareholder approval.

No further awards may be made under the Sharesave Scheme on or after the tenth anniversary of the approval by shareholders of the Sharesave Scheme but the rights of existing participants will not be affected by any termination.

## PENSION BENEFITS

Benefits under the Sharesave Scheme are non-pensionable.



# The Team

## A

Aaron Turner  
 Aaron Lonie  
 Aaron Barber  
 Abby Tween  
 Abdul Rouf  
 Abigail Cole  
 Adam Nuttall  
 Adam Ward  
 Adam Crowe  
 Adam Shearsmith  
 Adam Clarke  
 Adam Chapman  
 Adam Godfrey  
 Adam Cato  
 Adam Gilkes  
 Adam Groves  
 Adam Gaymer  
 Adam Thomson  
 Adam Hunt  
 Adam Devine  
 Adam Rodriguez  
 Adam Cox  
 Adam Cherryman  
 Adam Jolly  
 Adel Tazi  
 Adel Benyoucef  
 Adele McMahon  
 Adrian Kimber  
 Afrim Mensah  
 Akash Bisht  
 Akinyemi Orekoya  
 Akshey Vadgama  
 Alan Saunders  
 Alan Smalley  
 Alan Wrighting  
 Alan Sinclair  
 Alan Sproston  
 Alan Haji  
 Alan Clague  
 Aleksandar Tsvetanov  
 Aleksandrs Gulenkovs  
 Alessandro Margrove-Gomes  
 Alex Whitmore  
 Alex Abram  
 Alex Moore  
 Alex Bell  
 Alex Bennet  
 Alexander Onions  
 Alexander Armstrong  
 Alexander Findley  
 Alexander Torres  
 Alexander Williams  
 Alexander Bradley  
 Alexander Walton  
 Alexander Ford  
 Alexander Gaffney

Alexander Marks  
 Alexander Miles  
 Alexandra Tuckley  
 Alexandru Cimpanu  
 Alfie Lawes-Smith  
 Ali Rizvi  
 Alicija Romanovska  
 Alisha Millward  
 Alison Hunt  
 Allan Harper  
 Allan Busby  
 Allysha Byrne  
 Alnavaz Nuralah  
 Amanda Hullett  
 Amanda Green  
 Amanda Brogan  
 Amanda Plumb  
 Amanda Lyon  
 Amardeep Sanghera  
 Amarpreet Bhaker  
 Amy Smith  
 Amy Wirtz  
 Amy Biggs  
 Amy Buttle  
 Ananthan Sivanesan  
 Andre Osei  
 Andrea Moon  
 Andrei Radu  
 Andrew Clay  
 Andrew Collins  
 Andrew Warne  
 Andrew Davis  
 Andrew Young  
 Andrew Middleton  
 Andrew Cox  
 Andrew Waterfield  
 Andrew Hanson  
 Andrew Riley  
 Andrew Playfoot  
 Andrew Woods  
 Andrew Winterburn  
 Andrew Shaw  
 Andrew King  
 Andrew Sharkey  
 Andrew Scorgie  
 Andrew Wathan  
 Andrew Taylor  
 Andrew Baldock  
 Andrew Sansum  
 Andrew Wilkinson  
 Andrew Brand  
 Andrew Gilmour  
 Andrew Haynes  
 Andrew Woodier  
 Andrew Bond  
 Andrew Oliver  
 Aneil Easow

Aneta Kleczek  
 Angela Capp  
 Angela Toseland  
 Angela George  
 Angelika Zapert  
 Anna Moulding  
 Anna Holds  
 Annalise Jackson  
 Anna-Marie Tough  
 Annelise Sjursen  
 Annie Dickson  
 Annmarie Malone  
 Anthony Linsell  
 Anthony Molyneux  
 Anthony Christopher  
 Anthony Gibby  
 Anthony Davies  
 Anthony Gilbert  
 Anthony Dedman  
 Anthony Daly  
 Anthony Docherty  
 Anthony Hawvas  
 Anthony Tarr  
 Anthony Dolan  
 Anthony Connor  
 Anthony Hollick  
 Anthony Lyth  
 Anthony Dunsmore  
 Antoni Maiello  
 Antonia Hughes  
 Antony Belham  
 Anub Varghese  
 Anwar Marshall  
 Aron Hoff  
 Arthur Van Aswegen  
 Aruna Mistry  
 Ashley Cutler  
 Ashley Martin  
 Ashley Hegarty  
 Ashley Mansfield  
 Ashley Murray  
 Ashley Kiffin  
 Ashley Somerville  
 Ashley Hookway  
 Asteraya Engdayehu  
 Astone Davids  
 Atul Patel  
 Audrius Kolojanskas  
 Augustine Chinenye  
 Augustus Hagan  
 Aurimas Lenkauskas  
**B**  
 Barbara Connor  
 Barbara Smith  
 Barri Barnes  
 Barry Jones  
 Barry Theobald

# The Team

Barry Beaver  
 Barry Hanlon  
 Barry Stratford  
 Bartosz Pawelczyk  
 Beatrice Welmer  
 Ben Holloway  
 Ben Bright  
 Ben Armitage  
 Ben Howard  
 Ben Richmond  
 Ben Barraclough  
 Ben Berrisford  
 Benjamin Rich  
 Benjamin Rowe  
 Benjamin Goodey  
 Benjamin Moughan  
 Benjamin Wood  
 Benjamin Slater  
 Benjamin Edwards  
 Benjamin Hale  
 Benjamin Hannon  
 Berek K-Caesar  
 Bethany Richardson  
 Bethany Green  
 Beverley Orton  
 Beverley Begley  
 Bianca Gradinaru  
 Bianca Cockburn  
 Billie Stringer  
 Billy Taylor  
 Billy Stout  
 Blair Ross  
 Bolaji Adeyanju  
 Bonita Flinthill  
 Bradley Favre  
 Bradley Ball  
 Brandon Abels  
 Brendan Flynn  
 Brendan McCallum  
 Brett Goulden  
 Brett O'Harrow  
 Brett Hookway  
 Brian Cariello  
 Brian Cox  
 Brian Cook  
 Brian Linnington  
 Brian Morris  
 Bruce Fielding  
 Bruce Garrod  
 Bruno Bernasconi  
 Bryan Taylor  
 Byron Tree

**C**  
 Cade Somerville  
 Caitlin Pipes  
 Calbert Hall  
 Callum Beedles

Callum Scott  
 Callum Phillips  
 Callum Evans  
 Callum Jones  
 Callum Ford  
 Calum Hamilton  
 Campbell Marr  
 Cara Harrison  
 Carl Whatley  
 Carl Cumberbatch  
 Carl Fraser  
 Carl Courtney  
 Carl Hermit  
 Carl Willshee  
 Carl Sheldon  
 Carl Bird  
 Carla Creary  
 Carley Brown  
 Carlo Nastro  
 Carlos Chowdhury  
 Carlos Alford Maestre  
 Carlyn McKechnie  
 Carol Beattie  
 Caroline May  
 Caroline Bailey  
 Caroline Vernon-Sutton  
 Caroline Bray  
 Carolyn Paull  
 Carolynn Remington-Hobbs  
 Catherine Britton  
 Catherine Doulton  
 Catriona Green  
 Chamyse Morley  
 Chanel Sanganoo  
 Chantal Searle  
 Charjuan Knight  
 Charlene Walpole  
 Charlene Smith  
 Charles Taylor  
 Charles Robbins  
 Charles Roussard  
 Charles Snell  
 Charles Rollins  
 Charles Wafula  
 Charles Hallgalley  
 Charles Davis-Alexis  
 Charlie Green  
 Charlie Dee  
 Charlotte Lammin  
 Charlotte Fitzgerald  
 Charlotte Kenny  
 Chelsea Cragg  
 Chelsea Battle  
 Chelsey Blow  
 Cherie Ahmet  
 Cheryl Vearncombe  
 Chetna Shah

