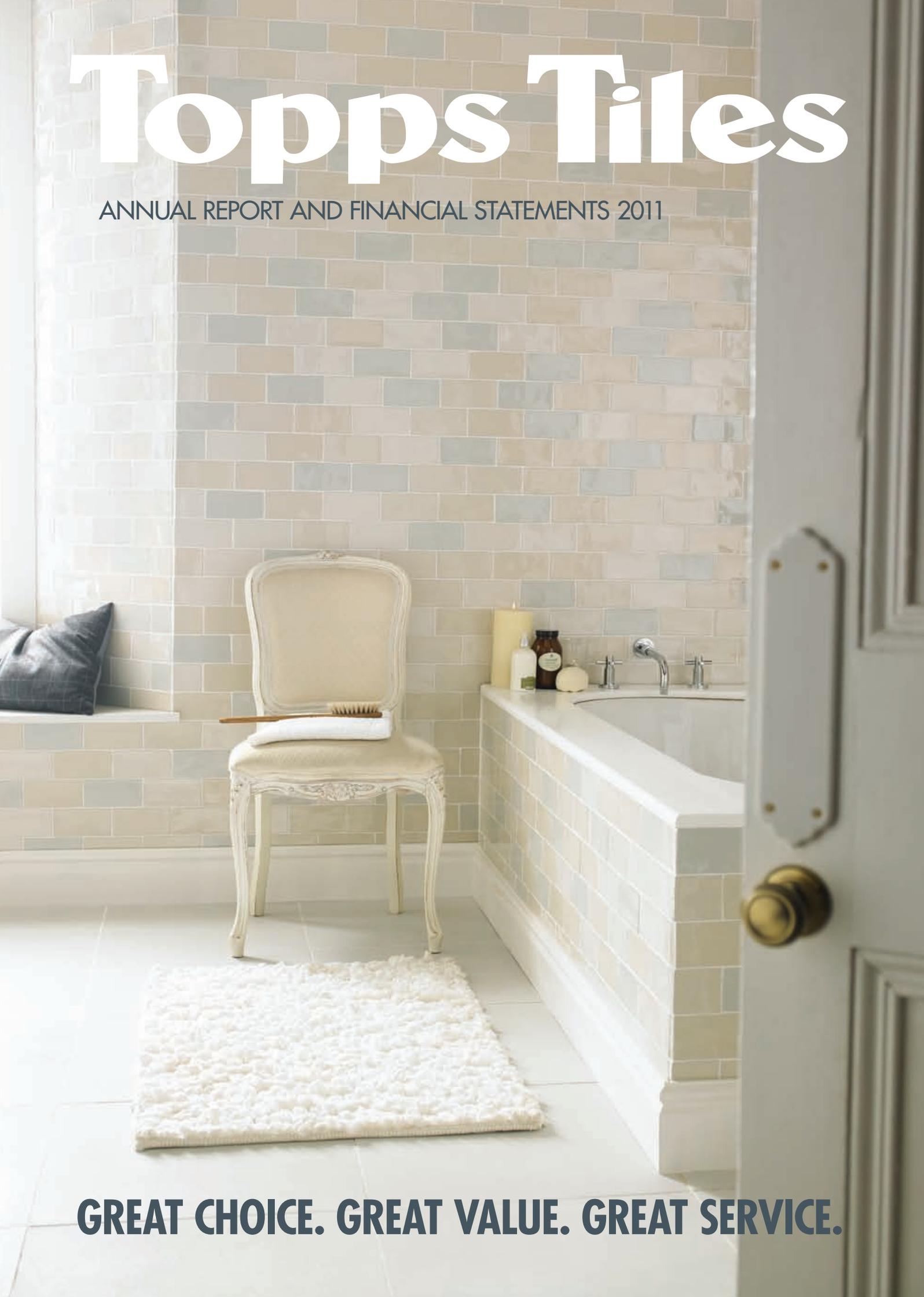


# Topps Tiles

ANNUAL REPORT AND FINANCIAL STATEMENTS 2011



**GREAT CHOICE. GREAT VALUE. GREAT SERVICE.**

## INTRODUCTION

“WITH VERY CHALLENGING TRADING CONDITIONS PERSISTING THROUGHOUT THE SECOND HALF OF OUR FINANCIAL PERIOD, OUR FOCUS HAS BEEN ON **STRENGTHENING OUR MARKET LEADING POSITION**. WE FURTHER UPGRADED AND EXPANDED OUR STORE ESTATE, CONTINUED THE EVOLUTION OF THE TOPPS TILES OFFER AND SUPPORTED THIS WITH **NEW MARKETING INITIATIVES** IN-STORE, ON TELEVISION AND ONLINE. IN ADDITION, WE MADE SOME **SIGNIFICANT INFRASTRUCTURE INVESTMENTS** ACROSS THE BUSINESS WHICH WILL BENEFIT OUR FUTURE PERFORMANCE.”

### MATTHEW WILLIAMS

CHIEF EXECUTIVE OFFICER

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## THE YEAR IN BRIEF

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**£175.5m**Group revenue  
(53 weeks ended 2 October 2010: £182.4m)**£18.2m**Adjusted operating profit<sup>1</sup>  
(53 weeks ended 2 October 2010: £21.1m)**-2.0%**Like-for-like revenue  
(53 weeks ended 2 October 2010: +1.7%)**£13.9m**Adjusted profit before tax<sup>2</sup>  
(53 weeks ended 2 October 2010: £16.3m)**59.6%**Gross margin  
(53 weeks ended 2 October 2010: 58.7%)**5.50p**Adjusted earnings per share<sup>3</sup>  
(53 weeks ended 2 October 2010: 6.18p)**£14.0m**Operating profit  
(53 weeks ended 2 October 2010: £19.9m)**0.6p**Final dividend  
(53 weeks ended 2 October 2010: 1.0p)**£7.9m**Profit before tax  
(53 weeks ended 2 October 2010: £12.4m)**1.1p**Total dividend  
(53 weeks ended 2 October 2010: 1.0p)**3.04p**Basic earnings per share  
(53 weeks ended 2 October 2010: 5.37p)

<sup>1</sup> 2011 adjusted operating profit is adjusted for exceptional items being the impairment of plant, property and equipment of £1.1 million (2010: £0.8 million), an inventory charge of £1.3 million (2010: £nil), and an increase in property related provisions of £1.9 million (2010: £0.4 million)

<sup>2</sup> 2011 adjusted profit before tax is adjusted for the effect of exceptional items above plus:  
 – write off of remaining 2006 loan fees of £0.2 million (2010: £nil)  
 – property disposal gain of £nil (2010: £0.1 million)  
 – £1.6 million (non-cash) charge relating to the interest rate derivatives that the Group has in place (per IAS 39) (2010: £2.8 million)

<sup>3</sup> Adjusted for the post tax effect of exceptional items highlighted above

Please note this report has been prepared for the 52 weeks ended 1 October 2011 and the comparative period was prepared for the 53 weeks ended 2 October 2010. With the exception of the Group like-for-like revenue measure which is comparable, the reported figures are presented on this basis and are not entirely comparable. The impact of the additional week in 2010 was to increase revenue by £3.6 million and operating profit by £0.4 million. Like-for-like revenues are defined as sales from stores that have been trading for more than 52 weeks.

## OUR STRATEGY

# 2

THE TOPPS' STRATEGY IS FOCUSED ON DELIVERING OUTSTANDING VALUE TO OUR CUSTOMERS TO ENSURE THEY ALWAYS "RETURN AND RECOMMEND". THIS HAS ENABLED US TO INCREASE OUR COMPETITIVE ADVANTAGE, BY FURTHER INCREASING MARKET SHARE; BUILT UPON THE STRONG FOUNDATIONS OF **CUSTOMER SERVICE, PRODUCT OFFER AND LOCALATIONAL CONVENIENCE.**



### CUSTOMER SERVICE

Customer service remains our number one priority and it is our policy to be honest, helpful and knowledgeable but never pushy. We invest extensively in training to ensure our staff have the best product knowledge in the industry. We mystery shop the customer experience in all our stores every month and encourage all customers to complete a satisfaction survey.

### PRODUCT OFFER

As a specialist we are able to offer a huge range of products with many of them in stock and available to take away. Many of our key lines are imported directly from factories all over the world which ensures that we can offer the very latest tastes and trends to our customers, often on an exclusive basis.

### LOCALATIONAL CONVENIENCE

We have over 300 locations nationwide in easily accessible, highly visible locations, all with customer parking; thereby ensuring that the majority of the UK population have a store near them. In addition our website allows customers to review our range in advance, either purchasing directly online or visiting a store to discuss their project and benefit from our exceptional customer service.

### OUTSTANDING VALUE

When these three key elements of our business are combined we believe we offer outstanding value. Our existing customers satisfaction surveys are the best possible validation of this and their recommendations are an important source of future growth for the business. Over the past year, 88.1% of our customers have told us that they would recommend us to friends and family, something we are incredibly proud of.

# CHAIRMAN'S STATEMENT

3



**Michael Jack** – Chairman

“TOPPS HAS MAINTAINED ITS POSITION AS BRITAIN’S NUMBER ONE TILE RETAILER BY GIVING ITS CUSTOMERS INSPIRATION FOR THEIR HOME IMPROVEMENT PROJECTS, OUTSTANDING VALUE FOR MONEY AND EXCEPTIONAL LEVELS OF SERVICE.”

## OUR BUSINESS

Our expectation for the year was that it would again be tough for retailers in our sector and that proved to be the case. Nevertheless, we were encouraged by our first half performance, which saw overall revenues grow by 1.8% on a like-for-like basis. However, as we progressed through the second half the combined effects of a deteriorating economic outlook, stagnation in the housing market and falls in domestic purchasing power further undermined consumer confidence. Inevitably this has had a negative impact on our business and like-for-like revenues were down 2.0%. Total revenue for the financial period was £175.5 million with adjusted profit before tax<sup>2</sup> of £13.9 million, down from £16.3 million in the prior period. Notwithstanding this difficult trading backdrop our gross margin remained robust at 59.6% (2010: 58.7%).

In our previous Annual Report we committed ourselves to prudent cost management, further investment in key infrastructure and a targeted growth in our store estate. Good progress has been made against all of these objectives, enabling the Group to:

- Grow the store estate to 320 by the period end, up from 312
- Convert five Tile Clearing House sites to the more profitable Topps format
- Complete our new warehouse, enabling a longer term shift towards more direct sourcing, thereby enhancing margins
- Commence the implementation of a new IT system
- Build greater awareness of the Topps brand through national TV campaigns

## OUR PEOPLE AND THEIR CONTRIBUTION

A keen focus on the demands of the customer is at the heart of any successful retail business. Feedback from our rigorous “mystery shop” monitoring has confirmed that Topps is now in the top 10% of retailers in Europe when it comes to levels of customer service. This result validates our policy of continuous “on the job” staff training. Such a result could not have been achieved without the hard work and commitment of everyone who works at Topps, either in store or as part of our support functions. Our staff have also demonstrated their community spirit through their unerring support of the Help for Heroes campaign. On behalf of the Board, I would like to thank them all for their remarkable contribution to the business, and the wider community, across the entire year.

## CORPORATE GOVERNANCE

This year Barry Bester, our Chairman since 2003, and co-founder of the business, brought his time with Topps to a close. After 26 years of dedicated commitment to the business, he announced in May that he wished to pursue his other business interests. Stuart Williams, co-founder and Company President has also announced his intention to conclude his formal involvement with the Group. Together Stuart and Barry formed a partnership which helped to take Topps from a private business, with just a few stores, to today’s publicly quoted enterprise with 321 outlets nationally. We owe both of them a deep debt of gratitude for all they have done to help develop Topps into Britain’s number one tile retailer.

The Board recognises the need to recruit additional independent Non-Executive Directors to bring the Board into line with corporate governance best practice. This process is well advanced and we expect to be in a position to make an announcement early in 2012.

<sup>2</sup> As explained on page 1

# CHAIRMAN'S STATEMENT

## CONTINUED

# 4



Our new Sage Metro brings this classic brick shaped ceramic up to date with an on-trend colour palette.

Metro



The satin finish of Chic gives a handmade appearance, a perfect choice for adding character into room design.

Chic

### DIVIDEND

Last year we announced the resumption of dividend payments. Although trading has been tough in this financial period, prudent financial management has enabled the Board to recommend to shareholders a final dividend of 0.6p per share. This will cost £1.1 million. Subject to approval at the Annual General Meeting the dividend will be payable on 31 January 2012 to all shareholders on the register as at 30 December 2011. This brings the total dividend for the year to 1.1p per share (2010: 1.0p per share), an increase of 10%.

### OUR FUTURE

Looking ahead, we recognise that economic conditions will remain difficult in 2012, with consumer budgets again under pressure. However, we will remain focused on maintaining our market leading position safeguarding our margins and looking at further ways in which cost can be taken out of the business.

At store level our product presentation will be enhanced to enable us to continue the theme of inspiring customers' home improvement plans. We will also invest in staff training and development to ensure a continuity of well qualified staff, trained to deliver Topps' outstanding customer service. Our online presence will be developed so that customers can more easily choose the tile that is just right for them. We will also continue to look for opportunities to open a limited number of new stores in those parts of the country where we are under-represented. All of these initiatives will be supported by sustained marketing spend, with improved targeting, to ensure that our message of great prices, unparalleled product ranges, and superb service is communicated to both our retail and trade customers alike.

### Michael Jack

Chairman

28 November 2011

# £13.9m

Adjusted profit before tax<sup>2</sup>  
(53 weeks ended 2 October 2010: £16.3m)

# 1.1p

Total dividend  
(53 weeks ended 2 October 2010: 1.0p)

<sup>2</sup> As explained on page 1

# CHIEF EXECUTIVE'S STATEMENT

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**Matthew Williams** – Chief Executive Officer

“LOOKING AHEAD, WE EXPECT ECONOMIC CONDITIONS WILL REMAIN DIFFICULT IN 2012, WITH CONSUMER BUDGETS AGAIN UNDER PRESSURE. OUR RESPONSE WILL BE TO TAKE FURTHER COST OUT OF THE BUSINESS, GROW MARGIN AND MAXIMISE SALES OPPORTUNITIES, WHILE MAKING OPERATIONAL IMPROVEMENTS THAT WILL POSITION THE BUSINESS FOR FUTURE GROWTH AS ECONOMIC CONDITIONS IMPROVE.”

Our focus during the period has been on strengthening our market leading position by continuing to deliver outstanding service and excellent value, high quality products to our customers. We further upgraded and expanded our store estate, continued the evolution of the Topps Tiles offer and supported this with new marketing initiatives in-store, on television and online. In addition, we made some significant infrastructure investments across the business, which will benefit our future performance.

Prudent management of all costs remained a key focus. In addition we also reviewed a number of our retail processes to both further improve our proposition to customers and enhance financial performance.

The economic environment has continued to be challenging and, in particular, we saw a slowing in customer numbers during the second half of our financial period. That said, the business remains financially well positioned and the strong operational progress made during the year will enable us to continue to progress our growth plans.

## THE MARKET

Topps has seen its position as the UK's leading tile retailer strengthen further during the period, with our share of the non-contract tile market growing to 26% (2010: 25%) (source: MBD). Our unwavering focus on offering our customers outstanding service and value enabled the Group to, once again, outperform the market.

Tile consumption in the UK continues to be low in comparison to the rest of Europe (roughly one third of the demand experienced in Northern Europe, source: MBD). However long-term growth, based on projections of an increase in housing stock and consumer usage of tiles, remains attractive. Against this background we believe there is potential for up to 400 Topps Tiles stores in the UK.

## STORE DEVELOPMENT AND EXPANSION

With a continuing backdrop of challenging trading conditions our focus has been on optimising returns from the existing store estate by adding new stores selectively and targeting tactical re-sites of individual stores where this is supported by the local market opportunity.

Over recent years our store expansion strategy was realigned to reflect the deterioration in the economic environment. In the 2009/10 financial period we returned to growth in store numbers and this activity accelerated in the period under review. In the last 12 months we opened 15 new stores and closed seven stores (of which three were relocations), resulting in a net increase of eight stores and completing the financial period with 320 stores. New store openings have performed well and we are very satisfied with the return on investment. In the year ahead we have plans in place to increase the size of the business by approximately five new stores.

We have continued with our programme of converting Tile Clearing House stores into the more profitable Topps Tiles format and have completed five in the financial period. Trading results from these conversions have been pleasing and a further 15 are planned for the year ahead. This will leave 16 Tile Clearing House stores which will function as clearance units for the Topps stores.

Our improved and expanded website was relaunched during the period. The response has been very encouraging, with record numbers of people visiting the site and staying online for longer periods than ever before. Our online presence is now an increasingly important factor in driving store footfall as a growing number of customers undertake the research phase of their project online before visiting our stores. To help them with this process we have introduced more inspirational room set photography, a greater variety of design ideas and a completely new market-leading interactive “visualiser”. This enables customers to choose from our extensive range of wall and floor tiles and model them into a variety of different room settings.