Chloe Singleton  
 Chloe Jackson  
 Chloe Boyce  
 Choudre Grobler  
 Chris Foster  
 Chris Darley  
 Chris Mcquade  
 Christain McCarthy  
 Christelle Armstrong  
 Christian Banham  
 Christian Olaru  
 Christine Hendry  
 Christine Thistlethwaite  
 Christine Taylor  
 Christine Berry  
 Christopher Cooper  
 Christopher Turley  
 Christopher Heyes  
 Christopher Collins  
 Christopher Harbutt  
 Christopher Howe  
 Christopher Curtis  
 Christopher Williamson  
 Christopher Bailey  
 Christopher Sansby  
 Christopher Nottle  
 Christopher Holland  
 Christopher Nicholls  
 Christopher Beeson  
 Christopher Cooper  
 Christopher Potter  
 Christopher Bowden  
 Christopher Leach  
 Christopher Butler  
 Christopher Wells  
 Christopher Simpson  
 Christopher Perry  
 Christopher D'Arts  
 Christopher Edwards  
 Christopher France  
 Christopher Moore  
 Christopher Maguire  
 Christopher Bodicoat  
 Christopher Miskelly  
 Christopher Bentley  
 Christopher Harrison  
 Christopher Samuel  
 Christopher Johnson  
 Christopher Birch  
 Christopher Senior  
 Cieran Armstrong  
 Clair Jeffries  
 Claire Chaffe  
 Claire Rayton  
 Claire Tiney  
 Claire Harris  
 Claire Lees



Clare Barden  
 Clare Shepherd  
 Clare Cohring  
 Clare Sharpe  
 Clare Kash  
 Cliff Mackay  
 Clifford Tomlinson  
 Clive Lehman  
 Clive Harlow  
 Colin Markham  
 Colin Hoban  
 Colin Rymer  
 Colin Taylor  
 Colin Skinner  
 Colin Harvey  
 Colin Griffiths  
 Colin Hayward  
 Colin Clarke  
 Connor Saunders  
 Connor Flynn  
 Conrad Harrup  
 Conrad Cassidy  
 Constantin Pavelescu  
 Cora Morrison  
 Cory Handford  
 Cosimo Lanzafame  
 Cosmin Zaharia  
 Craig Reed  
 Craig Dolling  
 Craig Murphy  
 Craig Connor  
 Craig Johnson  
 Craig Jones  
 Craig Matthews  
 Cristian Ionescu  
 Cristina Cole  
 Czeslaw Majorek  
**D**  
 Daisy-May Utley  
 Damian Merritt  
 Damiano Seresini  
 Damiean Godfrey  
 Damien Mole  
 Dan Bevan  
 Dane Pearson-McGloin  
 Daniel Musguin  
 Daniel Fallows  
 Daniel Jones  
 Daniel Little  
 Daniel Wren  
 Daniel McLean  
 Daniel Cox  
 Daniel Thornley  
 Daniel Brain  
 Daniel Saltmarsh  
 Daniel Sheppard-Brown  
 Daniel Willows

Daniel Neary  
 Daniel Wright  
 Daniel Chambers  
 Daniel Milner  
 Daniel Poile  
 Daniel Jones  
 Daniel Caruana  
 Daniel Lawrie  
 Daniel Jenkins  
 Daniel Ashby  
 Daniel Grunwell  
 Daniel Colk  
 Daniel Priest  
 Daniel Edge  
 Daniel Hawkins  
 Daniel Gelly  
 Daniel Calderwood  
 Daniel Cheyne  
 Daniel Thompson  
 Daniel Pratt  
 Daniel Reynolds  
 Daniel Fairless  
 Daniel Cross  
 Danielle Noyes  
 Danielle Omara  
 Danielle Kirby  
 Dannielle Carlton  
 Danny Burgess  
 Danny Ostler  
 Danny McInnes  
 Danny Wilson  
 Darius Bright  
 Darius Moses  
 Darran Wood  
 Darren Square  
 Darren Harper  
 Darren Morgan  
 Darren Doughty  
 Darren Mitchell  
 Darren Wagg  
 Darren Chester  
 Darren Mencarini  
 Darren Sherwood  
 Darren Shapland  
 Darren Jones  
 Darren Horne  
 Darren Smith  
 Darren Dance  
 Darren Young  
 Darren Phillips  
 Darron Kerr  
 Darron Soos  
 Darryl Ferry  
 Dave Elliott  
 Dave Plant  
 David Thomasson  
 David Carpenter

David Hirst  
 David Henderson  
 David Oliver  
 David Macartney  
 David Stott  
 David Harper  
 David Steel  
 David Kettlewell  
 David Wilson  
 David Murray  
 David Smith  
 David Matthews  
 David Hatton  
 David Hill  
 David Jobling  
 David Townsley  
 David Augustus  
 David Meers  
 David Prime  
 David Yallop  
 David Webb  
 David Lane  
 David Whitelaw  
 David Sheehy  
 David Kershaw  
 David Hope  
 David Shewan  
 David Miller  
 David Knight  
 David Coupland  
 David Thompson  
 David Palmer  
 David Clare  
 David Hussey  
 David Webb  
 David Rendall  
 David Beasley  
 David Simms  
 David Fletcher  
 David Longman  
 David Sinclair  
 David Medlam  
 David Hamer  
 David Blackhurst  
 David Clark  
 David Callaghan  
 David Needham  
 David Green  
 David Cressey  
 David Fisher  
 David Furness  
 David Hillier-Reynolds  
 David Diaper  
 David Houston  
 David Jackson  
 David Tulett  
 Dawn Gale Curtis

# The Team

Dayne Ashard  
 Dean Marshall  
 Dean Woolley  
 Dean Titchen  
 Dean Newell  
 Dean Partridge  
 Dean Kay  
 Dean Walker  
 Deane Rhone  
 Deanna McMahon  
 Deborah Fitzpatrick  
 Debra Bandghiree  
 Declan Baker  
 Declan Speede  
 Deena Mistry  
 Deesha Bhatt  
 Denis O'Brien  
 Denise Chalmers  
 Dennis Jovellanos  
 Dennis Rawding  
 Denzil Johns  
 Derek Sim  
 Derek Amoo  
 Dermott Reilly  
 Devias Gudka  
 Devindren Govender  
 Dewi Evans  
 Dilawar Ali  
 Dilip Parmar  
 Dipal Parikh  
 Dominic Reilly  
 Dominic Hall  
 Dominic D'Souza  
 Dominic Gray  
 Dominic Godwin  
 Donald Magullian  
 Donald Benson  
 Donald Morrissey  
 Donna Douglas  
 Donna Murphy  
 Donna Mumford  
 Donovan Robinson  
 Dorothy Stewart  
 Douglas Nicol  
 Douglas Bingham  
 Douglas Gracia  
 Duncan Mayman  
 Dwain Mensah  
 Dylan Roberts  
 Dylan Bradley

**E**  
 Eamonn Clancy  
 Edgar Calderon Ramirez  
 Edwin James  
 Eirini Messaritaki  
 Elionardo Silva  
 Eliza Sobocinska

Elizabeth Lee  
 Elizabeth Sutton  
 Ellen Hilton  
 Ellie Howcroft  
 Elliot Gibbons  
 Elliott Brown  
 Elliott Davis  
 Elliott Sully  
 Elsie Bird  
 Emile Puica  
 Emily Lenton  
 Emily Mansell  
 Emily Madge  
 Emily Tuttlebury  
 Emily Sneller  
 Emma Childs  
 Emma Dudley  
 Emma Spellacey-Perry  
 Emma Hilton  
 Emma Jordan  
 Emma Stearman  
 Emma Gotch  
 Emma Anderson  
 Emmanuel Melford-Rowe  
 Emmanuel Adeniyi  
 Emran Mannan  
 Eric Asuming  
 Ermiyas Girma  
 Erwan Vauconsant  
 Esme Sparrow  
 Ezra Deans

**F**  
 Fadel Wane  
 Faisle Sharif  
 Faizar Ali  
 Fayzur Rahman  
 Felicity Fletcher  
 Felipe West  
 Fiona Oakes  
 Fitz Martin  
 Fouche Lubbe  
 Frances Aylward  
 Francesca Wright  
 Frank Hibbert  
 Frank Smith  
 Fred Therme

**G**  
 Gabriel Iacob  
 Gabriela Olszowska  
 Gabriella Carvalho  
 Gail Knight  
 Gareth Davies  
 Gareth Fogden  
 Garry Hardy  
 Garry Crichton  
 Gary Ashdown  
 Gary Marshall

Gary Bloomfield  
 Gary Gear  
 Gary Curtis  
 Gary Woolmore  
 Gary Gledhill  
 Gary Roberts  
 Gary Nash  
 Gary Gledhill  
 Gary Davies  
 Gary Gee  
 Gary Purves  
 Gary Heath  
 Gary Mayo  
 Gavin Bennett  
 Gavin Collins  
 Gavin Magwood  
 Gavin Winter  
 Gavin Coulthead  
 Geeta Makwana  
 Gemma Stephens  
 Gemma Farnan  
 Gemma Wademan  
 Gemma McKinley  
 Genya Hutchins  
 Geoffrey Greenwood  
 Geoffrey Thomas  
 Geordie Stock  
 George Birkley  
 George Astill  
 George Allen  
 George Hopper  
 George Buckley  
 George Wetherden  
 George Henri Diakileke  
 Georgia Clayton  
 Georgia Miles  
 Georgina McFarlane  
 Geraint Thorne  
 Gillian Grace  
 Glendale Canoville  
 Glenn Elgy  
 Glenn Smith  
 Gloria Kusi  
 Gokhan Karadogan  
 Gordon Shennan  
 Graeme Morris  
 Graham Jones  
 Graham Vance  
 Graham Cooper  
 Graham Livingstone  
 Graham Foster  
 Graham Hitchin  
 Graham Hancock  
 Graham Gasson  
 Graham Mansfield  
 Grant Harris  
 Graziana Motta



Greg Johnstone  
 Gregory McHugh  
 Gregory Smith  
 Gregory Jeffs  
 Grenville Davies  
 Gurinder Chana

**H**

Hannah Pritchard  
 Hanz Nelson  
 Haroon Cockar  
 Haroon Younus  
 Harriet Goodacre  
 Harry Biggs  
 Harry Kay  
 Harry Foster  
 Hasmita Parmar  
 Hayden Mason  
 Hayley Lomas  
 Hazel Millington  
 Heather Fidler  
 Helen Hughes  
 Helen Gosling  
 Helen Walker  
 Helen Washington  
 Henry Povey  
 Himesh Hirani  
 Hitashji Odedra  
 Holly Baxter  
 Holly Dawson  
 Holly Vincent  
 Hossen Naudeer

**I**

Iain Arnott  
 Ian Marshall  
 Ian Bloomfield  
 Ian Sykes  
 Ian Noon  
 Ian Paterson  
 Ian Marshall  
 Ian Aikman  
 Ian McNeish  
 Ian Tivendale  
 Ian Hughes  
 Ian Snook  
 Ian Croton  
 Ian Gilliver  
 Ibrahim Ali  
 Ilars Skabeikis  
 Inzamam Akram  
 Iqra Iqbal  
 Ivan Paitoo

**J**

Jaasir Wazir  
 Jacek Zebrowski  
 Jacek Skubisz  
 Jack O'Neill  
 Jack Maddison

Jack Whitehead  
 Jack Coker  
 Jack Walker  
 Jack Finlay  
 Jack Relfe  
 Jack Haynes  
 Jack Millman  
 Jack Allardyce  
 Jack Flannigan  
 Jack Thompson  
 Jack Ellis  
 Jack Sell  
 Jack Malcolm  
 Jack Cashin  
 Jack Bennett  
 Jacob Allan  
 Jacob Benneyworth  
 Jacqueline Desborough-Morehead  
 Jacqueline Farnan  
 Jacqueline Goss  
 Jacqueline Bolger  
 Jacqueline Dadge  
 Jade Girgensons  
 Jade Berry  
 Jahtal Nisa Roberts-Joseph  
 Jailuene Witterick Peake  
 Jake Woods  
 Jake Shopland  
 Jake Boulton  
 James Patston  
 James Robertson  
 James Cameron  
 James Tuvey  
 James Morgan  
 James Pifold  
 James Biesty  
 James Heard  
 James Rolfe  
 James Fox  
 James Taylor  
 James Clifford  
 James Saunders  
 James Worden  
 James Walker  
 James Hollis  
 James Snuggs  
 James Carpenter  
 James Pannett  
 James Brophy  
 James Beaumont  
 James MacCallum  
 James Hawker  
 James Howard  
 James Beasley  
 James Cheung  
 James Fox  
 James White

James Smith  
 Jamie Wenborn  
 Jamie Sia  
 Jamie Evans  
 Jamie Rose  
 Jamie Mears  
 Jamie Ormrod  
 Jamie Kelly  
 Jamie Broadhurst  
 Jamie Kane  
 Jamie Wilson  
 Jamie Kirk  
 Jamie Lee McCann  
 Jamye Walker  
 Jan Reddi  
 Janaka Alahapperuma  
 Jane Sinclair  
 Janet Riley  
 Janet Lee  
 Janine James  
 Jarreth Hawkins  
 Jasbir Singh  
 Jason Pratt  
 Jason Knox  
 Jason Rose  
 Jason Darcy  
 Jason Ealden  
 Jason Coupland  
 Jason Gallagher  
 Jason Barker  
 Jason Wilcox  
 Jason Durham  
 Jason Thompson  
 Jason Akiens  
 Jaspreet Sandhu  
 Javeed Parkar  
 Jay Strawford  
 Jay Billings  
 Jayaprakash Paragjee  
 Jayne Warlow  
 Jayne Young  
 Jazmine Barwe  
 Jeannette Hastie  
 Jed O'Neill  
 Jędrzej Politowski  
 Jeff Arcott  
 Jeffrey Armstrong  
 Jelena Koseleva  
 Jemma Copp  
 Jennie Kane  
 Jennifer Seabrook  
 Jennifer Wall  
 Jennifer Thompson  
 Jennifer Gregory  
 Jenny Inkson  
 Jeremy Naphine  
 Jerry Opata