# CHIEF EXECUTIVE'S STATEMENT

## CONTINUED

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Marfil



Bardiglio

We have also improved the site navigation and checkout procedures as well as updating the visual presentation to mirror the latest in-store experience. While we expect the primary role of the website to remain as a customer research tool, it is also playing a growing role as a direct sales channel, with online revenues now representing around 1.5% of sales (2010: 1%). We expect this to continue to grow and play an ever increasing role in our customer offer.

### INFRASTRUCTURE

During the period we completed the construction of our second warehousing facility at our Leicestershire headquarters at a cost of c.£3 million. This warehouse is now fully operational and will form a key part of our logistics strategy over the coming years, giving us the operational capacity for up to 400 stores. In particular, the additional capacity will allow us to source more products direct from the manufacturer, decreasing the proportion sourced via third party distributors and delivering a gross margin benefit.

During the next financial period we will be implementing a new enterprise-wide information technology system of which the majority of the implementation will occur in the second half. This new system, which will add much greater functionality across a range of disciplines, will be a key enabler for a number of new processes and customer initiatives. The total cost of the system implementation will be approximately £1 million, the majority of which has been spent in this financial period.

### CUSTOMER SERVICE

As the UK's leading tile specialist, the provision of exceptional levels of customer service is a key differentiator of the Topps Tiles brand.

Over the course of the last year we have changed the way we measure customer satisfaction and adopted the Net Promoter Scoring system. The score is calculated based on customers' 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 less the percentage of detractors, thereby creating a possible range of –100% to +100%. Over the financial period we have scored 88.1% against this measure and consider this a very clear endorsement of our customer service ethic. The measure used for 2010 is not directly comparable.

### MARKETING, ADVERTISING AND SPONSORSHIP

The evolution of the Topps Tiles brand continued during the period, in line with our greater emphasis on inspiring customers and reaching beyond our traditional customer base. Our product brochures and in-store merchandising have been repositioned to reflect customers' increased focus on style as the principal driver in their purchase decision. This approach also provides consistency with our improved consumer website. Greater emphasis has also been given to the breadth of our ranges, with a greater focus on being able to attract high end customers, as well as retaining those attracted by our traditional value message.

**£175.5m**

Group revenue  
(53 weeks ended 2 October 2010: £182.4m)

**£18.2m**

Adjusted operations profit<sup>1</sup>  
(53 weeks ended 2 October 2010: £21.1m<sup>1</sup>)

<sup>1</sup> As explained on page 1



**Our charming range of crackle glaze tiles introduces Vintage Style to our brand, perfect for kitchens and bathrooms.**

Chic Crazele



**Our new and exclusive Matrix brand offers a multitude of colours and tones in classic proportions.**

Matrix Botanic

### MARKETING, ADVERTISING AND SPONSORSHIP (CONTINUED)

Over the course of the last financial period we increased our level of marketing expenditure by approximately £1 million in order to drive footfall and increase our market share. Television advertising and sponsorship has proved to be the most effective way to build consumer awareness of the Topps brand. In the early part of the period we ran a national weather sponsorship campaign with ITV and subsequent TV campaigns across a variety of national terrestrial and digital channels have also been successful in driving store footfall. To complement this we will continue to communicate the inspirational range through home interest magazines and PR. We are planning to sustain a similar level of marketing expenditure in the year ahead. A trade-focused campaign will run in parallel with the consumer campaign, in line with our strategy of securing a greater proportion of trade project spend.

### COMMUNITY

Topps' commitment to its local communities through sponsorship and charitable activity remains strong. We aim to make positive contributions to those communities served by our stores, working closely with them to promote our primary aim of being a "good neighbour".

We currently sponsor over 300 youth football teams nationwide, providing the teams with support, new kits and equipment.

Our work for the charity, Help for Heroes, which we have been supporting since 2008, has gone from strength to strength and we have already helped to raise over £160,000 for this very worthy cause. We also work with the British Association of Modern Mosaic ("BAMM"), sponsoring two national competitions and supporting the promotion of mosaic art in schools and community groups countrywide.

### STAFF DEVELOPMENT

Our people are fundamental to fulfilling our key objective of delivering excellent customer service and this remains as important as ever. We continue to invest in their professional development through a sophisticated in-store e-learning system, which is developed and administered in-house, providing new courses and regular updates. During the year we rolled-out new programmes to equip all store staff with the product and technical knowledge to support our "customer inspiration" agenda, as well as specialist sales skills training. The initial results from this programme have been encouraging, with a greater consistency of standards already evident across the store estate.

All our staff are incentivised with competitive benefit packages and performance based rewards, and we encourage internal promotion. We anticipate that staffing levels will increase in line with the progressive expansion of the store base.

### CURRENT TRADING AND OUTLOOK

In the first seven weeks of the new financial period, Group revenues, which are on a like-for-like basis, decreased by 6.9%.

Looking ahead, we expect economic conditions will remain difficult in 2012, with domestic budgets again under pressure. Our response will be to take further cost out of the business, grow margin and maximise sales opportunities, while making operational improvements that will position the business for future growth as economic conditions improve.

#### Matthew Williams

Chief Executive Officer

28 November 2011

**-2.0%**

Like-for-like revenue  
 (53 weeks ended 2 October 2010: +1.7%)

**88.1%**

Net Promoter Score  
 (53 weeks ended 2 October 2010: n/a)

# Great

TOPPS TILES FEATURES AN **UNRIVALLED RANGE** OF PRODUCTS WITH THE LATEST DESIGNS SOURCED FROM AROUND THE WORLD. WE CATER FOR EVERY BUDGET, IN ANY STYLE, FOR ANY ROOM AND IN ANY MATERIAL, FROM THE PERIOD BEAUTY OF NATURAL STONE AND REAL WOOD TO THE VERSATILITY OF MOSAICS AND THE CONTEMPORARY FEEL OF GLASS. AT TOPPS TILES WE REALLY DO HAVE **TILES FOR EVERYONE.**

Meeting our customers' desires to be inspired, our new style guides help customers identify looks and designs to suit their living space.



# oice

Vibia



Monaco Mosaic

Complementing our fantastic range of mosaics, this unique glass and marble mix is available in Pearl and Graphite.



Henley Warm

The new Henley range, using inject technologies to replicate traditional Encaustic design, is one of our most exciting new additions.



**Matthew Williams** – Chief Executive Officer



**Rob Parker** – Finance Director

**Cautionary statement**

This Business Review, Chairman’s statement and Chief Executive’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 Business Review, Chairman’s statement and Chief Executive’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 Business Review, have complied with section 417 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.

**NATURE, OBJECTIVES AND STRATEGIES OF THE BUSINESS**

Topps Tiles is a specialist tile and wood flooring retailer with 320 outlets across the UK, and is the country’s largest retailer of its kind with a 26% market share. The Group operates two retail brands, Topps Tiles (“Topps”) and Tile Clearing House (“TCH”). Topps is the UK’s leading branded tile retailer with 289 stores offering wall and floor tiles, natural stone, laminate, solid wood flooring and a comprehensive range of associated products such as underfloor heating, adhesives and grouts. TCH is a discount retail format, comprising a further 31 stores with a mini warehouse design and a “when it’s gone it’s gone” style customer offer.

The Group strategy is focused on delivering outstanding value and service to our customers. The key elements to the success of this strategy are the friendly professionalism and expertise of our staff, store locations, product choice and availability.

Key operational objectives:

- Deliver outstanding value for money and service to ensure customers always “return and recommend”
- Maintain and extend our market leading position
- Manage the store estate prudently, opening new stores where opportunities arise that complement the existing estate and review of the existing store portfolio to ensure we are keeping track with consumer shopping patterns and our cost base is as efficient as possible
- Continued evolution of the in-store customer offer to maintain our competitive advantage
- Further development of the e-commerce offering to maintain leading edge customer service

“OUR PRIMARY OBJECTIVES CONTINUE TO BE FOCUSED ON OPTIMISING RETURNS FROM THE EXISTING ESTATE, CAREFUL MANAGEMENT OF OUR COST BASE AND IMPROVING OUR FINANCIAL FLEXIBILITY. OUR MOST RECENT TRADING PERIOD DEMONSTRATED THE FRAGILITY OF UK CONSUMER CONFIDENCE AND PROVIDES FURTHER RE-ENFORCEMENT THAT OUR CURRENT STRATEGY AND OBJECTIVES ARE APPROPRIATE FOR THE BUSINESS AT THE PRESENT TIME.”

Key financial objectives:

- Primary focus on increasing revenues and cash generation, maintaining tight cost control and optimising gross margins
- Maximising earnings per share and shareholder returns, including bi-annual review of our dividend policy
- Ongoing supplier tendering and benchmarking of non-stock suppliers
- Managing the Group’s exposure to fluctuations in foreign exchange rates
- Maintaining a capital structure which enables an appropriate balance of financial flexibility and capital efficiency

Progress against these objectives is discussed throughout this report and, where appropriate measures are utilised, these are included in the Key Performance Indicators section.

OPERATIONAL REVIEW

Our primary objectives continue to be focused on optimising returns from the existing estate, careful management of our cost base and improving our financial flexibility. Our most recent trading period demonstrated the fragility of UK consumer confidence and provides further reinforcement that our current strategy and objectives are appropriate for the business at the present time.

Over the financial period we have maintained our focus on cost control and have only seen increases in costs resulting from inflationary factors, one-off items or where we have decided that additional investment was appropriate, such as increased marketing expenditure. Further detail of expenditure is provided within the Financial Review.

KEY PERFORMANCE INDICATORS (“KPIs”)

The Directors monitor a number of financial and non-financial metrics and KPIs for the Group and by individual store, including:

**Financial KPIs**  
52 weeks to 1 October 2011

**-2.0%**

Like-for-like sales growth year-on-year  
(53 weeks to 2 October 2010: +1.7%)

**-3.8%**

Total sales growth year-on-year  
(53 weeks to 2 October 2010: +2.0%)

**59.6%**

Gross margin  
(53 weeks to 2 October 2010: 58.7%)

**£13.9m**

Adjusted PBT<sup>2</sup>  
(53 weeks to 2 October 2010: £16.3m)

**£50.9m**

Net debt  
(53 weeks to 2 October 2010: £49.1m)

**123**

Stock days  
(53 weeks to 2 October 2010: 121)

<sup>2</sup> Adjusted PBT as defined on page 1

**BUSINESS REVIEW**  
CONTINUED



Buxton



Victorian Mosaic

**Non-financial KPIs**

**26%**

Market share  
(53 weeks to 2 October 2010: 25%)

**88.1%**

Net Promoter Score  
(53 weeks to 2 October 2010: n/a)

**n/a**

Customer satisfaction  
(53 weeks to 2 October 2010: 97.6%)

**320**

Number of stores  
(53 weeks to 2 October 2010: 312)

Note – Net Promoter Score is a new measure we have adopted in favour of customer satisfaction ratings. The score is calculated based on customers’ 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 less the percentage of detractors.

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

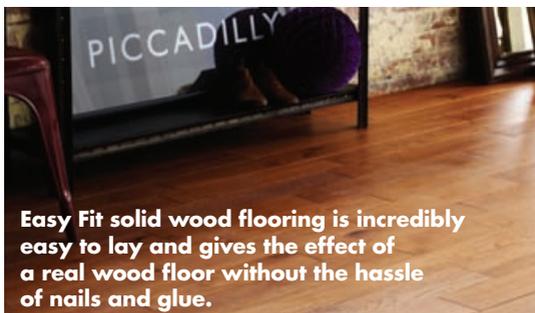
**RISKS AND UNCERTAINTIES**

The Board conducts a continuing review of key risks and uncertainties. The Board’s primary focus when reviewing these risks and uncertainties over the last 12 months has included:

- The continuing challenges of the UK economy and the subsequent business impact
- Balancing our longer term investment needs against the uncertain economic outlook
- Ensuring that the Group’s capital structure remains appropriate and that future funding requirements are accessible

**UK economy**

The most recent trading period demonstrated the fragility of UK consumer confidence, which in turn has had a direct impact on our sales performance. Over the first half of our financial period we demonstrated an encouraging trend of steady growth in like-for-like sales. During the second half, and in particular the final quarter, we saw a significant reduction in revenues when compared to the prior period. Over the financial period as a whole we have seen a sales decline of 2.0% on a like-for-like basis. During the current trading period, reflecting the first seven weeks of our new financial period, we have seen like-for-like sales decline by 6.9%, providing clear evidence of the current economic climate and the weakness in consumer confidence. The Board believes the business is well positioned to deal with these challenges, continuing to generate healthy profits and remaining cash generative. Furthermore we believe the business is well positioned to take advantage of the likely retraction in the competitive base across our core markets.



**Easy Fit solid wood flooring is incredibly easy to lay and gives the effect of a real wood floor without the hassle of nails and glue.**

Easy Fit



**Our polished porcelain range gives an air of luxury to even the smallest spaces.**

Polished Porcelain

### Balancing our longer term investment needs against the uncertain economic outlook

During the financial period the Board monitored both the Group performance and the macro economy closely and considered that a return to investing in key areas of growth for the business was appropriate. This strategy has resulted in an overall increase in the number of stores and the completion of a new warehousing facility which is key to our future plans. The Board intends to continue with the cautious expansionary approach we outlined to shareholders over the last two years and intends to target approximately five new store openings over the next 12 months. We will also continue to invest in older parts of the store estate through a programme of minor store improvements and plan to convert a further 15 TCH stores to the Topps brand, a strategy which has demonstrated positive results over the last 12 months.

### Appropriate capital structure

During the period the Group successfully refinanced its loan facilities and now has in place a £75.0 million committed revolving credit facility, expiring in May 2015. As at the financial period end £60.0 million of this facility was drawn, with a further £15.0 million of undrawn financing available. The loan facility contains financial covenants which are tested on a bi-annual basis.

### Other key risks

In addition to the above, the Board considers other key risks including its relationship with key suppliers, the potential threat of new competitors, the risk of failure of key information technology systems, possible impacts on costs of sourcing due to the weakness of Sterling in comparison to the Euro and US dollar currencies, loss of key personnel and the development of substitute products. The Board's response to these risks is articulated throughout this report and includes:

- Continuing improvement in our existing retail operations, including regular review of our product offer and customer service to ensure that we are maximising the opportunity to deliver sales
- Careful management of costs across all areas of the business with increases in expenditure only in areas that the Board decides are appropriate in order to either drive short-term gains or generate longer term strategic benefits

- Tight management of cash and continued reduction in net debt to improve financial flexibility
- Continuing review of the Group's global sourcing strategy to enable us to deliver greater value for money whilst maintaining returns and minimise the risk of over reliance on any individual supplier

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.

## GOING CONCERN

Based on a detailed review of the above risks and uncertainties and management's current expectations 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.

The current economic climate and most recent trading period creates a degree of uncertainty in the outlook and our forecasts are sensitive to relatively small changes in sales and margin assumptions. This uncertainty, combined with the financial covenants included in our loan facilities, has led the Board to conduct a detailed review of a number of different trading scenarios and possible mitigating actions, should they be required. Mitigating actions would include further cost reductions, working capital management, reduced investment, freehold property disposal and possible review of dividend policy.

Based on this analysis the Board has concluded that in the event that the level of like-for-like sales highlighted in the current trading section of the CEO's report were to continue for the whole of the financial period ending 29 September 2012, some form of mitigating action would be required but once taken into account the Group would fully meet all of its future financial commitments. The Board, therefore, considers it appropriate to prepare the financial statements on the going concern basis.

Unbeatable Topps value

We offer a range of quality low cost wall and floor tiles for customers on a tight budget.



Cava Anthracite

AT TOPPS TILES WE NOT ONLY OFFER THE BIGGEST CHOICE OF TILES AND WOOD FLOORING, WE ARE COMMITTED TO OFFERING OUR CUSTOMERS **THE BEST TILES AT THE BEST PRICES.** PLUS OUR CUSTOMERS CAN SHOP WITH CONFIDENCE WITH OUR **LOWEST PRICE GUARANTEE.** SO WHETHER OUR CUSTOMERS ARE TILING THE SMALLEST OF ROOMS OR THE WHOLE HOUSE WE HAVE QUALITY PRODUCTS TO SUIT EVERY BUDGET.





Colorado textured ceramic wall tile



Bumpy White

### Overs and buy back

**Any unused full packs can be returned up to 60 days from the date of purchase for a refund.**

# 5%

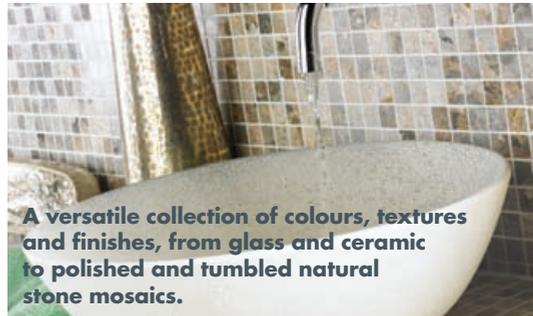


### Lowest price guarantee

**Our price promise reassures our customers that we offer the best prices in the market. If the same product is found cheaper anywhere else, we will beat it by 5%.**



**BUSINESS REVIEW**  
CONTINUED



**A versatile collection of colours, textures and finishes, from glass and ceramic to polished and tumbled natural stone mosaics.**

Lemon Marble



**Back by popular demand, our natural stone range now includes a handmade terracotta.**

Handmade Spanish Terracotta



**FINANCIAL REVIEW**

**Profit and loss account**

Please note this report has been prepared for the 52 weeks ended 1 October 2011 and the comparative period was prepared for the 53 weeks ended 2 October 2010. With the exception of the Group like-for-like revenue measure, which is comparable, the reported figures are presented on this basis and are not entirely comparable. The impact of the additional week in the prior period was to increase revenue by £3.6 million and operating profit by £0.4 million.