# The Team

Jessica McCarthy  
 Jessica Rowlands  
 Jessica Thiari  
 Jessica Gurski  
 Joanna Kowalska  
 Joanne Elton  
 Joanne Cox  
 Joanne Harris  
 Jodie Jones  
 Joe Smith  
 Joe Mathews  
 Joe Rudd  
 Joe Raynsford  
 Joel Barker  
 Joel Fothergill  
 Jogendra Kalicharan  
 John Smith  
 John Thompson  
 John Moat  
 John Harris  
 John Page  
 John Cook  
 John Fawkes  
 John Shaw  
 John Hughes  
 John McLaren  
 John Gardner  
 John Bourke  
 John Hickey  
 John Taylor  
 John Ellis  
 John Hesp  
 John Harrison  
 John Murphy  
 John Field  
 John Conley  
 John Scerri  
 John Hennessy  
 John Monks  
 John McDermott  
 John Coogan  
 Johnathan McCallum  
 Jon Thatcher  
 Jon Reynolds  
 Jon Davis  
 Jon Cottrell  
 Jonathan Hargreaves  
 Jonathan Hall  
 Jonathan Williams  
 Jonathan Woodroff  
 Jonathan Morgan  
 Jonathan Wallace  
 Jonathan Coombs  
 Jonathan Boxall  
 Jonathan Stone  
 Jonathan Stearman  
 Jonathan Roberts

Jonathan East  
 Jonathan Impey  
 Jonathan Kirk  
 Jonathon Turner  
 Jon-Paul Hughes  
 Jordan Macdonald  
 Jordan Lindsay  
 Jordan Stephens  
 Jordan Vinluan  
 Jordan Bannister  
 Jordan Huston  
 Jordan Wheatley  
 Josef Kinski  
 Joseph Cox  
 Joseph Gregorace  
 Joseph Sweeney  
 Joseph Daly  
 Joseph Whittaker  
 Joseph Lewis  
 Joseph Heath  
 Joseph Haynes  
 Joseph Morton  
 Joseph Reed  
 Josephina Lane  
 Joshua Rapley  
 Joshua Batterham  
 Joshua Wright  
 Joshua Lambert  
 Joshua Elliott  
 Joshua Paton-Rolls  
 Joshua Jackson  
 Joshua Stenhouse  
 Joshua Brown  
 Joshua Higgs  
 Joshua Darby  
 Joshua Hubbard  
 Joshua Hughes  
 Joshua Dunford  
 Joshua Hastings  
 Joshua Mangos  
 Joshua McCarthy  
 Joshua Sanders  
 Josie Colehan  
 Judith Duncan  
 Juginder Gill  
 Julia Kerr  
 Julian Myles  
 Julie Cox  
 Julie Fewings  
 Julie Brachtvogel  
 Julie Mitchell  
 Julie Bird  
 Jullah Jabbi  
 Juris Kalnins  
 Justin Evans  
 Justin Korankye-Addai  
 Justin Marlow

Justin Coyle  
 Justine Bowman  
 Juttinder Digpal  
 Jyoti Kaur  
**K**  
 Kaitlin Varnam  
 Kajetan Marcinek  
 Kamaljit Atkar  
 Kamaljit Thandi  
 Kamil Janas  
 Kamil Green  
 Kamlesh Shah  
 Kamran Sarfraz  
 Karen Dodds  
 Karen Leimetter  
 Karis Hall  
 Karl Stephens  
 Karl Verry  
 Karl Turner-Talmage  
 Karl Aran  
 Karl Lippiatt  
 Karl White  
 Karl English  
 Karl Mullaney  
 Karleigh Stokes  
 Kasha Riley  
 Kastriot Kelani  
 Katarzyna Roberts  
 Kate O'Connor  
 Kate Flitton  
 Katherine Jackson  
 Katherine Blitz  
 Kathryn Baird  
 Kathryn Pell  
 Kathryn Finch  
 Kathryn Van-Kleef  
 Katie Brindley-Hughes  
 Katie Lunn  
 Katy Todd  
 Kaylah Sutherland  
 Kayleigh Clemson  
 Kayleigh Barnes  
 Kayley Coldham  
 Kazi Miah  
 Keiron Ball  
 Keith Rudkin  
 Keith Ambrose  
 Keith Fitzpatrick  
 Keith Down  
 Keith Alexander  
 Kelly Savile  
 Kelly Weyman  
 Kelly Dalby  
 Kelly-Anne O'Connor  
 Kenneth Owen  
 Kenneth Westley  
 Kenneth Ostler



Kerri Atkinson  
 Kerry Hurst  
 Kerry Ann Crofts  
 Kerry-Ann Smith  
 Kevan Richardson  
 Kevin Baker  
 Kevin Thorne  
 Kevin Bowtle  
 Kevin Fox  
 Kevin Hailes  
 Kevin Nicol  
 Kevin Rowe  
 Kevin Hodson  
 Kevin Hartley  
 Kevin Hardy  
 Kevin Atherton  
 Kevin Smith  
 Kevin Redmond  
 Kevin Bingham  
 Kevin Hastings  
 Khai Shaw  
 Khan Khan  
 Kieran Wingham  
 Kie Mitchell  
 Kiera Jago  
 Kieran Barnes-Warden  
 Kieran Gardiner  
 Kieran Corben  
 Kieran Hudson  
 Kieran Thomas  
 Kieran Hansard  
 Kieran Fleet  
 Kieron Clarke  
 Kim Liddle  
 Kim Moriarty  
 Kim Mendonca  
 Kirandeep Kaur  
 Kirk Irvine  
 Kirsten Cummings  
 Kirsten Wilby  
 Kirstie Leonard  
 Kirstie McDowell  
 Kirsty Davies  
 Kirsty Rice  
 Kirsty Graham  
 Kirti Patel  
 Kranthi Billakanti  
 Kristian Catterall  
 Kristian Prosser  
 Kristopher Brough-Rutland  
 Krystle Milan  
 Krzysztof Burdajewicz  
 Kuldeep Singh  
 Kuljit Aujla  
 Kunal Pandya  
 Kye Harman  
 Kyle Hardie

Kyle Welford  
 Kyle Batley  
 Kyle Manns-Kennedy  
 Kyle Crichton  
 Kyle Markland  
 Kyle Crubaugh  
**L**  
 Lance Cale  
 Laura James  
 Laura Racey  
 Laura Henry  
 Laura Horton  
 Laura Sansom  
 Laura Webb  
 Laura Madigan  
 Laura Cox  
 Laura Lloyd  
 Laura Wilson  
 Lauren Holmes  
 Lauren Bartram  
 Lauren Duddridge  
 Lauren Richmond  
 Laurence Jones  
 Laurence Pendrill  
 Layla Pring  
 Leah Humphries  
 Leanne Palmer  
 Leanne Curry  
 Leanne Clarke  
 Lee Dover  
 Lee Jacovou  
 Lee Galloway  
 Lee Baxter  
 Lee James  
 Lee Hutchinson  
 Lee Read  
 Lee Clarke  
 Lee McConnell  
 Lee Dering  
 Lee West  
 Lee Gibson  
 Lee Carlos  
 Lee Cash  
 Lee Kent  
 Lee Cornford  
 Lee Wilkinson  
 Lee Eagling  
 Lee Gleeson  
 Lee Armstrong  
 Lee Harris  
 Lee Trim  
 Lee Gladman  
 Lee Emery  
 Lee Worrad  
 Leendert Van Den Berg-Slowey  
 Leighton Davies  
 Leon Pryce