**Revenue**

Revenue for the period ended 1 October 2011 decreased by 3.8% to £175.5 million (2010: £182.4 million). Like-for-like store sales decreased by 2.0% in the period, which consisted of a 1.8% increase in the first half of the financial period and a 5.8% decrease in the second half.

**Gross margin**

Overall gross margin was 59.6% compared with 58.7% in the previous financial period. At the interim stage of this period gross margin was 59.7%, and we have recorded a gross margin of 59.5% in the second half of the period. The second half includes an exceptional charge against inventory of £1.3 million relating to a change in our in-store practices which means we no longer consider display inventory to be suitable for sale. Adjusting for this, the underlying margin in the second half period would be 61.0% and 60.3% for the period as a whole, demonstrating an encouraging level of improvement. The environment we operate in continues to be a highly competitive one and we are able to utilise our scale to ensure that we can offer customers outstanding value and also generate increasing levels of returns. Continued improvement in the efficiency of our supply chain and further vertical integration have been the key drivers of the improvements over the financial period. We will continue to invest margin in a controlled way to drive transaction volume where we consider it appropriate to do so.



Inspired by hotel chic, Mira Hatch Mosaic is the latest addition to our Marble stone range.

Mira Hatch Mosaic



Galaxy Black Granite

### Operating expenses

Total operating costs have increased from £87.3 million to £90.6 million, an increase of 3.8%. Costs as a percentage of sales were 51.6% compared to 47.8% in the previous period. When adjusted for exceptional items, detailed below, operating costs were £87.7 million (2010: £86.1 million), equivalent to 50.0% of sales (2010: 47.2% of sales).

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

- This financial period was one week shorter than the previous financial period, which is equivalent to a saving of approximately £1.7 million
- Inflation at an average of approximately 2% has increased our cost base by around £1.8 million
- The average number of UK stores trading during the financial period was 313 (2010: 310), which would imply a 1.0% increase in store costs, generating approximately £0.7 million of additional costs
- We have made additional investments in marketing, increasing spend by approximately £1.0 million
- Business performance has been below the level of internal targets which has meant a reduced level of rewards for staff. Employee profit share costs have decreased by £0.3 million
- The remaining elements of the cost base are broadly flat when compared to the prior year

During the period we have incurred several charges which we have categorised as exceptional due to their nature. These charges relate to impairments of plant, property and equipment of £1.1 million (2010: £0.8 million), an inventory charge of £1.3 million (2010: £nil), and an increase in property related provisions of £1.9 million (2010: £0.4 million).

### Operating profit

Operating profit for the period was £14.0 million (2010: £19.9 million).

Operating profit as a percentage of sales was 8.0% (2010: 10.9%).

When adjusted for the exceptional items detailed on page 1 operating profit was £18.2 million (2010: £21.1 million).

### Other gains and losses

There were no other gains and losses during the period (2010: £0.1 million gain relating to disposal of freehold property).

### Financing

The net cash interest charge for the year was £4.4 million (2010: £4.8 million), excluding the impact of revaluations of derivative instruments. Whilst the interest charge has fallen compared to the prior period we have only seen limited benefit from the very low interest rates that prevail in the market. This is due to a series of interest rate derivatives we have in place which negate the majority of any impact from interest rate movements.

The interest rate derivatives give rise to a "marked to market" revaluation as required by IAS 39 "Financial Instruments: Recognition and Measurement". This revaluation has generated a fair value (non cash) charge of £1.6 million (2010: £2.8 million). Due to the nature of the underlying financial instruments, IAS39 does not allow hedge accounting to be applied to these losses and hence this charge is being applied direct to the income statement rather than offset against balance sheet reserves.

Following the financial period end the Board has decided to close out 50% of the interest rate derivatives. This will have the effect of reducing the Group's annual interest charge moving forwards by approximately £1.25 million (at current LIBOR rates) but will increase net debt by £6.2 million from April 2012.

Net interest cover was 4.3 times (2010: 5.1 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.



**Our new and exclusive Matrix brand offers a multitude of colours and tones in classic proportions.**

Matrix Red



**Our charming range of crackle glaze tiles introduces Vintage Style to our brand, perfect for kitchens and bathrooms.**

Chic Craquele

**Profit before tax**

Reported profit before tax is £7.9 million (2010: £12.4 million).

Group profit before tax margin was 4.5% (2010: 6.8%).

When adjusted for the exceptional and non-cash items detailed on page 1 the profit before tax is £13.9 million (2010: £16.3 million).

**Tax**

The effective rate of Corporation Tax for the period was 27.7% (2010: 31.5% (continuing operations)).

The effective rate of Corporation Tax has been increased from the basic rate by non-deductible expenditure and depreciation on assets not qualifying for capital allowances. This has been offset by a prior year credit reflecting the release of certain provisions held against known tax risks as they have been reduced or settled.

**Earnings per share**

Basic earnings per share were 3.04p (2010: 5.37p – continued and discontinued operations).

Diluted earnings per share were 2.97p (2010: 5.26p – continued and discontinued operations).

**Dividend and dividend policy**

Last year we announced the resumption of dividend payments. Although trading has been tough in this financial period, prudent financial management has enabled the Board to recommend to shareholders a final dividend of 0.6p per share. This will cost £1.1 million. Subject to approval at the Annual General Meeting the dividend will be payable on 31 January 2012 to all shareholders on the register as at 30 December 2011.

**Balance sheet**

**Capital expenditure**

Capital expenditure in the period amounted to £10.8 million (2010: £4.9 million), an increase of 123%, reflecting the increased level of investment in infrastructure that we highlighted in our previous Annual Report. Capital expenditure includes the cost of 12 new openings, five conversions, three relocations and 12 refits at a cost of £5.3 million. In addition to this we purchased the freehold on one existing store at a cost of £1.6 million. Other capital expenditure includes the building of a new warehousing facility at a cost of £3.1 million and £0.8 million on a new IT system, which will go live in 2012.

At the period end the Group held eight freehold or long leasehold sites including three warehouse and distribution facilities with a total net book value of £17.8 million (2010: six freehold or long leasehold valued at £13.4 million).

**320**

Number of stores  
(53 weeks ended 2 October 2010: 312)

**59.6%**

Gross margin  
(53 weeks ended 2 October 2010: 58.7%)



Microline's simple classic shape offers endless design possibilities from kitchen shabby chic to bathroom simplicity.

Microline



Bringing this classic brick-shaped ceramic up to date with a vibrant colour palette and metallic finish.

Metro Glass

**Inventory**

Inventory at the period end was £23.8 million (2010: £24.9 million) representing 123 days turnover (2010: 121 days turnover). We have continued our focus on improving working capital efficiencies and have also recognised a one-off charge against display inventories. As a result we have realised a reduction in stockholding over the period.

**Capital structure and treasury**

Cash and cash equivalents at the period end were £9.1 million (2010: £41.9 million) with repayable borrowings at £60.0 million (2010: £91.0 million).

This gives the Group a net debt position of £50.9 million compared to £49.1 million as at 2 October 2010.

**Cash flow**

Cash generated by operations was £20.7 million, compared to £19.8 million last period.

**£50.9m**

Net debt  
 (53 weeks ended 2 October 2010: £49.1m)

**123**

Stock days  
 (53 weeks ended 2 October 2010: 121)

**Matthew Williams**

Chief Executive Officer

**Rob Parker**

Finance Director

28 November 2011

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# Great Service

AT TOPPS TILES WE ARE PROUD OF OUR REPUTATION FOR PROVIDING **EXCELLENT CUSTOMER SERVICE**, THIS ETHOS HAS BEEN PRESENT FROM THE START AND RUNS THROUGHOUT THE CORE OF OUR BUSINESS. NOTHING IS TOO MUCH TROUBLE FOR OUR **KNOWLEDGEABLE WELL TRAINED STAFF**, WE HELP OUR CUSTOMERS EVERY STEP OF THE WAY, FROM INSPIRATIONAL IDEAS FOR THEIR HOMES TO SELECTING THE RIGHT PRODUCTS TO PRODUCE AN **EXCELLENT QUALITY FINISH** – WE EVEN ORGANISE THE FITTING.

With over

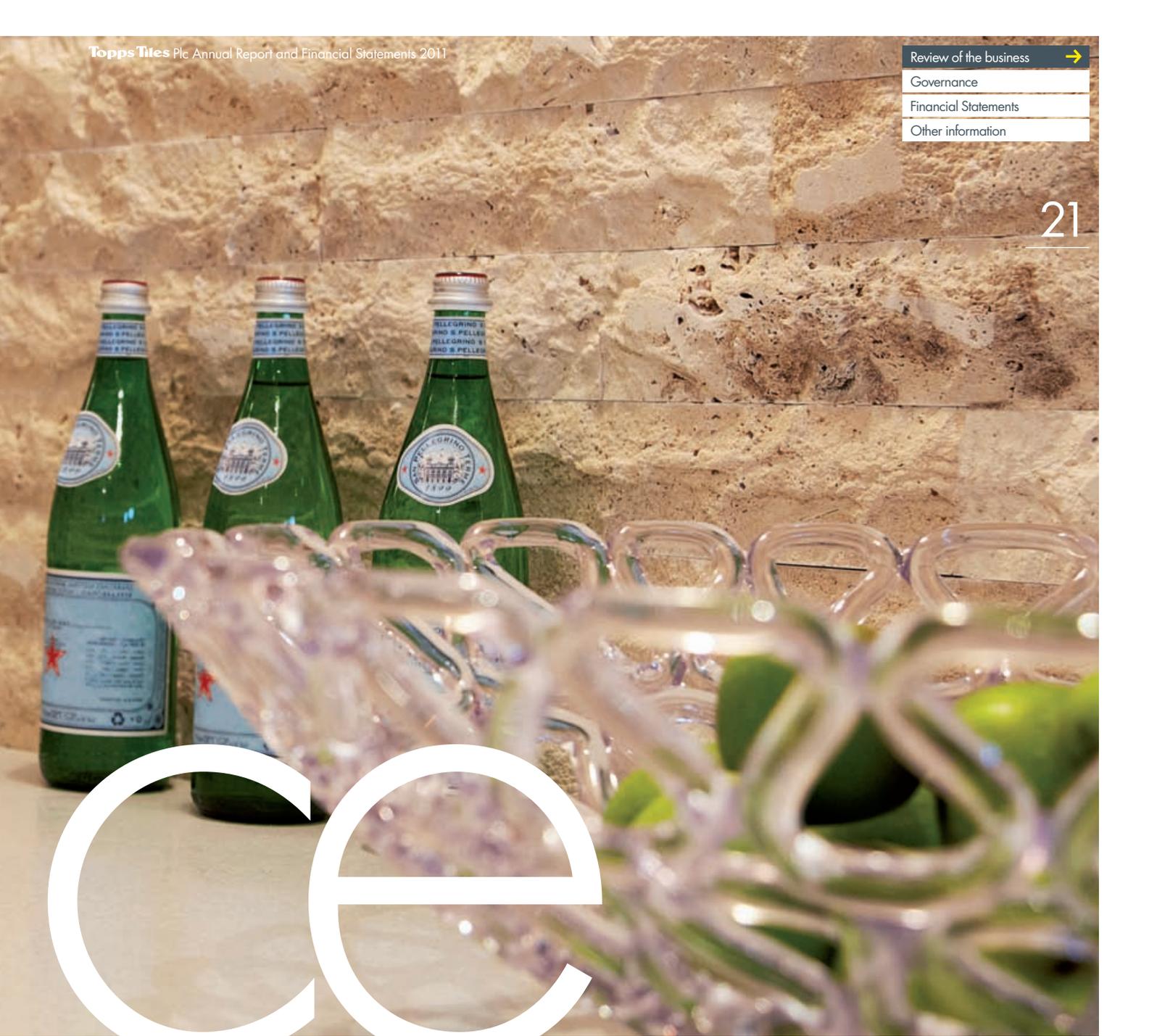
# 300

stores nationwide visit a store near you today

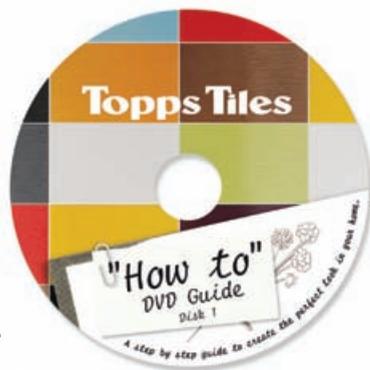
Browse and buy online

**Our online store is open 24 hours a day – 7 days a week, enabling customers to browse, order samples, visualise tiles on a room set visualiser and purchase securely.**





# CE



Our free "How to" guides offer expert advice

**Our free "How to" guide is available as a DVD or can be downloaded online. It offers expert preparation and fixing guides to help those customers who want to "have a go" themselves and complete their tiling or wood flooring project like a professional.**

Try at home sample service

**Our sample service allows customers to view different tiles in their homes so that they can check suitability prior to purchase.**



“WE ARE SO HONOURED THAT TOPPS TILES HAVE CONTINUED TO SUPPORT H4H IN 2011. THEIR SUPPORT SINCE 2008 HAS BEEN INCREDIBLE. THEY ARE ALWAYS ENTHUSIASTIC AND NEVER SEEM TO TIRE OF DOING JUST ABOUT ANYTHING TO RAISE MONEY FOR OUR HEROES! THE MONEY REALLY HAS MADE A HUGE DIFFERENCE AND WE ARE VERY GRATEFUL FOR EVERYTHING THEY HAVE DONE. THEY ARE A PLEASURE TO WORK WITH AND WE ARE LOOKING FORWARD TO SEEING WHAT YOU HAVE PLANNED FOR NEXT YEAR!” **BRYN PARRY** H4H NOVEMBER 2011.

Taking responsibility for our impact on society is important to us as a business and we have been developing our Corporate Social Responsibility (“CSR”) agenda since 2004. Over the past eight years we have evolved and enhanced our programme to ensure we are an active member within the communities we work, that we work in an environmentally conscious manner, and we ensure our employees feel supported, developed and engaged.

We are proud of our achievements in this area and focus our attention across three primary areas:

- Community and Charity
- Environment
- Our People

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### COMMUNITY AND CHARITY

An important part of being a “good neighbour” for Topps Tiles is ensuring we are active in the communities local to our stores and places where we work. We have a strong CSR ethic at Topps and this is reflected in the work we do within our community and charity programmes.

In its eighth year, our CSR programme has grown and enhanced over the years providing the framework and impetus for stores to support local activities that are a “perfect fit” for the values and culture of our Group.

#### Topps in the Community

Mosaic art is fast becoming a growing craft across the UK and Topps is proud to lead the way in promoting and supporting mosaic as both a public art and an educational craft skill for children and adults.

Our mosaic programme is broken down into two key areas:

- supporting the educational needs of adults and children in our local community. We provide Topps Tiles Community Vouchers for mosaic materials to community artists and neighbourhood craft groups and provide expertise and materials to schools, educational workshops and further education centres. Our support assists these individuals and groups to develop their self-esteem, self-ability, educational needs, empowerment, inclusion and communication skills; and
- sponsoring two major competitions designed to showcase the work of novice mosaic artists. *Mega Mosaic Makers*, is a primary school competition organised by The British Association for Modern Mosaic and our own landmark competition for adults learning mosaic in community workshops and further education centres, the *Topps Tiles Award for Achievements in Mosaics*.

#### Youth football

Sponsorship of youth football is the cornerstone of our community relations programme and an exciting way for us as a business to get involved in the helping of children in our local communities get outdoors and get active.

We are one of the biggest supporters of youth football in the UK and whenever we open a new store we encourage them to look for sponsorship opportunities. Our stores are encouraged to build close relationships with teams and not only support them emotionally but also with the equipment needed to ensure they can get active without worry – kit, footballs and kitbags. We have been so successful in our youth football sponsorship that the kit our stores donate to junior teams is now arguably the most famous strip in the grassroots game! Teams are also encouraged to support our charity partner Help for Heroes.

We currently support over 300 youth teams nationwide and are very proud of this association. All the activity culminates in an annual tournament where teams across the country are invited to come together at the King Power Stadium, Leicester City FC.



Award for Achievements in Mosaics 2011 winner, Julie Hand.



Help for Heroes charity bike ride.

**Charity**

During 2008 we adopted "Help for Heroes" as our Group charity and have taken their cause to our hearts in a big way. Founded in 2007, the charity funds specialist rehabilitation projects for members of the armed forces wounded in front-line conflicts including Afghanistan. Undoubtedly, one of Britain's most high-profile charities, Help for Heroes enjoys phenomenal support from the British public, as it does with the workforce at Topps Tiles. The last year has seen a phenomenal fundraising drive by our employees with individuals arranging events in their local communities (fun runs, football tournaments etc) as well as participating in companywide fundraisers such as our "Be a Christmas Hero" day.

All the hard work and commitment that our employees put into our partnership was recently recognised at the Help for Heroes Awards ceremony where the Group received an award for "Outstanding Support". With over £160,000 already raised for Help for Heroes, Topps are looking forward to continuing the successful partnership in 2012.

"We are so honoured that Topps Tiles have continued to support H4H in 2011. Their support since 2008 has been incredible. They are always enthusiastic and never seem to tire of doing just about anything to raise money for our heroes! The money really has made a huge difference and we are very grateful for everything they have done. They are a pleasure to work with and we are looking forward to seeing what you have planned for next year!" Bryn Parry H4H November 2011.



We are one of the biggest supporters of youth football in the UK sponsoring over 300 youth teams nationwide.



**300+**

Number of football teams we sponsor in the UK



Help for Heroes charity cake sale.



Mega Mosaic Makers competition.



**ENVIRONMENT**

**Energy**

Energy is a major driver of cost for the business and also forms a significant part of our environmental impact. Energy efficient technology including low energy lighting helps to reduce our environmental impact and we continually review opportunities to adopt new technology on a cost efficient basis wherever possible.

In 2010, in liaison with the Carbon Trust, we commenced a pilot scheme for the replacement of old inefficient lighting installations with new efficient systems at 11 of our sites. This scheme proved successful, achieving our objectives of an improved environment for our customers and staff, cost savings from lower electricity consumption and maintenance costs and a reduction in our carbon footprint. As a result of this success we have now completed a further 21 locations and plan to continue the upgrade programme in the year ahead.

**Waste**

Waste management remains an important area for our business and recent initiatives, specifically at our main warehouses, have reduced waste going to landfill by up to 40%. All cardboard and plastic generated at the centre is now baled and sold on to recycling companies with all waste wood crushed in to small pieces and similarly sold on. Using our proactive approach to continuously minimise waste, the plan is to further broaden and increase our commitment by reviewing areas such as polystyrene, metal and canteen waste more closely.

With the continuing need for us to actively manage our store waste in conjunction with our chosen refuse partner our stores now use Dry Mixed Recycling which means that cardboard, paper, newspapers, plastic films, bottles, steel and aluminium cans can all be put into one bin. As well as controlling our costs, we are also reducing our environmental impact by diverting store waste away from landfill and into established recycling channels.

**Transport**

Topps has taken delivery of a further five "Euro 5" low emission vehicles during 2011 and have specified manufacturers' telematic systems as standard on these vehicles. This brings in line all of Topps' own fleet to Euro 5 specification. Total CO<sub>2</sub> emissions on our own fleet for 2011 was 2,460 tonnes, a reduction of 8% year-on-year, despite additional activity, with new fleet efficiencies expected to reduce this number further during 2012. We are continuing to review our trailer replacement programme with a focus on a lightweight fleet to reduce mileage and subsequent emissions. We already have one double-deck trailer in daily use and we are considering options including more double-deck urban trailers, drawbar combinations and more aerodynamic designs. We are also committed to collaborating with other retailers where possible to share empty fleet space, maximising efficiencies.

**Supply chain**

We source our goods for resale from around the world. Labour standards, factory conditions and human rights are issues we take seriously. To address any possible concerns our buyers conduct regular supplier visits and factory tours and also ensure that all contracts for supply of goods include our requirements in relation to each of the above issues. We have a policy on timber products and have adopted the principles and criteria of the Forest Stewardship Council as our benchmark.

**OUR PEOPLE**

Our employees are a central focus for us and we want them to feel engaged and proud of their Company. We want to ensure that not only do we give our customers an inspiring place to shop but we also give our employees an inspiring place to work.

**Employee wellbeing**

We provide an employee helpline service for all employees to have a channel for expressing concerns and seeking advice. Over the last year we have launched a new employee assistance programme, a store manager health plan, employee private health cover and extended our paternity policy to ensure our employees' wellbeing is fully supported.



**Annual youth football tournament at Leicester City's King Power Stadium.**



**Supporting The British Association for Modern Mosaics by providing materials to schools for the Mega Mosaic Makers competition.**

Our in-house Health and Safety team maintain regular dialogue with staff and carry out periodical inspections and assessments to ensure risks are minimised or removed in our stores, warehouse and offices and to promote effective communication and employee involvement we also operate a Health & Safety Committee, which meets on a regular basis and is chaired by a main Board Director.

### Communication and engagement

Communication with our employees is vital and we have initiatives in place to ensure regular and effective dialogue with staff. We have introduced a three year communication and engagement plan to support the business plan for the future.

- We have a number of existing communication channels including a newly designed internal magazine and a weekly stores bulletin. We also have an intranet that is being redesigned and which we expect to play an increasingly important part in our communication plans as we move forward. As part of our communication commitment we have conducted a series of management road shows, taking over 400 of our senior managers through our strategic plans for the next three years and ensuring all employees understand and are part of our vision.
- This year saw the launch and rollout of our employee representative forum ("TEAM Talk") across the entire business and the first full employee engagement survey. These initiatives will help to create a framework for employees to participate in a two way engagement process with those that will drive decision making within the Group.
- We are developing our internal employee brand in a drive to attract and retain the talent needed to support our growth plans. We actively encourage our staff to apply for internal vacancies and promotions.
- Rewarding our employees for all their hard work is part of the Topps ethos and every employee has the opportunity to enhance their basic pay through additional performance related incentives. This year has also seen us review and enhance our complete reward programme to ensure we are competitive and recognise all our employees for their hard work and loyalty.

### Employee development

As a Group we actively encourage employee development. We have a strong culture and history of growing and developing our people within the organisation and it is important to us that our employees fulfil their potential whilst they are working with us.

- 2011 has seen over 300 of our retail employees gain Level Two Qualifications in Retail Skills and 45 employees have begun studying for their Level Three Qualification.
- This year has also seen the launch of the Topps Tiles Young Apprenticeships programme. We have 12 young men and women working with us across the UK and it is a programme we hope to develop and grow over the coming year.

In April 2011 the Group retained its Investors in People award for a further three years.

Topps Tiles is pleased to be a constituent member of the FTSE4Good UK Index.

Our full policy can be found on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk) in the investor section under corporate responsibility.

## DIRECTORS

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**Rt. Hon. Michael Jack**  
**Privy Councillor**

Non-Executive Chairman (aged 65)

Member of Audit Committee

Chairman of Nomination Committee

Member of Remuneration Committee

In business Michael's management experience came from P&G, Marks & Spencer's and a part of Northern Foods. His career as an MP concluded in 2010 after 23 years during which he served as a Minister in four Departments including the Treasury, as Financial Secretary.

Additionally he chaired the EFRA Select Committee. Now he chairs the recently formed Office of Tax Simplification. He joined Topps Tiles Board in 1999.



**Matthew Williams**

Chief Executive Officer (aged 37)

Matt joined the Company in 1998 after completing his Chartered Surveyors exams and took up the role of Property Director. In 2004 he was promoted to Chief Operating Officer and on 1 April 2006 joined the Plc Board. In 2007 he was promoted to Chief Executive Officer.



**Robert Parker**

Finance Director (aged 39)

Company Secretary

Secretary of Audit Committee

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, including five years with the international side of the business, ultimately as Director of Finance for Boots Retail International.

He is responsible for the accounting, financial control, treasury, administration and Group secretarial matters.



**Nicholas Ounstead**

Marketing Director (aged 51)

Health & Safety Committee Chairman

Nicholas joined Topps Tiles in April 1997. Prior to this he was Marketing Director at Bellegrave Ceramics Plc which is a major supplier to DIY chains and independent retailers. In September 2001 he was appointed Chief Operating Officer and promoted to Chief Executive Officer from 2002 to 2007.

Nicholas is also Chairman of the Health and Safety Committee.



**Alan White**

Non-Executive Director (aged 56)

Chairman of Audit Committee

Member of Nomination Committee

Chairman of the Remuneration Committee

Alan is the Chief Executive of N Brown Group plc, a role he was appointed to in 2002. He qualified as a chartered accountant with Arthur Andersen and has been Group Finance Director for Sharp Electronics (UK), N Brown Group plc and Littlewoods plc. He joined the Board of Topps Tiles in April 2008.

## Directors

The Rt. Hon. J.M. Jack, Privy Counsellor  
Non-Executive Chairman

M.T.M. Williams  
Chief Executive Officer

R. Parker ACMA  
Finance Director

N.D. Ounstead  
Marketing Director

A. White FCA  
Non-Executive Director

## Secretary

R. Parker ACMA

## Registered number

3213782

## Registered office

Thorpe Way  
Grove Park  
Enderby  
Leicestershire  
LE19 1SU

## Auditor

Deloitte LLP  
Manchester  
United Kingdom

## Bankers

HSBC Bank Plc  
56 Queen Street  
Cardiff  
CF10 2PX

## Registrars

Capita IRG Plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## Solicitors

Beachcroft LLP  
St. Ann's House  
St. Ann Street  
Manchester

## Sinclair Abson Smith Lawyers

19 Market Place  
Stockport  
SK1 1HA

## Brokers

Peel Hunt  
Moor House  
120 London Wall  
London  
EC2Y 5ET

**DIRECTORS' REPORT****28**

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the 52 week period ended 1 October 2011. The Corporate Governance Statement set out on pages 31 to 32 forms part of this report.

**Principal activity**

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

**Business Review**

The Company, being the listed entity Topps Tiles Plc, is required by the Companies Act to set out in this report a fair review of the business of the Group during the financial period ended 1 October 2011 and of the position of the Group at the end of that financial period. The Company is also required to set out a description of the principal risks and uncertainties facing the Group.

The information that fulfils the requirements of the enhanced business review can be found within the Chairman's statement on page 3, the CEO's statement on page 5, the strategy summary on page 2, the Business Review on pages 10 to 19 and the Corporate and Social Responsibility statement on pages 22 to 25, which are incorporated in this report by reference.

The Directors monitor a number of financial and non-financial key performance indicators (KPIs) for the Group and by store and these are detailed on pages 11 and 12.

**Results and dividends**

The audited Financial Statements for the 52 week period ended 1 October 2011 are set out on pages 38 to 75. The Group's profit for the period from continuing operations, after taxation, was £5,714,000 (2010: £8,472,000).

During the interim period a dividend of 0.5p per share was declared and paid (2010: no interim dividend 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 0.6 pence per share, totalling £1,130,195 (2010: 1 pence per share, totalling £1,882,023).

**Directors**

The Directors of the Company, who served throughout the year, and thereafter except as noted, were as follows:

B.F.J. Bester	Non-Executive Chairman (resigned on 17 May 2011)
M.T.M. Williams	Chief Executive Officer
R. Parker	Finance Director
N.D. Ounstead	Marketing Director
J.M. Jack	Senior Independent Non-Executive Director and, appointed as Non-Executive Chairman on 17 May 2011
A. White	Non-Executive Director

In line with the updated Code on Corporate Governance all Directors will be subject to annual re-election from the next Annual General Meeting.

The Company provides insurance against Directors and Officers liabilities to a maximum value of £7,500,000.

The Directors' interests in the shares of the Company are set out on page 36.

Details of Directors' share options are provided in the Directors' Remuneration Report on page 35.

**Share capital**

Details of the Company's authorised and issued share capital, together with details of the movements in the Company's issued share capital during the period, are shown in note 23 to the Financial Statements.

The Company has one class of ordinary shares in issue, which carry 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 with the exception of the 122,000 shares issued to the Topps Employee Benefit Trust.

**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 counterparties 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 any Director of the Company 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.

### Supplier payment policy

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

The effect of the Group's negotiated payment policy is that trade payables at the period end represented 38 days purchases (2010: 41 days). Trade creditor days is calculated by dividing the trade and other payables creditor by the aggregate of cost of sales and relevant non-stock expenditure, multiplied by 365.

### Charitable and political contributions

During the period the Group made no charitable donations (2010: £10,000 to Help for Heroes). The Group made no political contributions (2010: £nil). The Group will continue its support for Help for Heroes and participation in future fundraising efforts.

### Substantial shareholdings

In addition to the Directors' shareholdings noted on page 36, on 22 November 2011 the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules or under section 793 of the Companies Act 2006, of the following interests in 3% or more of its issued share capital.

	Number	% held
Barry Bester	22,929,954	12.2%
Aberforth	20,822,889	11.1%
Stuart Williams	20,593,950	10.9%
AXA Investment Managers	17,155,253	9.1%
Aviva	9,097,903	4.8%
Ernstrom	8,986,376	4.8%
Allianz	8,950,000	4.8%
River & Mercantile	8,344,994	4.4%

### Disabled employees

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

### Employee consultation

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

### 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 17, 18, 19, 20 and 21. The Group's risk management policies and procedures are also discussed in the Business Review on pages 10 to 19.

### 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 6,229,563 (2010: 5,571,746).

As described in note 32, employee share purchase plans are open to almost all employees and provide for a purchase price equal to the daily average market price on the date of grant, less 20%. The shares can be purchased during a two week period, which during the period ended 1 October 2011 fell between 7 January 2011 and 24 January 2011 when the average price was 79p.

Details of Directors' share options are provided in the Directors' Remuneration Report on page 35.

### 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 ought to have taken as a Director in order to make himself 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 section 418 of the Companies Act 2006.

### Auditor

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

## DIRECTORS' REPORT CONTINUED

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### Directors' Responsibilities statement

The Directors are responsible for preparing the Annual Report, 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 and 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). 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 judgements 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 and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 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 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 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 that they face.

By order of the Board

### R Parker

Director and Company Secretary

28 November 2011

**CORPORATE GOVERNANCE STATEMENT**

Rt. Hon. Michael Jack (Chairman of the Board)

Dear shareholder,

The Company is committed to the principles of corporate governance contained in the 2010 UK Corporate Governance Code issued by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders.

**Statement of compliance with the Code**

The Company has complied throughout the period with the Provisions of the Code except for provision B.6.1, as the Board does not currently undertake formal appraisal of its own performance and that of its committees on the basis that it considers an informal rolling programme of review appropriate.

The Company complies with all other provisions of the Code.

In addition, the Company recognises the need to increase the number of independent Non-Executive Directors on the Board and a process to identify and appoint two suitable candidates is well advanced. The Company hopes to be in a position to make a further announcement on these appointments early in 2012.

The Board of Directors comprises five members, of which two are considered independent including the Company's Non-Executive Chairman, Rt. Hon. Michael Jack. The Senior Independent Non-Executive Director is Alan White, who also chairs the Audit Committee and Remuneration Committee. Brief biographical details of all Directors are given on page 26. The Board meets at least ten 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.

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 period, budgets and forecasts.

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.

In line with the updated UK Corporate Governance Code all Directors will be subject to annual re-election from the next Annual General Meeting. Directors are elected at the first AGM after appointment. All Non-Executive Directors have written letters of appointment. The Board acknowledges the Code's position with respect to the potential loss of independence for any Non-Executive Director who has served for nine years or more. Although the Rt. Hon. Michael Jack has exceeded this term the Board regards him to be independent and considers his broad based commercial experience and extensive business specific knowledge to be extremely beneficial.

The Board considers that the Rt. Hon. Michael Jack and Alan White 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 will review the independence of Non-Executive Directors on an ongoing basis.

The Board operates three committees. These are the Nomination 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/Committee meetings**

The following table shows the number of Board and Committee meetings held during the 52 week period ended 1 October 2011 and the attendance record of the individual Directors.

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	13	2	3	2
B.F.J. Bester (resigned 17 May 2011)	8	1	1	1
M.T.M. Williams	13	2	N/A	N/A
N.D. Ounstead	13	2	N/A	N/A
R. Parker	13	2	N/A	N/A
J.M. Jack	13	2	3	2
A. White	13	2	3	2

## CORPORATE GOVERNANCE STATEMENT CONTINUED

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### Statement about applying the principles of the Code

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

### Audit Committee

The Audit Committee consists of the Non-Executive Directors. The Chairman is Alan White, the other member is the Rt. Hon. Michael Jack. The qualifications of the Audit Committee members are detailed on page 26.

The Audit Committee considers the nature and scope of the audit process (both internal and external) and its effectiveness. The Committee reviews and approves the internal audit programme, meets with the external auditor and considers the Annual and Interim Financial Statements before submission to the Board. The Committee reviews the arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee also reviews the Group's system of internal control and reports its findings twice a year to the Board. The Committee meets with the external auditor and the rest of the Board attend at the invitation of the Audit Committee Chairman.