Leon Das  
 Leona Parker  
 Leonora Moses  
 Lesley Watson  
 Lesley Willcox  
 Lewis Walter  
 Lewis Adkins  
 Lewis Collins  
 Lewis Williams  
 Lewis Crossley  
 Lewis Allan  
 Lewis Elkin  
 Lewis Buckley  
 Lewis Hill  
 Lewis Gale  
 Leyton Bellamy  
 Leza McDonald  
 Liam Hunt  
 Liam Piper  
 Liam Bantin  
 Liam Hogan  
 Liam Ball  
 Liam Ellis  
 Liam Jiggins  
 Liam Childs  
 Lianne Harrison  
 Libby Field  
 Lili Harris  
 Linda Shaw  
 Linda Herbert  
 Lindsay Bond  
 Lindsey Flint  
 Lisa Holmes  
 Lisa Algar  
 Lisa Cullen  
 Lisa Noel  
 Lisa Callan  
 Lisa Johnson  
 Lloyd Jackson  
 Lois Short  
 Lola Halligan  
 Lorraine Burton  
 Lorraine Martin  
 Louarna Bullock  
 Loucas Louca  
 Louise Jeffery  
 Louise Roots  
 Louise Grainger  
 Lucy McGennity-Bane  
 Lukasz Pirga  
 Luke McNally  
 Luke Kerr  
 Luke Potiphar-Trigwell  
 Luke Livermore  
 Luke Day  
 Luke Saunders  
 Luke Woodward

# The Team

Luke Barefield  
 Luke Carson  
 Luke Statters  
 Luke Watson  
 Lyndsey Kell  
 Lynn Dignan  
 Lynne Meldrum  
 Lynne Reynolds  
 Lynsey Smart

## M

Maciej Rabczewski  
 Maciej Krzyzaniak  
 Mahbub Kabir  
 Mahesh Wara  
 Mahomad Zubair Saiyed  
 Malcolm Ferguson-Thomas  
 Mandy Aidney  
 Mansoor Ali  
 Marc Law  
 Marcin Kupczyk  
 Marcos Loureda  
 Marcus Wolthers  
 Marek Kloda  
 Margaret Lawrie  
 Maria Thompson  
 Maria Drozdova  
 Mark Lever  
 Mark Gasson  
 Mark Hunter  
 Mark Wright  
 Mark Waldock  
 Mark Maciver  
 Mark Frisby  
 Mark Palmer  
 Mark Vaughan  
 Mark Brown  
 Mark Johnston  
 Mark Bianchi  
 Mark Tennant  
 Mark Coe  
 Mark Stephens  
 Mark Fuller  
 Mark Winder  
 Mark Burgess  
 Mark Pancott  
 Mark Allman  
 Mark Keymer  
 Mark Braithwaite  
 Mark Winger  
 Mark Tilley  
 Mark Holland  
 Mark Whitaker  
 Mark Ridley  
 Mark Davies  
 Mark Wordley  
 Mark Woodyatt  
 Mark Penfold

Mark Brown  
 Mark Percival  
 Mark Owen  
 Mark Rogers  
 Mark Sloan  
 Mark Elliott  
 Mark West  
 Mark Williams  
 Maria Seabra  
 Martha Karczewska  
 Martin Smyth  
 Martin Winterburn  
 Martin Derricott  
 Martin Wys  
 Martin Osborne  
 Martin Williams  
 Martin Williams  
 Martin Pickard  
 Martin Turner  
 Martina Way  
 Mariyn Spring  
 Martyn Somerville  
 Martyn Costen  
 Martyn Lovell  
 Mary Syme  
 Mathanaan Yoganathan  
 Mathew Tapp  
 Mathew Lampard  
 Mathew Clifton  
 Mathew Buckett  
 Matt Attwood  
 Matthew Williams  
 Matthew Foster  
 Matthew Wright  
 Matthew Foulger  
 Matthew Robinson  
 Matthew Moore  
 Matthew Fisher  
 Matthew Hawley  
 Matthew Wesson  
 Matthew Woodhouse  
 Matthew Dunne  
 Matthew Whitlock  
 Matthew Stevenson  
 Matthew Nash  
 Matthew Martin  
 Matthew Jones  
 Matthew Ingram  
 Matthew Williams  
 Matthew Lindsay  
 Matthew Stewart  
 Matthew Cooper  
 Matthew Johnson  
 Matthew Ellis  
 Matthew Clarke  
 Matthew Haynes  
 Matthew Penn

Matthew Illing  
 Matthew Martindale  
 Matthew Miller  
 Matthew Mc Manus  
 Matthew Swain  
 Matthew Rowson  
 Matthew Barcas  
 Matthew Holland  
 Matthew Holland  
 Mattia Tosi  
 Maureen Mcgrattan  
 Max Evans  
 Megan Broadway  
 Megan Lyons  
 Mehmet Asdooyuran  
 Melanie Gray  
 Melanie Toole  
 Melanie Abbott  
 Melanie Hart  
 Melissa Wadman  
 Melton Thompson  
 Melvyn Chamberlain  
 Mervyn Thorne  
 Mhairi Wade  
 Mica Gray  
 Michael Boughton  
 Michael Finn  
 Michael Earls  
 Michael Hall  
 Michael Foley  
 Michael Fannon  
 Michael Haggett  
 Michael Lovelock  
 Michael Hopper  
 Michael Darroch  
 Michael Lay  
 Michael Weeks  
 Michael Buckley  
 Michael Huskisson  
 Michael Litster  
 Michael Van Sittert  
 Michael Dinter  
 Michael Upton  
 Michael Moss  
 Michael Quinn  
 Michael Edwards  
 Michael McGarry  
 Michael Congdon  
 Michael McNally  
 Michael Goodfield  
 Michael Dinnage  
 Michael Chapman  
 Michael Sear  
 Michael Raeburn  
 Michael Smillie  
 Michael Gee  
 Michael Angelides



Michael Evans  
 Michael Bramble  
 Michael Ohare  
 Michael Pearson  
 Michael Swanston  
 Michael Howes  
 Michael Rosewall  
 Michael Wright  
 Michael Way  
 Michaela Thomas  
 Michele Trickett  
 Michelle Hill Risley  
 Michelle Le Monnier  
 Michelle Moore  
 Michelle Coote  
 Mick Wells  
 Mihaela Duta  
 Mike Booth  
 Miles Burden  
 Millie Gregory  
 Millie Jones  
 Mkhonto Gumede  
 Mohamed Patel  
 Mohamed Mufallal  
 Mohamed Weheliye  
 Mohammad Mukhtar  
 Mohammed Amin  
 Mohammed Jamil  
 Mohammed Jimale  
 Mohammed Khalid  
 Mohammed Hoque  
 Mohammed Ali  
 Mohammed Ibad Khan  
 Mohummed Numaan Zaffer  
 Molly Throup  
 Morva Leslie  
 Mr Topps (Retired)  
 Mubashir Uddin  
 Murdo Martin  
 Musaver Hussain  
 Myles Byfield

**N**

Naomi McKenzie  
 Narinder Chatha  
 Nasir Hussain  
 Natalie McCuaig-Finlay  
 Natalie Paine  
 Natalie Ratsavong  
 Natasha McLeod  
 Nathan Coulthard  
 Nathan Austin  
 Nathan Winterton  
 Nathan Wilson  
 Nathan Cavanagh  
 Nathan Petts  
 Nathan George  
 Nathan Watson  
 Nauris Vinkelis