Part of the role of the Audit Committee is to review the independence of the Company's auditor. The Company's external auditor, Deloitte LLP ("Deloitte"), have provided non-audit services to the Company in the form of tax advice. The Audit Committee is satisfied that Deloitte LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Audit Committee is aware that providing audit and non audit advice could lead to a potential conflict of interest. The level of fees paid to Deloitte LLP for non audit services has been considered by the Audit Committee and is not perceived to be in conflict with auditor independence. In order to ensure the continued independence and objectivity of the external auditor, there is an established policy regarding the provision of non audit services. The Audit Committee has concluded that the auditor, Deloitte, is independent.

Deloitte has been auditor for the Group since September 2003. The current audit partner's first period as signing partner is the current period ended 1 October 2011. The Audit Committee considers the work of Deloitte and their independence in deciding whether an audit tender is required and, at this point in time, is satisfied by the work of Deloitte and their independence, and so has proposed their re-appointment.

### Nomination Committee

The Nomination Committee is chaired by The Rt. Hon. Michael Jack. The other member is Alan White. 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.

Appointments to the Board are made on merit, against objective criteria, taking into account the skills and experience required. Where appropriate, external search consultants are enlisted.

### Dialogue with institutional shareholders

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

### Maintenance of a sound system of internal control

The Board has applied Principle C.2 of the Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been put in place from the start of the period to the date of the approval of this report and which is in accordance with the revised guidance on internal control published in October 2005 (The Turnbull Guidance). The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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.

### Rt. Hon. Michael Jack

Chairman of the Board

28 November 2011

# REMUNERATION REPORT

## Introduction

This report has been prepared in accordance with Schedule 8 of the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Directors' remuneration in the Code. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the Financial Statements will be approved.

The Act requires the auditor to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for the audited and unaudited information.

## UNAUDITED INFORMATION

### Remuneration Committee

The Company has a Remuneration Committee ("the Committee"), which is constituted in accordance with the recommendations of the Code. The members of the Committee are the Rt. Hon. Michael Jack and Alan White. The Committee is chaired by Alan White and has met three times during the financial period to discuss the remuneration of the senior management team and the Non-Executive Directors. None of the Committee has any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board on the individual remuneration packages of each Executive Director. No Director plays a part in any discussion about his own remuneration. The terms of reference for the Committee are available on written request from the Company Secretary.

During the financial period the main areas reviewed by the Committee have been executive annual pay award, non-executive fees, chairman remuneration, board sub-committee fees and executive salary benchmarking.

### Remuneration policy

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

There are four main elements of the remuneration package for Executive Directors:

- basic annual salary and benefits;
- annual cash based bonus payments;
- deferred share-based long-term incentives; and
- pension arrangements.

### Basic salary

An Executive Director's basic salary is reviewed and determined by the Committee prior to the beginning of each financial period and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole, including levels of increases appropriate to other employees in the Group, and relies on objective research which gives up-to-date information on a comparator Group of companies. In line with the general pay award for all staff, basic salaries were reviewed in June 2011 and were increased by 2.5%, effective from that date, in consideration of general inflation. Executive Directors' contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting. Executive Directors' pay and the employment conditions of the Group are taken into account when determining the Directors' remuneration for the financial period. In addition to basic salary, the Executive Directors receive certain benefits-in-kind, principally a car and private medical insurance.

### Annual bonus payments

A discretionary annual cash bonus scheme represents the short-term incentive element of the overall remuneration package for Mr. Williams, Mr. Parker and Mr. Ounstead. The Committee establishes the objectives that must be met in the financial period if a cash bonus is to be paid. The maximum bonus achievable in the period was 125% of basic salary based on Group outperformance against budgeted EBITDA. For the period ending 1 October 2011 the performance criteria were not met and no bonus payment was due.

### Deferred bonus long-term incentive plan

At the AGM in January 2010 a new deferred bonus long-term incentive plan was approved by shareholders. Under this long-term incentive plan 25% of the annual bonus (net of tax) is deferred in the form of shares for a two-year period, with a matching share award (on a gross basis) that vests at the end of two years subject to the achievement of performance conditions relating to continuing employment within the business and EBITDA earnings growth measured over the two-year period. For the period ended 1 October 2011 the performance criteria were not met and no bonus payment was due. The bonus structure will remain the same for the coming financial period.

### Pension arrangements

Mr. Bester, Mr. Ounstead and Mr. Parker received contributions into their own personal pension schemes as disclosed in the table on page 35.

# REMUNERATION REPORT

## CONTINUED

### DIRECTORS' CONTRACTS

#### Executive Directors

It is the Company's policy that Executive Directors are offered permanent contracts of employment with a range of six to twelve months' 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 the prevailing notice period.

#### Non-Executive Directors

Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to Non-Executive Directors of similar companies. The basic fee paid to each Non-Executive Director in the period was £34,000 (2010: £34,000). In addition to the basic fee there is an additional allowance paid to the Senior Independent Non-Executive Director of £3,026 (2010: £2,836). With respect to the sub-committees of the Board there is a fee paid for the additional role of sub-committee Chairman of £3,000 (2010: £nil), and £2,000 for being a member of each sub-committee (2010: £nil). It is the Company's policy that Non-Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice. Independent Non-Executive Directors cannot participate in any of the Company's share option schemes and are not eligible to join the Company's pension scheme.

The role of Chairman is also non-executive, with an indefinite term contract and a maximum six months' notice. During the period we announced a change in Chairman. The outgoing Chairman, Barry Bester, retired from the Board on 17 May 2011 and his contract entitled him to six months' notice from that date. The total remuneration received by Mr. Bester for the period was £131,000 (2010: £115,000) including a contribution to the Company pension scheme of £6,000 (2010: £6,000). Mr. Bester also participated in the 2009 Save As You Earn Scheme. Effective from 17 May 2011 The Rt. Hon. Michael Jack was promoted to the role of Chairman and has received total remuneration for the period of £66,000 (2010: £37,000).

The details of the Non-Executive Directors' contracts are summarised in the table below:

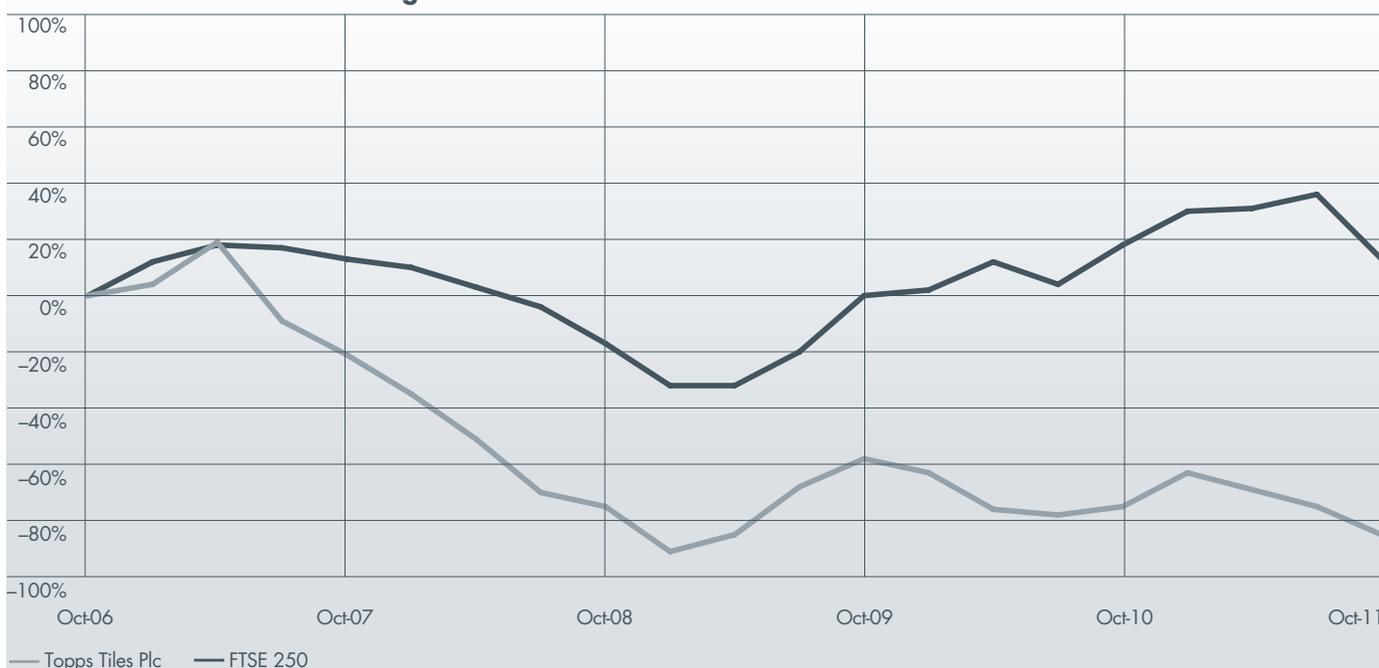
Name of Director	Date of contract or letter of appointment	Unexpired term	Notice period
J.M. Jack	26 January 1999	N/A	6 months
A. White	1 April 2008	N/A	6 months

#### Performance graph

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

The FTSE 250 index is considered a relevant comparator for the business.

#### Total Shareholder Return Charting %



## AUDITED INFORMATION

**Aggregate Directors' remuneration**

The total amounts for Directors' remuneration were as follows:

	2011 £'000	2010 £'000
Emoluments	<b>1,013</b>	1,219
Money purchase pension contributions	<b>23</b>	26
Share-based payments	<b>-</b>	92
Amounts receivable under long-term incentive schemes	<b>66</b>	79
	<b>1,102</b>	1,416

**Directors' emoluments**

Name of Director	Fees £'000	Basic salary £'000	Vehicle allowance £'000	Benefits in kind £'000	Money purchase pension contributions £'000	Bonus £'000	2011 £'000	2010** £'000
M.T.M. Williams	-	<b>359</b>	<b>24</b>	<b>1</b>	-	-	<b>384</b>	515
N.D. Ounstead	-	<b>205</b>	<b>21</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>243</b>	285
R. Parker	-	<b>205</b>	<b>21</b>	<b>1</b>	<b>9</b>	-	<b>236</b>	338
<b>Non-Executive Directors</b>								
B.F.J. Bester (resigned 17 May 2011)	-	<b>123</b>	-	<b>2</b>	<b>6</b>	-	<b>131</b>	115
J.M. Jack	-	<b>66</b>	-	-	-	-	<b>66</b>	37
A. White	<b>17</b>	<b>25</b>	-	-	-	-	<b>42</b>	34
	<b>17</b>	<b>983</b>	<b>66</b>	<b>5</b>	<b>23</b>	<b>8</b>	<b>1,102</b>	1,324

\*N. Ounstead received a bonus relating to an outstanding award from the previous financial period.

\*\*2010 comparatives have been restated to exclude share payments to aid comparison with 2011 remuneration.

**Directors' share options**

Share options held by the Directors relate to the 2009 and 2011 Save As You Earn schemes, which were eligible to all employees. No options have been exercised in the period.

Name of Director	Scheme	2 Oct 2010	Acquired	1 Oct 2011	Exercise price	Date from which exercisable	Expiry date
N.D. Ounstead	Save As You Earn April 2009	26,836	-	26,836	£0.165	1 Apr '12	1 Oct '12
R. Parker	Save As You Earn April 2009	44,727	-	44,727	£0.165	1 Apr '14	1 Oct '14
	Save As You Earn April 2011	-	5,625	5,625	£0.64	1 Apr '14	1 Oct '14
M.T.M. Williams	Save As You Earn April 2009	26,836	-	26,836	£0.165	1 Apr '12	1 Oct '12
	Save As You Earn April 2011	-	5,625	5,625	£0.64	1 Apr '14	1 Oct '14

Share options held by the Directors that departed during the year are as follows:

Name of Director	Scheme	2 Oct 2010	Acquired	1 Oct 2011	Exercise price	Date from which exercisable	Expiry date
B.F.J. Bester	Save As You Earn April 2009	26,836	-	26,836	£0.165	1 Apr '12	1 Oct '12

The market price of the ordinary shares at 30 September 2011 was 34.0p and the range during the period was 26.0p to 85.0p.

# REMUNERATION REPORT

## CONTINUED

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### Directors' interests

The Directors had the following interest in the shares of the Company at the period end (all interests relate solely to ordinary shares).

	<b>2011 No. of ordinary shares of 3.33p each</b>	2010 No. of ordinary shares of 3.33p each
M.T.M. Williams	<b>567,000</b>	600,000
N.D. Ounstead	<b>447,750</b>	477,750
R. Parker	<b>72,500</b>	72,500
J.M. Jack	<b>74,250</b>	44,250
A. White	<b>41,499</b>	41,499

### Approval

This report was approved by the Board of Directors on 28 November 2011 and signed on its behalf by:

### Alan White

Chairman of Remuneration Committee

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPPS TILES PLC

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We have audited the Group financial statements of Topps Tiles Plc for the 52 week period ended 1 October 2011 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 and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 1 October 2011 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

## Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Business Review in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

## Other matter

We have reported separately on the parent company financial statements of Topps Tiles Plc for the period ended 1 October 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

## Timothy Edge (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

28 November 2011

## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the 52 weeks ended 1 October 2011

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	Notes	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<b>Group revenue – continuing operations</b>	3,4	<b>175,525</b>	182,406
Cost of sales		<b>(70,904)</b>	(75,254)
Gross profit		<b>104,621</b>	107,152
Employee profit sharing		<b>(6,638)</b>	(6,902)
Distribution costs		<b>(65,883)</b>	(64,492)
Other operating expenses		<b>(6,393)</b>	(5,452)
Administrative costs		<b>(6,624)</b>	(7,044)
Sales and marketing costs		<b>(5,103)</b>	(3,385)
<b>Group operating profit before exceptional items</b>		<b>18,174</b>	21,093
Impairment of plant, property and equipment	5	<b>(1,051)</b>	(815)
Write off of display inventories	5	<b>(1,281)</b>	–
Property related provisions	5	<b>(1,862)</b>	(401)
<b>Group operating profit</b>	4	<b>13,980</b>	19,877
Other gains	4,8	–	100
Investment revenue	4,9	<b>356</b>	453
Finance costs	4,9	<b>(4,798)</b>	(5,275)
Fair value loss on interest rate derivatives	4,9	<b>(1,630)</b>	(2,780)
<b>Profit before taxation</b>	4,6	<b>7,908</b>	12,375
Taxation	4,10	<b>(2,194)</b>	(3,903)
<b>Profit for the period from continuing operations</b>		<b>5,714</b>	8,472
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	11	–	1,502
<b>Profit for the period attributable to equity holders of the Company</b>	30	<b>5,714</b>	9,974
<b>Earnings per ordinary share</b>	13		
<b>From continuing operations</b>			
– basic		<b>3.04p</b>	4.56p
– diluted		<b>2.97p</b>	4.46p
<b>From continuing and discontinued operations</b>			
– basic		<b>3.04p</b>	5.37p
– diluted		<b>2.97p</b>	5.26p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 1 October 2011

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
Profit for the period	<b>5,714</b>	9,974
Total comprehensive income for the period attributable to equity holders of the parent Company	<b>5,714</b>	9,974

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 1 October 2011

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	Notes	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<b>Non-current assets</b>			
Goodwill	14	245	245
Property, plant and equipment	15	37,221	31,639
		<b>37,466</b>	31,884
<b>Current assets</b>			
Inventories		23,800	24,874
Trade and other receivables	17	7,261	7,594
Deferred tax asset	22	595	–
Cash and cash equivalents	18	9,088	41,879
		<b>40,744</b>	74,347
<b>Total assets</b>		<b>78,210</b>	106,231
<b>Current liabilities</b>			
Trade and other payables	19	(24,105)	(25,588)
Derivative financial instruments	21	(12,186)	(10,557)
Bank loans	20	–	(7,250)
Current tax liabilities		(5,537)	(6,181)
Provisions	22	(1,075)	–
		<b>(42,903)</b>	(49,576)
<b>Net current (liabilities)/assets</b>		<b>(2,159)</b>	24,771
<b>Non-current liabilities</b>			
Bank loans	20	(59,289)	(83,466)
Deferred tax liabilities	22	–	(422)
Provisions	22	(1,480)	(1,297)
<b>Total liabilities</b>		<b>(103,672)</b>	(134,761)
<b>Net liabilities</b>		<b>(25,462)</b>	(28,530)
<b>Equity</b>			
Share capital	23	6,279	6,273
Share premium	24	1,022	1,001
Own shares	25	(4)	–
Merger reserve	26	(399)	(399)
Share-based payment reserve	27	543	367
Capital redemption reserve	28	20,359	20,359
Retained earnings	30	(53,262)	(56,131)
<b>Total deficit attributable to equity holders of the parent</b>		<b>(25,462)</b>	(28,530)

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

The financial statements of Topps Tiles Plc, registered number 3213782, on pages 38 to 69 were approved by the Board of Directors and authorised for issue on 28 November 2011. They were signed on its behalf by:

**M.T.M Williams**  
Director

**R. Parker**  
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the 52 weeks ended 1 October 2011

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	Equity attributable to equity holders of the parent									
	Share capital £'000	Share premium £'000	Own shares £'000	Merger reserve £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000	
Balance at 26 September 2009	5,703	1,001	-	240	240	20,359	336	(81,161)	(53,282)	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	9,974	9,974	
Shares issued in respect of placing and open offer	570	14,296	-	-	-	-	-	-	14,866	
Transfer to retained earnings	-	(14,296)	-	-	-	-	-	14,296	-	
Credit to equity for equity-settled share-based payments	-	-	-	-	127	-	-	-	127	
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	121	121	
Release of reserve on disposal of subsidiary	-	-	-	(639)	-	-	(336)	639	(336)	
Balance at 2 October 2010	6,273	1,001	-	(399)	367	20,359	-	(56,131)	(28,530)	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	5,714	5,714	
Issue of share capital	6	21	-	-	-	-	-	-	27	
Dividends	-	-	-	-	-	-	-	(2,817)	(2,817)	
Own shares purchased in the period	-	-	(4)	-	-	-	-	-	(4)	
Credit to equity for equity-settled share-based payments	-	-	-	-	176	-	-	-	176	
Deferred tax on share-based payment transactions	-	-	-	-	-	-	-	(28)	(28)	
<b>Balance at 1 October 2011</b>	<b>6,279</b>	<b>1,022</b>	<b>(4)</b>	<b>(399)</b>	<b>543</b>	<b>20,359</b>	<b>-</b>	<b>(53,262)</b>	<b>(25,462)</b>	

**CONSOLIDATED CASH FLOW STATEMENT**

For the 52 weeks ended 1 October 2011

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	<b>52 weeks ended 1 October 2011 £'000</b>	53 weeks ended 2 October 2010 £'000
<b>Cash flow from operating activities</b>		
Profit for the period	<b>5,714</b>	9,974
Profit for the period from discontinued operations	–	(1,502)
Taxation	<b>2,194</b>	3,903
Fair value on interest rate derivatives	<b>1,630</b>	2,780
Finance costs	<b>4,798</b>	5,275
Investment revenue	<b>(356)</b>	(453)
Other gains	–	(100)
Group operating profit	<b>13,980</b>	19,877
Adjustments for:		
Depreciation of property, plant and equipment	<b>4,128</b>	4,040
Impairment of property, plant and equipment	<b>1,051</b>	815
Property related provisions	<b>1,862</b>	401
Write off of display inventories	<b>1,281</b>	–
Share option charge	<b>176</b>	127
Decrease/(increase) in trade and other receivables	<b>337</b>	(3,351)
(Increase)/decrease in inventories	<b>(207)</b>	1,853
Decrease in payables	<b>(1,888)</b>	(3,991)
<b>Cash generated by operations</b>	<b>20,720</b>	19,771
Interest paid	<b>(4,795)</b>	(5,308)
Taxation paid	<b>(3,883)</b>	(4,112)
<i>Net cash from operating activities</i>	<b>12,042</b>	10,351
<b>Investing activities</b>		
Interest received	<b>616</b>	107
Purchase of property, plant and equipment	<b>(10,535)</b>	(4,292)
Proceeds on disposal of property, plant and equipment	<b>5</b>	949
<i>Net cash used in investment activities</i>	<b>(9,914)</b>	(3,236)
<b>Financing activities</b>		
Dividends paid	<b>(2,817)</b>	–
Proceeds from issue of share capital	<b>23</b>	14,874
New loans	<b>60,000</b>	–
Loan issue costs	<b>(1,125)</b>	–
Repayment of bank loans	<b>(91,000)</b>	(7,500)
<i>Net cash (used in)/from financing activities</i>	<b>(34,919)</b>	7,374
Net (decrease)/increase in cash and cash equivalents	<b>(32,791)</b>	14,489
Cash and cash equivalents at beginning of period	<b>41,879</b>	27,270
Effect of foreign exchange rate changes	–	120
<b>Cash and cash equivalents at end of period</b>	<b>9,088</b>	41,879

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 52 week period ended 1 October 2011

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### 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 27. The nature of the Group's operations and its principal activity are set out in the Directors' Report on page 28.

These financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 21.

#### Adoption of new and revised standards

In the current period, the following new and revised standards and interpretations have been adopted and have affected or may affect in the future the amounts reported in the financial statements.

IFRS 3 (revised 2008) "Business Combinations". Following an amendment to IFRS 3 all acquisition costs are charged to the statement of financial performance for all business combinations acquired after 1 July 2009.

IFRIC 17 "Distributions of Non-cash Assets to Users". The interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled.

The following amendments were made as part of Improvements to IFRSs (2009):

Amendments to IFRS 2 "Share-based Payments". IFRS 2 has been amended following the issue of IFRS 3 (2008). This has clarified the accounting for share-based payment transactions between group entities.

Amendments to IAS 17 "Leases". IAS 17 has been amended such that it may be possible to clarify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17.

Amendments to IAS 39 "Financial Instruments Recognition and Measurement". IAS 39 has been amended to state that option contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of this standard.

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:

IAS 24 (revised 2009)	Related Party Disclosures
IFRS 7 (revised 2010)	Disclosures – Transfers of Financial Assets

Improvements to IFRSs (2010)

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

### 2 ACCOUNTING POLICIES

#### 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 the assets.

#### b) Going concern

Based on a detailed review of the risks and uncertainties discussed within the Business Review, and management's current expectations, the Board has a reasonable expectation 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.

The current economic climate and most recent trading period creates a degree of uncertainty in the outlook and our forecasts are sensitive to relatively small changes in sales and margin assumptions. This uncertainty, combined with the financial covenants included in our loan facilities, has led the Board to conduct a detailed review of a number of different trading scenarios and possible mitigating actions, should they be required. Mitigating actions would include further cost reductions, working capital management, reduced investment, freehold property disposal and possible review of dividend policy.

Based on this analysis the Board have concluded that in the event that the level of like-for-like sales highlighted in the current trading section of the CEO's Report were to continue for the whole of the financial period ending 29 September 2012, some form of mitigating actions would be required but once taken into account the Group would fully meet all of its future financial commitments. The Board, therefore, considers it appropriate to prepare the financial statements on the going concern basis.

## 2 ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted are set out below.

### c) 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.

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.

### d) 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 2011 mean at 1 October 2011 or the 52 weeks then ended; references to 2010 mean at 2 October 2010 or the 53 weeks then ended.

### e) 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 is not included in determining any subsequent profit or loss on disposal.

### f) 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 when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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.

Revenue for the Tesco Clubcard scheme is recognised on a gross profit basis as services are provided on an agency basis.

Sales returns are provided for based on past experience and deducted from income.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

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## 2 ACCOUNTING POLICIES (CONTINUED)

### g) Exceptional items

The Group has identified certain items as exceptional where they relate to one-off costs incurred in the period that they do not expect to be repeated on an annual basis, or where Directors consider the separate disclosure to be necessary to understand the Group's performance. The principles applied in identifying exceptional costs are consistent between periods.

### h) Property, plant and 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 25 years on a straight-line basis
Fixtures and fittings	over 10 years or at 25% per annum on a reducing balance basis 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.

Assets held in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

### i) Impairment of tangible and intangible assets excluding goodwill

At each period end, the Group reviews the carrying amounts of its tangible 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. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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 re-valued 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 re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### j) Inventories

Inventories are stated at the lower of cost and net realisable value and relate solely to finished goods for resale. Cost comprises 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.

Inventories written down and expensed in the year amounted to £2,292,000 (2010: £2,493,000). Additionally £1,281,000 has been written off in relation to display inventories.

## 2 ACCOUNTING POLICIES (CONTINUED)

### k) 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.

### l) Foreign currency

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Company, and the presentation 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 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 foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated at exchange rates prevailing at period end dates. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used.

Exchange differences arising are recognised in other comprehensive income and accumulated in equity, in the Group's foreign exchange reserve. Such differences are recognised as income or expense in the period in which the operation is disposed of.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## CONTINUED

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## 2 ACCOUNTING POLICIES (CONTINUED)

### m) Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. 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.

### n) Investments

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

### o) 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 balance sheet.

### p) Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other 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.

### q) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet 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 it is designated as at FVTPL. The Group has no designated FVTPL financial assets.

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. Fair value is determined in the manner described in note 2v.

#### 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.

## 2 ACCOUNTING POLICIES (CONTINUED)

### q) Financial instruments (continued)

#### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet 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.

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 39 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 differences 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

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 it 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. Fair value is determined in the manner described in note 2v.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 2 ACCOUNTING POLICIES (CONTINUED)

### q) Financial instruments (continued)

#### 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.

#### 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 primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group uses foreign exchange forward contracts and interest rate swap contracts to manage these exposures. 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 re-measured 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.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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

### r) 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 share save 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.

### s) Trade payables

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

### t) Operating profit

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

### u) 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.

## 2 ACCOUNTING POLICIES (CONTINUED)

### v) 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 critical judgement, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in financial statements is the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. The Group only recognises revenue where this is the case.

#### 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:

#### Impairment of property, plant and equipment

During the period, the Group has closed four stores in the UK, including some before their lease end dates. As the fixtures and fittings within these stores cannot be re-used in other locations within the Group, the carrying value of these assets has been fully provided for in the period. Additional impairments have been made for stores which are identified for conversion during the next financial period and for loss-making stores.

#### Onerous lease provisions

During the period the Group has continued to review the performance of its store portfolio, which has resulted in no further stores being exited before their lease term has expired (2010: eight 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 sublease. 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.

#### Fair value of derivatives and other financial instruments

As described above, 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.

#### Tax

The Directors are aware of the material impact that corporation tax has on the Group accounts and therefore they ensure that the Group continues to provide at a sufficient level for both current and deferred tax liabilities.

## 3 REVENUE

An analysis of Group revenue is as follows:

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
Topps Tiles	162,932	165,068
Tile Clearing House	12,593	17,338
Revenue from the sale of goods	175,525	182,406
Interest receivable	316	457
Fair value gain on forward currency contracts	40	–
<b>Total revenue</b>	<b>175,881</b>	<b>182,863</b>

Interest receivable represents gains on loans and receivables. There are no other gains recognised in respect of loans and receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 4 BUSINESS SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. These segments comprise (a) Topps Tiles retail operations in the UK; (b) TCH retail operations in the UK; and (c) the Topps Floorstore operation in Holland, which was disposed of on 22 December 2009.

Segment result represents the profit/(loss) earned by each segment without allocation of the central administration costs including Directors' salaries, other gains and losses, investment income, finance costs, fair value loss on interest rate derivatives and income tax expense.

#### Revenues from major products and services and information about major customers

The Group's principal activity, being a "specialist tile and woodflooring retailer", is reported in the segments shown below and due to its wide product offering the disclosure of revenues from major products is not appropriate. As the Group's revenue is derived from sales to the general public, it has no reliance on any individual major customer.

#### Geographical segments

The Group's reporting format is by business segment. Although the Group operated in two geographic segments, the UK and Holland, during the previous period, neither the revenue from sales to external customers nor the value of net assets within Holland represented more than 10% of Group totals.

The following is an analysis of the Group's revenue and results by reportable segment:

52 weeks ended 1 October 2011	Topps £'000	TCH £'000	Consolidated £'000
Revenue	162,932	12,593	175,525
Segment result	15,218	30	15,248
Central administration costs			(1,268)
Operating profit			13,980
Investment revenues			356
Finance costs			(4,798)
Fair value loss on interest rate derivatives			(1,630)
Profit before tax			7,908
Tax			(2,194)
Profit after tax			5,714

#### Other information

	Topps £'000	TCH £'000	Head office/ distribution centre £'000	Consolidated £'000
Capital additions	6,031	66	4,727	10,824
Depreciation	2,811	899	418	4,128
Impairment losses recognised	275	695	81	1,051
Balance sheet				
Segment assets	125,086	5,077	-	130,163
Unallocated corporate assets	-	-	(51,953)	(51,953)
Consolidated total assets	125,086	5,077	(51,953)	78,210
Segment liabilities	(19,676)	(5,357)	-	(25,033)
Unallocated corporate liabilities	-	-	(78,639)	(78,639)
Consolidated total liabilities	(19,676)	(5,357)	(78,639)	(103,672)

Unallocated corporate assets include the Group's overdraft, which in the statement of financial position is presented net within cash and cash equivalents due to a legal right of off-set between Group entities.

#### 4 BUSINESS SEGMENTS (CONTINUED)

Unallocated corporate liabilities comprise bank loans, derivatives, corporation and deferred tax liabilities and sundry head office creditors.

53 weeks ended 2 October 2010	Topps £'000	TCH £'000	Topps Floorstore £'000	Discontinued operations £'000	Consolidated £'000
Revenue	165,068	17,338	1,014	(1,014)	182,406
Segment result	20,276	964	1,022	(1,022)	21,240
Central administration costs					(1,363)
Operating profit					19,877
Other gains and losses					100
Investment revenues					453
Finance costs					(5,275)
Fair value loss on interest rate derivatives					(2,780)
Profit before tax					12,375
Tax					(3,903)
					8,472
Profit for the period from discontinued operations					1,502
Profit after tax and discontinued operations					9,974

#### Other information

	Topps £'000	TCH £'000	Topps Floorstore £'000	Head office/ distribution centre £'000	Discontinued operations £'000	Consolidated £'000
Capital additions	2,986	836	–	1,031	–	4,853
Depreciation	2,704	952	3	384	(3)	4,040
Impairment losses recognised	374	441	48	–	(48)	815
Balance sheet						
Segment assets	113,223	8,268	–	–	–	121,491
Unallocated corporate assets	–	–	–	(15,260)	–	(15,260)
Consolidated total assets	113,223	8,268	–	(15,260)	–	106,231
Segment liabilities	(20,824)	(5,707)	–	–	–	(26,531)
Unallocated corporate liabilities	–	–	–	(108,230)	–	(108,230)
Consolidated total liabilities	(20,824)	(5,707)	–	(108,230)	–	(134,761)

#### 5 EXCEPTIONAL ITEMS

During 2011, nine stores (2010: nine) were closed or converted and the Group conducted an impairment review of the fixed assets held by its loss-making stores resulting in an impairment of property, plant and equipment totalling £1,051,000. The Group also reviewed its potential exposure to future lease commitments pertaining to closed stores and the provision held for future dilapidation costs resulting in a charge of £1,862,000 (2010: £401,000). Additionally an assessment of the carrying value of display inventories has been performed leading to a write off of £1,281,000.

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<i>Included in cost of sales:</i>		
Write off of display inventories	1,281	–
<i>Included in administrative expenses:</i>		
Property related provisions	1,862	401
Impairment of property, plant and equipment	1,051	815
	4,194	1,216

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 6 PROFIT BEFORE TAXATION

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

	<b>52 weeks ended 1 October 2011 £'000</b>	53 weeks ended 2 October 2010 £'000
Depreciation of property, plant and equipment	<b>4,128</b>	4,040
Impairment of property, plant and equipment	<b>1,051</b>	815
Disposal of property, plant and equipment	<b>58</b>	–
Property related provisions	<b>1,862</b>	401
Staff costs (see note 7)	<b>42,216</b>	40,152
Operating lease rentals	<b>20,881</b>	20,861
Write down of inventories recognised as an expense	<b>2,292</b>	2,493
Write off of display inventories	<b>1,281</b>	–
Cost of inventories recognised as expense	<b>67,331</b>	72,761
Net foreign exchange (gain)/loss	<b>(84)</b>	17

Analysis of auditor's remuneration is provided below:

	<b>52 weeks ended 1 October 2011 £'000</b>	53 weeks ended 2 October 2010 £'000
Fees payable to the Company's auditor with respect to the Company's annual accounts	<b>40</b>	40
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	<b>104</b>	105
Total audit fees	<b>144</b>	145
Tax services:		
compliance services	<b>34</b>	47
advisory services	<b>75</b>	21
Total non-audit fees	<b>109</b>	68
	<b>253</b>	213

A description of the work of the Audit Committee is set out on page 32 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

## 7 STAFF COSTS

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

	<b>52 weeks ended 1 October 2011 Number employed</b>	53 weeks ended 2 October 2010 Number employed
Selling	<b>1,467</b>	1,441
Administration	<b>194</b>	174
	<b>1,661</b>	1,615
	<b>2011 £'000</b>	2010 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP, see note 32)	<b>38,410</b>	36,541
Social security costs	<b>3,657</b>	3,430
Other pension costs (see note 31b)	<b>149</b>	181
	<b>42,216</b>	40,152

Details of Directors' emoluments are disclosed on page 35. Employee profit sharing of £6.6 million (2010: £6.9 million) is included in the above and comprises sales commission and bonuses.

## 8 OTHER GAINS

Other gains in the previous period relate to the sale of one freehold property.