Nayim Ahmed  
 Neely Stuart  
 Neha Shah  
 Neil Homan  
 Neil Williams  
 Neil Southgate  
 Neil Topping  
 Neil Wardlaw  
 Neil Jones  
 Neil Brownley  
 Neil Ammon  
 Neil Roessner  
 Neil Muckle  
 Neil Jeremy  
 Neil Forbes  
 Nicholas Withers  
 Nicholas Lodge  
 Nicholas Gadd  
 Nicholas Houghton  
 Nicholas Stone  
 Nicholas Lawrence  
 Nicholas Kent  
 Nicholas Culley  
 Nicholas Taylor  
 Nicholas King  
 Nicholas Hargreaves  
 Nicholas Buchanan  
 Nick Wardman  
 Nick Meese  
 Nick Walch  
 Nicky Glenister  
 Nicol Rennick  
 Nicola McWatt  
 Nicola Howlett  
 Nicola Eden  
 Nicole Andrews  
 Nigel Fleming  
 Nigel Slaughter  
 Nikolay Georgiev  
 Nile Anning  
 Nina Bolam  
 Nishit Shah  
 Noor Abed  
 Norman Schwab  
 Numan Usman  
 Nuno Pinto Da Costa

**O**

Oliver Farebrother  
 Olyvia Offley  
 Omid Ibrahim  
 Onder Madencioglu  
 Oscar Cork  
 Oskar Wedlake Hatton  
 Osman Sendur  
 Owen Tudor  
 Owen Hitch  
 Oz Masaya

**P**

Paige Makepeace  
 Paige Morgan  
 Pankaj Bhardwaj  
 Paolo Segagni  
 Paresh Nagar  
 Patrick Howlett  
 Paul Irving  
 Paul Burkett  
 Paul Kelly  
 Paul Miller  
 Paul Mills  
 Paul Clark  
 Paul Galvin  
 Paul Noyes  
 Paul Starkey  
 Paul Chapman  
 Paul Davey  
 Paul Cartledge  
 Paul Dalby  
 Paul Whittington  
 Paul Burrow  
 Paul Baxter  
 Paul Nicholls  
 Paul Cowen  
 Paul Tregaskis  
 Paul West  
 Paul Elliott  
 Paul Whitworth  
 Paul Lester  
 Paul Logue  
 Paul Semple  
 Paul Third  
 Paul Lee  
 Paul Wilson  
 Paul Haythorne  
 Paul Wixen  
 Paul Cox  
 Paul Cheetham  
 Paul Jenkinson-Finn  
 Paul Gee  
 Paul Miller  
 Paul Thomas  
 Paul Morgan  
 Paul Ace  
 Paul Tovey  
 Paul Hubbard  
 Pauline Harrison  
 Pauline Garrow  
 Pawel Warych  
 Pawel Pudelko  
 Penny Davis  
 Perran Kelly  
 Perry Taylor  
 Peter Simmonds  
 Peter Hogg  
 Peter Anderson  
 Peter Charters

# The Team

Peter Young  
 Peter Turtle  
 Peter Callan  
 Peter Hanley  
 Peter Wiles  
 Peter Goulding  
 Peter Sincock  
 Peter Crimp  
 Peter Vallely  
 Peter Knights  
 Peter Lees  
 Peter West  
 Peter Cash  
 Peter Clements  
 Petronela Enasoiaie  
 Phil Weaver  
 Philip McCarney  
 Philip Cranston  
 Philip Gallop  
 Philip Kelly  
 Philip Dunn  
 Philip Okai  
 Philip Underhill  
 Philip Speed  
 Philip Stocks  
 Philippa Smith  
 Philippa Warner-Haskell  
 Philippa Hill  
 Phillip Walters  
 Phillip Turner  
 Phillipa Hewitt  
 Phillips Adam  
 Phoebe Webb  
 Poonam Patel  
 Portia Boehmer  
 Preline Martha  
 Przemyslaw Drabinski

## Q

Quang Pham

## R

Rabinder Gill  
 Rachel Fellows  
 Rachel Johnson  
 Radoslaw Doktorski  
 Rae Williams  
 Rain Richmond  
 Raj Surani  
 Rajan Toora  
 Rajesh Thanki  
 Rajiv Vadgama  
 Rajneet Sahota  
 Ramune Mikenaitė  
 Ratip Hassan  
 Ravendra Bishun  
 Rebeca Wallis  
 Rebecca Oblein  
 Rebecca Mills

Rebecca Butler  
 Rebecca Moore  
 Rebecca Kelly  
 Rebecca Robson  
 Rebecca Love  
 Rebecca Carne  
 Reece Morgan  
 Reece Brown  
 Reece Watson  
 Reece Datson  
 Reece Brewin  
 Reece Townsend  
 Regan Alexander  
 Rhiannon Holland  
 Rhys Hedges  
 Rhys Grant  
 Richard Clark  
 Richard Bickers  
 Richard Davies  
 Richard Carter  
 Richard Oldale  
 Richard Small  
 Richard Geare  
 Richard Bourne  
 Richard Palfrey  
 Richard Bleach  
 Richard Mann  
 Richard Diamond  
 Richard Oates  
 Richard Senior  
 Richard Keane  
 Richard Prescott  
 Richard Greenwood  
 Richie Stephen  
 Rickie Byrne  
 Ricky Freeman-Roach  
 Riley Hayward  
 Rob Grassham  
 Robbie Perry  
 Robel Ghebrewold  
 Robert Adams  
 Robert Howker  
 Robert Chawner  
 Robert Parker  
 Robert Myers  
 Robert Moss  
 Robert Keohone  
 Robert Collins  
 Robert George  
 Robert Clarke  
 Robert Kweli  
 Robert Beard  
 Robert Knight  
 Robert Clark  
 Robert Allman  
 Robert Ballantyne  
 Robert Jones

Robert Black  
 Robert Pomfret  
 Robert Wyatt  
 Robert Mitchell  
 Robert Buckley  
 Robert Mould  
 Robert Hardie  
 Robert Prince  
 Robert Spencer  
 Robert Hill  
 Roberta De Benedictis  
 Robin Perrin  
 Robin Stagg  
 Robin Williams  
 Robin Tull  
 Rocky Bryan  
 Rodrigo Bermeo-Rojas  
 Rodyvik Chineah  
 Roger Gridley  
 Roger Lazenby  
 Rohit Modashia  
 Roisin Smith  
 Romal Williams  
 Romans Petuhovs  
 Ron Woolgar  
 Ronnie-Leigh Pews  
 Rory Reeves  
 Rory Warwick  
 Ross Ashbrook  
 Ross Langford  
 Ross Kerr  
 Ross Dyson  
 Ross Matthews  
 Roxanne Evans  
 Rozeena Baseth  
 Russell Cox  
 Russell Sell  
 Ryah Webster  
 Ryan Randall  
 Ryan Apark  
 Ryan Coleman  
 Ryan Ruffle  
 Ryan French  
 Ryan Izzard  
 Ryan Dunn  
 Ryan Buston  
 Ryan Farquhar  
 Ryan Howard  
 Ryan White  
 Ryan Gallagher

## S

Sabina Redlin  
 Sadie Gage  
 Sahibjit Samra  
 Salek Ahmed  
 Sally Finn  
 Sam Davis