## 9 INVESTMENT REVENUE, FINANCE COSTS AND FAIR VALUE LOSS ON INTEREST RATE DERIVATIVES

	<b>52 weeks ended 1 October 2011 £'000</b>	53 weeks ended 2 October 2010 £'000
<b>Investment revenue</b>		
Bank interest receivable and similar income	<b>316</b>	457
Fair value gain/(loss) on forward currency contracts	<b>40</b>	(4)
	<b>356</b>	453
<b>Finance costs</b>		
Interest on bank loans and overdrafts	<b>(4,798)</b>	(5,275)

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, including interest charges levied, together with interest paid on the interest rate derivatives of £2,075,000 (2010: £2,678,000). There are no other gains or losses recognised in respect of financial liabilities measured at amortised cost. Net losses from the movement in fair value on held for trading assets and liabilities (derivative instruments) were £1,590,000 (2010: £2,784,000), which include fair value losses on interest rate swaps of £1,630,000 (2010: £2,780,000) and fair value gains on forward currency contracts of £40,000 (2010: £4,000 loss).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 10 TAXATION

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<b>Continuing operations</b>		
Current tax – charge for the year	3,620	5,276
Current tax – adjustment in respect of previous periods	(381)	(39)
Deferred tax – effect of reduction in UK corporation tax rate	168	(31)
Deferred tax – credit for year (note 22)	(1,097)	(1,246)
Deferred tax – adjustment in respect of previous periods (note 22)	(116)	(57)
	<b>2,194</b>	<b>3,903</b>

Corporation tax in the UK is calculated at 27% (2010: 28%) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<b>Continuing operations</b>		
Profit before taxation	7,908	12,375
Tax at the UK corporation tax rate of 27% (2010: 28%)	2,135	3,465
Tax effect of expenses that are not deductible in determining taxable profit	262	173
Tax effect of chargeable gain lower than profit on sale of freehold property	–	(28)
Tax effect of tangible fixed assets which do not qualify for capital allowances	294	389
Tax effect of adjustment in respect of prior periods	(497)	(96)
Tax expense for the period	<b>2,194</b>	<b>3,903</b>
	<b>2011</b>	<b>2010</b>
<b>Discontinued operations</b>	<b>£'000</b>	<b>£'000</b>
Current tax – adjustment in respect of previous periods	–	(480)
	–	(480)

## 11 DISCONTINUED OPERATIONS

On 18 December 2009, the Group announced that it was withdrawing funding to the Dutch operation, which resulted in Topps Retail BV being placed into administration on 22 December 2009. The transaction was completed on 22 December 2009, on which date control of Topps Retail BV passed to the administrator and was therefore accounted as a disposal in the consolidated financial statements.

The results of the discontinued operations, which have been included in the consolidated statement of financial performance, were as follows:

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
Revenue	–	1,014
Expenses	–	(1,329)
Loss before tax	–	(315)
Attributable tax expense	–	–
	–	(315)
Profit on disposal of discontinued operations	–	1,337
	–	1,022
Attributable tax expense	–	480
Net profit attributable to discontinued operations (attributable to owners of the Company)	–	1,502

During the year Topps Retail BV received £nil (2010: received £204,000) from the Group's net operating cash flows, paid £nil (2010: £nil) in respect of investing activities and paid £nil (2010: £nil) in respect of financing activities.

## 11 DISCONTINUED OPERATIONS (CONTINUED)

In the previous period a profit of £1,337,000 arose on the disposal of Topps Retail BV, being the proceeds of disposal (£nil) net of the carrying amount of the subsidiary's assets and liabilities. Further detail is provided in the table below.

The effect of discontinued operations on segment results is disclosed in note 4.

The net liabilities of Topps Retail BV at the date of disposal are detailed below:

	22 December 2009 £'000
Property, plant and equipment	44
Inventories	596
Trade receivables	26
Current tax receivables	7
Trade payables	(773)
Sundry payables	(293)
Bank overdraft	(316)
Onerous lease provision	(340)
Foreign exchange reserve	(288)
	(1,337)
Total consideration	–
Gain on disposal	1,337

## 12 DIVIDENDS

	2011 £'000	2010 £'000
Interim dividend for the 26 week period ended 26 April 2011 of £0.005 (2010: £nil) per share	<b>942</b>	–
Proposed final dividend for the 52 week period ended 1 October 2011 of £0.006 (2010: £0.01) per share	<b>1,129</b>	1,882

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.

## 13 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.

	2011 Number of Shares	2010 Number of Shares
Weighted average number of shares		
For basic earnings per share	<b>188,271,731</b>	185,643,741
Weighted average number of shares under option	<b>3,873,411</b>	4,123,000
For diluted earnings per share	<b>192,145,142</b>	189,766,741

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 13 EARNINGS PER SHARE (CONTINUED)

The calculation of the basic and diluted earnings per share used the denominators as shown above for both basic and diluted earnings per share. The adjusted earnings figure is based on the following data:

	52 weeks ended 1 October 2011 £'000	53 weeks ended 2 October 2010 £'000
<b>From continuing and discontinued operations</b>		
Profit after tax for the period	5,714	9,974
<i>Post tax effect of:</i>		
Impairment of property, plant and equipment	1,051	863
Interest rate derivative charge	1,190	2,001
Fair value gain on foreign currency forward contracts	(29)	–
Property disposal gain	–	(100)
Loan issue cost write off	133	–
Property related provisions	1,360	(977)
Display inventory write off	935	–
Adjusted profit after tax for the period	10,354	11,761
<b>From continuing operations</b>	2011 £'000	2010 £'000
Profit after tax for the period	5,714	8,472
<i>Post tax effect of:</i>		
Impairment of property, plant and equipment	1,051	815
Interest rate derivative charge	1,190	2,001
Fair value gain on foreign currency forward contracts	(29)	–
Property disposal gain	–	(100)
Loan issue cost write off	133	–
Property related provisions	1,360	289
Display inventory write off	935	–
Adjusted profit after tax for the period	10,354	11,477
<b>From discontinued operations</b>	52 weeks ended 1 October 2011	53 weeks ended 2 October 2010
Basic	–	0.81p
Diluted	–	0.79p

### 14 GOODWILL

	£'000
Cost and carrying amount at 26 September 2009 and 2 October 2010 and 1 October 2011	245

The balance of goodwill remaining is the carrying value that arose on the acquisition of Surface Coatings Ltd in 1998.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expecting to benefit from that business combination.

Before recognition of any impairment losses, the carrying amount of goodwill has been allocated to the TCH segment.

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 7.0% (2010: 7.2%).

## 14 GOODWILL (CONTINUED)

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 five years. The growth rate applied does not exceed the average long-term growth rate for the relevant markets. The Group has conducted a sensitivity analysis on the impairment tests of TCH's carrying value. There are no reasonable changes that would result in the carrying value of goodwill being reduced to its recoverable amount.

The accounting judgements and sources of estimation uncertainty involved in assessing any impairment loss are referred to in note 2 to the financial statements.

As a result of the annual test of impairment of goodwill, no impairment has been identified for the current period.

## 15 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings				Total £'000
	Freehold £'000	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	
At 26 September 2009	14,854	1,842	43,719	206	60,621
Additions	1,002	–	3,832	19	4,853
Disposals	(850)	–	–	(202)	(1,052)
At 2 October 2010	15,006	1,842	47,551	23	64,422
Additions	4,699	–	6,058	67	10,824
Disposals	–	–	(3,343)	–	(3,343)
<b>At 1 October 2011</b>	<b>19,705</b>	<b>1,842</b>	<b>50,266</b>	<b>90</b>	<b>71,903</b>
<b>Accumulated depreciation and impairment</b>					
At 26 September 2009	1,378	1,270	25,285	104	28,037
Charge for the period	213	113	3,702	15	4,043
Provision for impairment	–	66	749	–	815
Eliminated on disposals	–	–	–	(112)	(112)
At 2 October 2010	1,591	1,449	29,736	7	32,783
Charge for the period	243	88	3,780	17	4,128
Provision for impairment	81	–	970	–	1,051
Eliminated on disposals	–	–	(3,280)	–	(3,280)
<b>At 1 October 2011</b>	<b>1,915</b>	<b>1,537</b>	<b>31,206</b>	<b>24</b>	<b>34,682</b>
<b>Carrying amount</b>					
<b>At 1 October 2011</b>	<b>17,790</b>	<b>305</b>	<b>19,060</b>	<b>66</b>	<b>37,221</b>
At 2 October 2010	13,415	393	17,815	16	31,639

Freehold land and buildings include £4,104,000 of freehold land (2010: £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 (2010: £nil).

Contractual commitments for the acquisition of property, plant and equipment are detailed in note 31.

During the period, the Group has closed nine stores in the UK. As the fixtures and fittings within these stores cannot be re-used 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 included within other operating expenses.

## 16 SUBSIDIARIES

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 17 TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods	661	523
Allowance for doubtful debts	(104)	(103)
Other debtors and prepayments		
– Rent and rates	5,053	5,503
– Other	1,651	1,671
	<b>7,261</b>	<b>7,594</b>

The Directors consider that the carrying amount of trade and other receivables at 1 October 2011 and 2 October 2010 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 1 October 2011 amounted to £0.6 million (2010: £0.4 million). These amounts mainly relate to insurance generated sales, sundry trade accounts and Tesco Clubcard Scheme generated sales. In relation to these sales, the average credit period taken is 41 days (2010: 39 days) and no interest is charged on the receivables. Trade receivables between 60 days and 120 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

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. Of the trade receivables balance at the end of the year, £105,000 (2010: £100,000) is due from Independent Inspections and £105,000 (2010: £104,000) is due from Tesco PLC, the Group's two largest customers.

Included in the Group's trade receivable balance are debtors with a carrying amount of £131,000 (2010: £110,000) 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. The average age of these receivables is 168 days (2010: 124 days), however this ageing is distorted by four accounts totalling £11,000 (2010: £19,000) which are overdue by 299 days (2010: 202 days).

Ageing of past due but not impaired receivables:

	2011 £'000	2010 £'000
60 – 120 days	63	91
121 – 202 days	68	19

The allowance for doubtful debts was £104,000 by the end of the period (2010: £103,000). 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 £104,000 relating to individually impaired trade receivables (2010: £103,000) 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.

### 18 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:

	2011 £'000	2010 £'000
Sterling	7,607	41,109
US dollar	715	331
Euro	766	439
Total cash and cash equivalents	<b>9,088</b>	<b>41,879</b>

## 19 OTHER FINANCIAL LIABILITIES

Trade and other payables

	2011 £'000	2010 £'000
<b>Amounts falling due within one year</b>		
Trade payables	11,316	12,489
Other payables	3,419	3,406
Accruals and deferred income	9,370	9,693
	<b>24,105</b>	25,588

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 38 days (2010: 41 days). No interest is charged on these payables.

The Directors consider that the carrying amount of trade payables at 1 October 2011 and 2 October 2010 approximates to their fair value on the basis of discounted cash flow analysis.

## 20 BANK LOANS

	2011 £'000	2010 £'000
Bank loans (all Sterling)	59,024	90,716
The borrowings are repayable as follows:		
On demand or within one year	–	7,500
In the second year	–	7,500
In the third to fifth year	60,000	76,000
	<b>60,000</b>	91,000
Less: Total unamortised issue costs	(976)	(284)
	<b>59,024</b>	90,716
Less: amount due for settlement within 12 months (shown under current liabilities)	–	(7,500)
Issue costs to be amortised within 12 months	265	250
Amount due for settlement after 12 months	<b>59,289</b>	83,466

The Directors consider that the carrying amount of the bank loan at 1 October 2011 and 2 October 2010 approximates to its fair value since the amounts relate to floating rate debt.

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

	2011 %	2010 %
Loans	<b>3.11</b>	2.67

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

Whilst the interest charge on the loan has fallen compared to the prior period, the Group has seen limited benefit due to the interest rate derivatives which negate the majority of any impact on the interest rate movement.

During the period the Group successfully re-financed its loan facilities and now has in place a £75.0 million committed revolving credit facility, expiring in May 2015. As at the financial period end £60.0 million of this facility was drawn, with a further £15.0 million of undrawn financing available. The loan facility contains financial covenants which are tested on a bi-annual basis.

At 1 October 2011, the Group had available £15 million (2010: £5 million) of undrawn committed banking facilities.

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### 21 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 2010. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, cash and cash equivalents disclosed in note 18 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 30.

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 2q to the financial statements.

#### Categories of financial instruments

	Carrying value and fair value	
	2011 £'000	2010 £'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	<b>16,349</b>	49,473
<b>Financial liabilities</b>		
Held for trading	<b>12,186</b>	10,557
Amortised cost	<b>83,394</b>	116,304

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 risks

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 a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the import of goods from South America and China; and
- interest rate swaps and collars to mitigate the risk of movements in interest rates.

#### 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Euro</b>	<b>766</b>	439	<b>1,027</b>	1,129
<b>US dollar</b>	<b>715</b>	331	<b>128</b>	329

## 21 FINANCIAL INSTRUMENTS (CONTINUED)

### Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of China and Brazil (US dollar currency) and from 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. 10% 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. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency.

	2011 £'000	2010 £'000
Profit or Loss movement on a 10% strengthening in Sterling against the Euro	24	63
Profit or Loss movement on a 10% strengthening in Sterling against the US Dollar	(53)	–
Profit or Loss movement on a 10% weakening in Sterling against the Euro	(29)	(77)
Profit or Loss movement on a 10% weakening in Sterling against the US Dollar	65	–

### 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:

	2011 £'000	2010 £'000
Forward foreign exchange contracts	4,778	4,356

These arrangements are designed to address significant exchange exposures for the first half of 2012 and are renewed on a revolving basis as required.

At 1 October 2011 the fair value of the Group's currency derivatives is a £70,000 asset within other debtors and prepayments (note 17) (2010: an asset of £22,000). These amounts are based on market value of equivalent instruments at the balance sheet date.

Gains of £40,000 are included in investment revenues (note 9) (2010: losses of £4,000).

### Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and collars. 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 analyses below have 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.

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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Profit or (loss)	1,553	1,443	(1,280)	(1,385)

The Group's sensitivity to interest rates mainly relates to the interest rate derivatives.

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### 21 FINANCIAL INSTRUMENTS (CONTINUED)

#### Interest rate derivatives

The Group uses interest rate derivatives to manage its exposure to interest rate movements on its bank borrowings.

The Group's interest rate derivatives comprise:

- 5 year interest rate cap with a notional value of £20 million (2010: £20 million) with interest capped at 6%
- 5 year interest rate swap with a notional value of £20 million (2010: £20 million) paying interest at a fixed rate of 5.63%
- 10 year cancellable collar with a notional value of £20 million (2010: £60 million) with a cap of 5.6% and a floor of 4.49%, the interest rate within this range is LIBOR less 0.4%. Where LIBOR falls below the floor the interest rate resets to a fixed level of 5.55%

The fair value liability of the swaps entered into at 1 October 2011 is estimated at £12,186,000 (2010: £10,557,000). Amounts of £1,630,000 have been charged to the statement of financial performance in the period (2010: £2,780,000).

On 27 October 2011 the Group settled the 5 year interest rate swap for a consideration of £476,000, additionally on 1 November 2011 the Group entered into a legally binding agreement committing it to a partial trade termination amounting to 50% of the 10 year cancellable collar, which will be settled on 2 April 2011 for a consideration of £6,240,000.

#### 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 has 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 17.

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 reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 20 is a description of additional undrawn facilities that the Group has at its disposal to reduce liquidity risk further.

#### 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 3.42009% (2010: 2.74665%)) 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>2011</b>					
Non-interest bearing	<b>24,105</b>	-	-	-	<b>24,105</b>
Variable interest rate instruments	-	<b>555</b>	<b>1,107</b>	<b>66,595</b>	<b>68,257</b>
2010	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Total £'000
Non-interest bearing	25,588	-	-	-	25,588
Variable interest rate instruments	630	418	9,290	84,266	94,604

The Group is now financed through a £75 million (£60 million utilised) revolving credit facility. In the previous period the total unused amount of financing facilities was £5 million at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

## 21 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.

2011	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
Interest rate swaps payments	(476)	(119)	(795)	(11,704)	(688)	(13,782)
Foreign exchange forward contracts payments	-	(2,356)	(2,422)	-	-	(4,778)
Foreign exchange forward contracts receipts	-	2,399	2,449	-	-	4,848
2010	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
Interest rate swaps payments	-	(603)	(1,572)	(6,606)	(2,331)	(11,112)
Foreign exchange forward contracts payments	-	(1,933)	(2,423)	-	-	(4,356)
Foreign exchange forward contracts receipts	-	1,928	2,450	-	-	4,378

### 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.
- Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- Interest rate collars are measured using applicable yield curves derived from quoted interest rates and market volatilities.

The fair values are therefore categorised as 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).

## 22 PROVISIONS

	2011 £'000	2010 £'000
Onerous lease provision	1,097	823
Dilapidations provision	1,458	474
	2,555	1,297
Current	1,075	-
Non-current	1,480	1,297
	2,555	1,297

	Onerous lease provision £'000	Dilapidations provision £'000	Total £'000
At 2 October 2010	823	474	1,297
Additional provision in the year	748	1,114	1,862
Utilisation of provision	(474)	(121)	(595)
Release of provision in the year	-	(9)	(9)
<b>At 1 October 2011</b>	<b>1,097</b>	<b>1,458</b>	<b>2,555</b>

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### 22 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 seven financial periods.