Sam Atfield	Sebastian Whelan-Medlam	Simon Pretty
Sam Thomas	Sebastian Bridge	Simon Felix
Sam Heard	Selim Miftari	Simon Judge
Sam Cummings-Turner	Shafeek Mohamed	Simona Barticel
Samantha Leavis	Shah Hussain	Simone Hunter
Samantha Makrygiannis	Shahid Mahmood	Sinan Demir
Samantha Simons	Shamara Mckenzie-Rochester	Sinead Fisher
Samantha Gray	Shana Esworthy	Siobhan Ashman
Samantha Evans	Shane Malone	Siobhan King
Samantha Peters	Shane Till	Sion Ellis
Samantha Royle	Shane Bryan	Sophie Doggart
Samantha Davies	Shane Lindsay	Sophie Avery
Samantha Stewart	Shane Mason	Sophie Swann
Samantha Turnbull	Shanice Mckenzie Rochester	Sophie-Anne Farnworth
Sameer Jamdar	Shannon Oliver	Stefan Clark-Carter
Samuel Heath	Shannon Calf	Stefan Haworth
Samuel Kirk	Sharif Islam	Stefano Tedeschi
Samuel Robinson	Sharon Buckley	Stephanie Nevett
Samuel White	Sharon Papantoniou-Barrett	Stephanie Hogben
Samuel Yoganathan	Shaun Mayes	Stephanie Thompson
Samuel Wordsworth	Shaun Harwood	Stephanie Dinnis
Samuel Egerton	Shaun Gordon	Stephanie Kilner Roberts
Samuel Knowles	Shaun Bryan	Stephen Gaylor
Sandie Ferguson	Shaun Pawsey	Stephen Marshall
Sandra Ramsay	Shaun Owens	Stephen Bloomfield
Sanjeev Pal	Shaun Sargeant	Stephen Smith
Sara Lloyd	Sheena Smith	Stephen Seymour
Sarah Kite	Sheikh Saïdy	Stephen Freeman
Sarah Mclure	Shelley Rutter	Stephen Adams
Sarah Dobson Da Silva	Shelley Carey	Stephen Machin
Sarah Darby	Shelley Burton	Stephen West
Sarah Bacon	Shrina Shah	Stephen Corkett
Sarah Cassam	Shylo Brookes	Stephen Welsby
Sarah Jordan	Sian Austen	Stephen Kelly
Sarah Burnard	Sian Hart	Stephen Foote
Sarah Buchan	Silvi Atanasova	Stephen Lopes
Sarah Rose	Silvonne McLean	Stephen Hall
Sarah Cunningham	Simon Green	Stephen Carr
Satvinder Sandhu	Simon Brookfield	Stephen Anthony
Savio Coutinho	Simon Witham	Stephen Collins
Scott Ahmad	Simon Roberts	Stephen Maidment
Scott Bond	Simon Chappell	Stephen Sanders
Scott Birdseye	Simon Pitt	Stephen Amos
Scott Summers	Simon Morgan	Stephen Boyd
Scott Thirlaway	Simon Grimmett	Stephen Clayton
Scott Johnston	Simon Leslie	Stephen Edmonds
Scott Vickers	Simon Lewis	Stephen Nicol
Scott Ottaway	Simon Lasham	Stephen Harrington
Scott Cameron	Simon Beare	Stephen Brown
Scott McCartney	Simon Coombs	Stephen Avent
Sean Cahill	Simon Marks	Stephen Riley
Sean Dare	Simon Neal	Stephen Stubbs
Sean Gee	Simon Webb	Stephen Johnson
Sean McLean	Simon Bodell	Stephen Edwards
Sean Taylor	Simon Farley	Steve Boardman
Sean Brandist	Simon Jackson	Steven Whitehead
Sean Collins	Simon Chapman	Steven Macarthur

# The Team

Steven Wood  
 Steven Presley  
 Steven Kernot  
 Steven Richards  
 Steven Howells  
 Steven Dooley  
 Steven Dyer  
 Steven Higgins  
 Steven Ives  
 Steven Kane  
 Steven Gillham  
 Steven Souter  
 Steven Barrowcliffe  
 Steven Stevens  
 Steven Langley  
 Steven West  
 Stuart Rees  
 Stuart Ross  
 Stuart Whitby  
 Stuart Munton  
 Stuart Corlett  
 Stuart Davey  
 Stuart Williams  
 Stuart Barrett  
 Stuart Harris  
 Stuart Fletcher  
 Stuart Langford  
 Stuart Smith  
 Stuart Furlonger  
 Stuart Tannock  
 Stuart Clarke  
 Stuart Perkins  
 Summer Ellison  
 Susan Bill  
 Susan Black  
 Susan Law  
 Susan Shields  
 Susanna Horwood  
 Syed Ali  
 Syedmustakim Ali

**T**  
 Tahmid Islam  
 Talia Blackwell  
 Tammie Spencer  
 Tammie O'Lone  
 Tara Smith  
 Tarik Bensadik  
 Tasha Woodward  
 Tauseef Usman  
 Taylor Smith  
 Terence Dooley  
 Terry Salisbury  
 Terry Smith  
 Terry Butler

Terry Prince  
 Thomas Moran  
 Thomas Ryan  
 Thomas Evans  
 Thomas Cunningham  
 Thomas Wade  
 Thomas Murray  
 Thomas Swain  
 Thomas Oiley  
 Thomas Parkes  
 Thomas Seaden  
 Thomas Ross  
 Thomas Utting  
 Thomas Whitlock  
 Thomas Miller  
 Thomas Wade  
 Thomas Gercs  
 Thomas Quinn  
 Thomas Johnson  
 Thomas Caldicott  
 Thomas Ashmore  
 Thomas Davies  
 Tiago Ferreira  
 Tiffany Lambert  
 Tim Chatfield  
 Tim Richards  
 Tim Hodges  
 Timea Szabo  
 Timothy Boardman  
 Timothy Tatlock  
 Timothy Tuff  
 Timothy Bentley  
 Timothy Stanhope  
 Timothy Hartwick  
 Timothy Duggan  
 Toby Collins  
 Todd Routledge  
 Tom Newman  
 Tom Wilson  
 Tomasz Kula  
 Tomasz Podstawka  
 Toni Gormley  
 Tony Dumbleton  
 Tracey Waterman  
 Tracy Wearmouth  
 Tracy Fitzpatrick  
 Tracy Clewes  
 Trevor Thomas  
 Trevor Hinde  
 Troy Miller  
 Troy Fearon  
 Tyler King  
 Tyrell Beckham  
 Tyrone Horne

**U**  
 Udo Jungbecker  
 Umut Ortac  
 Useni Feno  
 Uwais Ghumra

**V**  
 Valentin Ivan  
 Valerie Smith  
 Vanita Bland  
 Vaughan Batchelor  
 Veronica Evett  
 Veronica Zudaire  
 Vicky Hall  
 Victor Anim  
 Victoria Moore  
 Victoria Carrington  
 Victoria Marshall  
 Vi-Dung Luong  
 Viktor Maslov  
 Vilius Meilus  
 Vincent Gallagher  
 Vinod Joshi  
 Viorica Grapa

**W**  
 Waqar Raja  
 Warren Bester  
 Warren Pettersen  
 Wayne Randall  
 Wesley Appadoo  
 Will Carter  
 William Bailey  
 William Barreda  
 William Wylie  
 William Lewinton  
 William Short  
 William Wyatt  
 William Buxton  
 William Foxley  
 Wyn Dunn-Davies

**Y**  
 Yohannes Getachew  
 Youcef Sadiki  
 Youssef Djeraoui  
 Yvonne Burgess  
 Yvonne Hardingham

**Z**  
 Zahid Hossain  
 Zaibaa Hussein  
 Zara Caldwell  
 Zoe Atkinson  
 Zoe Payne  
 Zoe Turner  
 Zoe Lees Walters  
 Zoe Gilbert  
 Zydrunas Slazikas



# Store Locations

## LONDON

Acton  
Balham Boutique  
Barking  
Battersea  
Bayswater Boutique  
Beckenham Topps  
Beckton  
Blackheath Boutique  
Bow  
Brentford  
Brixton  
Bromley Common  
Catford Bromley Rd  
Charlton  
Cheam  
Chelsea Boutique  
Chesham  
Chingford  
Clapham Boutique  
Colindale  
Croydon  
Croydon Purley  
Dartford  
Denham  
Dorking  
Dulwich Boutique  
East Sheen  
Eltham  
Enfield  
Feltham  
Forest Hill  
Fulham Boutique  
Golders Green  
Hampstead Heath Boutique  
Harrow  
Hayes Topps  
Hemel Hempstead  
Highgate  
Hounslow  
Ilford  
Ilford Seven Kings  
Islington Boutique  
Kingston  
Leyton  
Mile End  
Muswell Hill Boutique  
New Southgate  
North Finchley  
Old Kent Road  
Orpington  
Orpington Clay  
Park Royal Topps  
Penge  
Raynes Park  
Redhill  
Romford  
Ruislip  
Sevenoaks  
Seven Sisters

Shoreditch  
South Bermondsey  
Southall  
St Albans  
St Johns Wood Boutique  
Staples Corner Topps  
Streatham  
Surbiton  
Sydenham  
Tooting  
Twickenham  
Uxbridge  
Vauxhall  
Waltham Cross  
Walton on Thames Boutique  
Wandsworth  
Wembley  
West Drayton  
Willesden  
Wimbledon  
Wimbledon Boutique  
Wood Green

## MIDLANDS

Barnsley  
Binley  
Boston  
Burton upon Trent  
Cannock  
Chesterfield  
Congleton  
Crewe  
Derby  
Derby Osmaston  
Doncaster  
Doncaster Sprotbrough  
Erdington  
Fenton  
Grantham  
Great Barr  
Grimsby  
Grove Park  
Kettering Baron  
Kidderminster  
Kings Heath  
Kings Norton  
Leicester  
Lichfield  
Lincoln Outer Circle  
Lincoln St Marks  
Long Eaton  
Loughborough  
Mansfield  
Nantwich  
Newark  
Newcastle-under-Lyme  
Northwich  
Nottingham Poulton  
Nuneaton  
Redditch

Rotherham  
Sheffield Hillsborough  
Sheffield Meadowhall  
Sheldon  
Shrewsbury  
Solihull  
Spalding  
Stoke  
Stourbridge  
Stratford upon Avon  
Tamworth  
Telford  
West Bromwich  
Wolverhampton  
Worksop

## NORTH

Aintree  
Alnwick  
Anfield  
Barrow  
Beverley  
Birkenhead  
Blackburn  
Blackpool  
Bolton  
Bradford  
Bury  
Carlisle  
Cheadle  
Cheetham Hill  
Chester  
Chorley  
Cleveleys  
Darlington  
Durham Dragonville  
Failsworth  
Gateshead  
Halifax  
Harrogate  
Huddersfield  
Hull  
Hyde  
Knutsford Boutique  
Leeds  
Macclesfield  
Morecambe  
Northallerton  
Oldham  
Ormskirk  
Pontefract  
Preston  
Sale  
Salford  
Scarborough  
Scunthorpe  
ShIPLEY  
Skegness  
Snipe (Audenshaw)  
Southport

St Helens  
Stockport  
Stockton  
Sunderland  
Tyneside  
Wakefield Ings Road  
Warrington  
Widnes  
Wigan  
Wilmslow Boutique  
Workington  
York Clifton Moor

## SCOTLAND AND NORTHERN IRELAND

Aberdeen Bridge of Don  
Aberdeen Wellington  
Ayr  
Belfast Boucher Road  
Belfast Newtownabbey  
Dundee  
Edinburgh  
Elgin  
Fort Kinnaird  
Glasgow  
Govan Topps  
Greenock  
Hillington  
Inverness  
Kirkcaldy  
Perth  
Shawfield  
Sighthill  
Wishaw

## SOUTH

Abingdon  
Amersham  
Ashford  
Aylesbury  
Banbury  
Barnstaple  
Basildon  
Basingstoke  
Bath  
Bedford Elms  
Bexhill  
Bicester  
Bishops Stortford  
Bodmin  
Bognor Regis  
Borehamwood  
Bounds Green  
Bournemouth  
Bracknell  
Braintree  
Brentwood  
Bridgewater  
Brighton  
Bristol

# Store Locations

Broadstairs  
 Buckingham  
 Bury St Edmunds  
 Byfleet  
 Camberley  
 Cambridge  
 Canterbury  
 Chelmsford  
 Chelmsford Springfield  
 Cheltenham  
 Chichester  
 Chippenham  
 Christchurch  
 Cirencester  
 Clacton on Sea  
 Clevedon  
 Colchester  
 Crayford  
 Cribbs Causeway  
 Cromer  
 Dorchester  
 Dover  
 East Molesey  
 Eastbourne  
 Erith  
 Evesham  
 Exeter Trusham Rd  
 Exmouth  
 Fareham Topps  
 Farnborough  
 Farnham  
 Folkestone  
 Frome  
 Gatwick  
 Glastonbury  
 Gloucester  
 Gravesend  
 Grays  
 Great Yarmouth  
 Guildford  
 Hailsham  
 Harlow  
 Havant  
 Hedgend  
 Hengrove  
 Hereford  
 High Wycombe  
 Horsham  
 Huntingdon  
 Ipswich  
 Isle of Wight  
 Isleworth  
 Kings Lynn  
 Launceston  
 Leitchworth  
 Lewes

Loughton  
 Lowestoft  
 Luton  
 Maidstone  
 Maidstone Langley  
 Market Harborough  
 Martlesham  
 Millbrook (Southampton)  
 Milton Keynes  
 Moreton in Marsh  
 Newbury  
 Newhaven  
 Newton Abbot  
 Northampton  
 Northampton Brackmills  
 Norwich  
 Norwich Hall Road  
 Norwich Heigham  
 Oxford  
 Oxford Botley  
 Penzance  
 Peterborough (Rex Centre)  
 Peterborough Boongate  
 Plymouth  
 Poole  
 Portsmouth  
 Rayleigh  
 Reading  
 Reading Rose Kiln Lane  
 Ringwood  
 Rugby  
 Rustington  
 Salisbury  
 Saltash  
 Sittingbourne  
 Slough  
 Southend  
 St Neots  
 Stamford  
 Stevenage  
 Strood  
 Stroud  
 Sudbury  
 Sutton  
 Swindon  
 Swindon Stratton  
 Taunton  
 Theford  
 Thurrock  
 Tonbridge  
 Torquay  
 Truro  
 Tunbridge Wells  
 Uckfield  
 Waterlooville  
 Watford Imperial

Wellingborough  
 Welwyn Garden City  
 Weston Super Mare  
 Weymouth  
 Winchester  
 Windsor  
 Wisbech  
 Witney  
 Woking  
 Wokingham  
 Worcester  
 Yeovil

## WALES

Bangor  
 Barry  
 Bridgend  
 Cardiff  
 Cardiff Newport Road  
 Carmarthen  
 Cross Hands  
 Flint  
 Haverfordwest  
 Llanelli  
 Merthyr Tydfil  
 Neath  
 Newport  
 Rhyl  
 Swansea Cwmdu  
 Swansea Llan Samlett  
 Wrexham



PICTURED

Elion™ porcelain wall and floor tile,  
Microline White ceramic wall tile



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[www.toppstiles.co.uk](http://www.toppstiles.co.uk)