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	Other short-term timing differences £'000	Share-based payments £'000	Exchange rate differences £'000	Interest rate hedging £'000	Rent free £'000	Total £'000
As at 26 September 2009	2,421	–	(213)	9	(263)	(77)	1,877
Credit to income	(86)	(53)	(11)	(1)	(1,174)	22	(1,303)
Impact of rate change	(138)	2	–	–	106	(1)	(31)
Credit to equity	–	–	(121)	–	–	–	(121)
As at 2 October 2010	2,197	(51)	(345)	8	(1,331)	(56)	422
(Credit)/charge to income	(204)	7	9	10	(909)	19	(1,068)
Impact of rate change	(146)	2	–	(1)	166	2	23
Charge to equity	–	–	28	–	–	–	28
<b>As at 1 October 2011</b>	<b>1,847</b>	<b>(42)</b>	<b>(308)</b>	<b>17</b>	<b>(2,074)</b>	<b>(35)</b>	<b>(595)</b>

The Government announced in March 2011 that it intended to reduce the rate of corporation tax from 28% to 23% by 1 April 2014, and the Finance Act 2011, which was substantively enacted in July 2011, included provisions to reduce the rate of corporation tax to 25% with effect from 1 April 2012. Accordingly, deferred tax balances have been revalued to the lower rate of 25% in these accounts, which has resulted in a debit to the income statement of £23,000.

### 23 CALLED-UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised 240,000,000 (2010: 240,000,000) ordinary shares of 3.33p each (2010: 3.33p)	8,000	8,000
Authorised 37,000,000 (2010: 37,000,000) redeemable B shares of £0.54 each	19,980	19,980
Authorised 124,890,948 (2010: 124,890,948) irredeemable C shares of £0.001 each	125	125
	<b>28,105</b>	28,105
Issued and fully-paid 188,365,802* (2010: 188,202,323) ordinary shares of 3.33p each (2010: 3.33p)	6,279	6,273
Total	<b>6,279</b>	6,273

In the previous period the Group issued 17,109,302 shares as part of a placing and open offer on 27 November 2009. The issue increased the number of shares from 171,093,021 to 188,202,323. Under the arrangements of the placing, the Company issued shares in exchange for shares in Tail Finance Jersey Limited. No share premium was ultimately recorded in the Company's financial statements through the operation of the merger relief provisions of the Companies Act 2006. The subsequent redemption of these shares gave rise to distributable profits of £14.3 million which were transferred to retained earnings.

During the period the Group issued 163,479 (2010: none) ordinary shares with a nominal value of £5,449 (2010: £nil) under share option schemes for an aggregate cash consideration of £26,694 (2010: £nil).

\*During the period 122,000 (£4,000) shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Directors and Senior Management Team. These have not been paid for at the balance sheet date.

## 24 SHARE PREMIUM

	2011 £'000	2010 £'000
At start of period	1,001	1,001
Premium on issue of new shares	21	–
Shares issued in respect of placing and open offer	–	14,296
Transfer to retained earnings	–	(14,296)
At end of period	1,022	1,001

## 25 OWN SHARES

	2011 £'000	2010 £'000
At start of period	–	–
Issued in the period	(4)	–
At end of period	(4)	–

During the period, a subsidiary of the Group purchased 122,000 with a nominal value of £4,000, which have been classified as own shares.

## 26 MERGER RESERVE

	2011 £'000	2010 £'000
At start of period	(399)	240
Release of reserve on disposal of subsidiary	–	(639)
At end of period	(399)	(399)

## 27 SHARE-BASED PAYMENT RESERVE

	2011 £'000	2010 £'000
At start of period	367	240
Credit to equity for equity-settled share-based payments	176	127
At end of period	543	367

## 28 CAPITAL REDEMPTION RESERVE

	2011 £'000	2010 £'000
At start and end of 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.

## 29 FOREIGN EXCHANGE RESERVE

	2011 £'000	2010 £'000
At start of period	–	336
Release of reserve on disposal of subsidiary	–	(336)
At end of period	–	–

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### 30 RETAINED EARNINGS

	£'000
At 27 September 2009	(81,161)
Release from Merger reserve on disposal of subsidiary	639
Transfer from the share premium account	14,296
Deferred tax on sharesave scheme taken directly to equity	121
Net profit for the period	9,974
At 2 October 2010	(56,131)
Dividends (note 12)	(2,817)
Deferred tax on sharesave scheme taken directly to equity	(28)
Net profit for the period	5,714
<b>At 1 October 2011</b>	<b>(53,262)</b>

The transfer from the share premium account in the previous period arose from the firm placing and open offer in November 2009. Within these arrangements, the Company issued shares in exchange for ordinary shares and redeemable preference shares in Tail Finance Jersey Limited. No share premium was ultimately recorded in the Company financial statements through the operation of the merger relief provisions of the Companies Act 2006.

The realised gain was taken after the deduction of transaction costs of £0.5 million, principally as a result of commissions and professional charges. The subsequent redemption of these shares gave rise to distributable profits of £14.3 million which were transferred to retained earnings.

### 31 FINANCIAL COMMITMENTS

#### a) Capital commitments

At the end of the period there were capital commitments contracted of £300,000 (2010: £nil).

#### b) Pension arrangements

The Group operates separate defined contribution pension schemes 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 £149,000 (2010: £181,000).

#### c) Lease commitments

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 £20,881,000 which includes property service charges of £699,000 (2010: £20,861,000 including property service charges of £649,000).

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:

	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
– within 1 year	18,401	1,156	17,908	1,014
– within 2–5 years	61,188	1,738	58,796	1,922
– after 5 years	66,485	39	63,027	80
	<b>146,074</b>	<b>2,933</b>	139,731	3,016

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 15 years and rentals are fixed for an average of five years (2010: same).

## 32 SHARE-BASED PAYMENTS

The Group operates three share option schemes in relation to Group employees.

### Equity-settled share option scheme

Options are exercisable at the middle market closing price for the working day prior to the date of grant and are exercisable three years from the date of grant if the employee is still employed by the Group at that date.

Details of the share options outstanding during the period are as follows:

Date of grant	Option price	Exercisable period	No. of options outstanding	
			2011	2010
26 January 2001	54p	7 Years	–	78,020
12 February 2002	54p	7 Years	40,779	40,779
			<b>40,779</b>	118,799

Movements in share options are summarised as follows:

	2011 Number of share options	2011 Weighted average exercise price £	2010 Number of share options	2010 Weighted average exercise price £
Outstanding at beginning of period	118,799	0.54	122,299	0.54
Exercised during the period	(41,520)	0.54	–	–
Expired during the period	(36,500)	0.54	(3,500)	0.54
Outstanding at end of period	40,779	0.54	118,799	0.54
Exercisable at end of period	40,779	0.54	118,799	0.54

The options outstanding at 1 October 2011 had a weighted averaged exercise price of 54p (2010: 54p) and a weighted average remaining contractual life of one year (2010: one year).

### Other share-based payment plans

Employee share purchase plans are open to almost all employees and provide for a purchase price equal to the daily average market price on 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:

	2011 Number of share options	2011 Weighted average exercise price	2010 Number of share options	2010 Weighted average exercise price
Outstanding at beginning of period	5,452,947	19p	5,974,783	19p
Issued during the period	1,259,204	64p	–	–
Expired during the period	(482,588)	46p	–	–
Exercised during the period	–	–	(521,836)	19p
Outstanding at end of period	6,229,563	25p	5,452,947	19p
Exercisable at end of period	6,229,563	25p	5,452,947	19p

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### 32 SHARE-BASED PAYMENTS (CONTINUED)

The inputs to the Black-Scholes Model for the above two schemes are as follows:

	2011	2010
Weighted average share price – pence	<b>31.5</b>	22.6
Weighted average exercise price – pence	<b>25.2</b>	18.1
Expected volatility – %	<b>74.1 and 67.9</b>	32.4
Expected life – years	<b>3 or 5</b>	3 or 5
Risk – free rate of interest – %	<b>0.7</b>	0.8
Dividend Yield – %	<b>5.37</b>	5.04

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three or five years (2010: same). 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.

#### Deferred bonus long-term incentive plan

At the AGM in January 2010 a new deferred bonus long-term incentive plan (LTIP) was approved by shareholders. Under this long-term incentive plan a proportion of the annual bonus is deferred in the form of shares for a two year period with a matching share award that vests at the end of two years subject to the achievement of performance conditions. 25% of the annual bonus has been deferred into shares, on a net basis, for a two year period, with a further match on a gross basis which vests two years later subject to the achievement of performance conditions relating to continued employment in the business and EBITDA earnings growth measured over the two year period.

For the period ended 2 October 2010 it was determined that a bonus be paid equivalent to 50% of basic salary for Executive Directors and the members of the Senior Management Team. 25% of the annual bonus was deferred under the deferred bonus long-term incentive plan. The total number of shares due to be awarded was 121,959, and the fair value of these deferred shares as at 1 October 2011 was £73,000 (2010: £79,000).

The total number of matching shares that are expected to be awarded, subject to fulfilment of the performance conditions is 229,378, and the fair value of these matching shares as at 1 October 2011 was £131,000. No options were granted or exercised during the period (2010: 351,337). The options outstanding at 1 October 2011 had a weighted average exercise price of £0.69 and a weighted average remaining contractual life of one year. During the period, matching shares concerning the 2010 bonus award were recognised as an expense. This amounted to £66,000 (2010: £nil).

The inputs to the Black-Scholes Model are as follows:

	2011	2010
Weighted average share price – pence	<b>65.8</b>	60.0
Weighted average exercise price – pence	–	–
Expected volatility – %	<b>45.3</b>	81.6
Expected life – years	<b>2</b>	2
Risk – free rate of interest – %	<b>0.6</b>	0.8
Dividend Yield – %	–	–

Expected volatility was determined by calculating the historical volatility of the Group's share price over the 2009/10 and 2010/11 financial periods (2010: 2008/09 and 2009/10 financial periods). 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.

In total, the Group recognised a total expense of £176,000 (2010: £127,000 expense) relating to share-based payments.

### 33 RELATED PARTY TRANSACTIONS

S.K.M. Williams has the non-statutory role of President, advising on property matters and is a related party by virtue of his 10.6% shareholding (19,903,950 ordinary shares) in the Group's issued share capital (2010: 10.6% shareholding of 19,903,950 ordinary shares).

At 1 October 2011 S.K.M. Williams was the landlord of three properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £136,000 (2010: £134,000) per annum.

No amounts were outstanding with S.K.M. Williams at 1 October 2011 (2010: £nil).

The lease agreements on all properties are operated on commercial arm's length terms. His salary for the year in his role as President was £41,000 (2010: £41,000).

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 exemption available under IAS 24.

The remuneration of the Board of Directors, who are considered key management personnel of the Group was £1.1million (2010: £1.3 million) as well as share-based payments of £nil (2010: £0.1 million). Further information about the remuneration of the individual Directors is provided in the Remuneration Report on pages 33 to 36.

### 34 EVENTS AFTER THE BALANCE SHEET DATE

On 27 October 2011 the Group settled the five-year interest rate swap for a consideration of £476,000. Additionally on 1 November 2011 the Group entered into a legally binding agreement committing it to a partial trade termination amounting to 50% of the 10-year cancellable collar, which will be settled on 2 April 2012 for a consideration of £6,240,000.

This will have the effect of reducing the Group's annual interest charge moving forwards by approximately £1.25 million (at current LIBOR rates).

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOPPS TILES PLC

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We have audited the parent company financial statements of Topps Tiles Plc for the period ended 1 October 2011, which comprise the Company balance sheet and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 1 October 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion 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; and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the parent company financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Other matter

We have reported separately on the group financial statements of Topps Tiles Plc for the period ended 1 October 2011.

### Timothy Edge (Senior Statutory Auditor)

for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

28 November 2011

**COMPANY BALANCE SHEET**

As at 1 October 2011

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	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Investments	3	<b>2,928</b>	2,801
<b>Current assets</b>			
Debtors due within one year	4	<b>38</b>	630
Debtors due after one year	4	<b>221,200</b>	221,200
Cash at bank and in hand		<b>24,157</b>	29,139
		<b>245,395</b>	250,969
<b>Creditors: Amounts falling due within one year</b>	5	<b>(615)</b>	(1,390)
<b>Net current assets</b>		<b>244,780</b>	249,579
<b>Net assets</b>		<b>247,708</b>	252,380
<b>Capital and reserves</b>			
Called-up share capital	6,7	<b>6,279</b>	6,273
Share premium	7	<b>1,022</b>	1,001
Share-based payment reserve	7	<b>482</b>	323
Capital redemption reserve	7	<b>20,359</b>	20,359
Other reserve	7	<b>6,200</b>	6,200
Profit and loss account	7	<b>213,366</b>	218,224
<b>Equity shareholders' funds</b>		<b>247,708</b>	252,380

The financial statements of Topps Tiles Plc, Companies House number 3213782, were approved by the Board of Directors on 28 November 2011 and signed on its behalf by:

**M.T.M. Williams**  
Director

**R. Parker**  
Director

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the 52 week period ended 1 October 2011

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## 1 BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and law.

Based on a detailed review of the risks and uncertainties discussed within the Business Review, and management's current expectations, the Board has a reasonable expectation 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.

The current economic climate and most recent trading period creates a degree of uncertainty in the outlook and our forecasts are sensitive to relatively small changes in sales and margin assumptions. This uncertainty, combined with the financial covenants included in our loan facilities, has led the Board to conduct a detailed review of a number of different trading scenarios and possible mitigating actions, should they be required. Mitigating actions would include further cost reductions, working capital management, reduced investment, freehold property disposal and possible review of dividend policy.

Based on this analysis the Board have concluded that in the event that the level of like-for-like sales highlighted in the current trading section of the CEO's Report were to continue for the whole of the financial period ending 29 September 2012, some form of mitigating actions would be required but once taken into account the Group would fully meet all of its future financial commitments. The Board, therefore, considers it appropriate to prepare the financial statements on the going concern basis.

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

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The credit added to the cost of investment in those subsidiaries whose employees receive the benefit of the share options is £127,000 (2010: £38,000). In respect of the deferred long-term bonus incentive plan, the share-based payment charge within the Company is £32,000 in respect of the matching share award (2010: £79,000 in respect of the deferred share award).

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

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with other members of the Group and the exemption in FRS 29 for making disclosures relating to financial instruments.

## 2 PROFIT FOR THE YEAR

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 retained loss for the financial period ended 1 October 2011 of £4,858,000 (2010: £264,000 profit).

The auditor's remuneration for services to the Company was £40,000 for audit related work (2010: £40,000 for audit related work).

Fees relating to non-audit work totalled £nil (2010: £33,000), see note 6 to the Group financial statements for further details.

The Company had no other employees other than the Directors (2010: same), whose remuneration is detailed on page 35.

## 3 FIXED ASSET INVESTMENTS

	Shares £'000
At 27 September 2010	2,801
Movement in share options granted to employees	127
<b>At 1 October 2011</b>	<b>2,928</b>

### 3 FIXED ASSET INVESTMENTS (CONTINUED)

The Company has investments in the following subsidiaries which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Subsidiary undertaking	% of issued shares held	Principal activity
Topalpha Limited*	100%	Property management and investment
Multi Tile Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Holdings	100%	Intermediate holding company
Topps Tiles (UK) Limited	100%	Retail and wholesale of ceramic tiles, wood flooring and related products
Topps Tiles Distribution Ltd	100%	Wholesale and distribution of ceramic tiles, wood flooring and related products
Topps Tiles Holdings BV*	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 except for Topps Tiles Holdings BV, which is registered and incorporated in the Netherlands. A subsidiary of Topps Tiles Holdings BV, Topps Tiles Retail BV was placed into administration during the prior period.

### 4 DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	4	–
Other debtors	28	12
Prepayments and accrued income	6	618
	<b>38</b>	630
Amounts falling due after one year:		
Amounts owed by subsidiary undertaking	<b>221,200</b>	221,200

In respect of the deferred bonus share award, a deferred tax asset has not been recognised as it is probable that there will be insufficient suitable profits arising when the shares are awarded against which to relieve the deduction.

### 5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade and other creditors	49	12
Amounts owed to subsidiary undertakings	292	253
Accruals and deferred income	274	1,125
	<b>615</b>	1,390

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

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### 6 CALLED-UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised 240,000,000 (2010: 240,000,000) ordinary shares of 3.33p each (2010: 3.33p)	<b>8,000</b>	8,000
Authorised 37,000,000 (2010: 37,000,000) redeemable B shares of £0.54 each	<b>19,980</b>	19,980
Authorised 124,890,948 (2010: 124,890,948) irredeemable C shares of £0.001 each	<b>125</b>	125
	<b>28,105</b>	28,105
Issued and fully-paid 188,365,802* (2010: 188,202,323) ordinary shares of 3.33p each (2010: 3.33p)	<b>6,279</b>	6,273

\*During the period 122,000 (£4,000) shares were purchased by Topps Tiles Employee Benefit Trust on behalf of the Directors and Senior Management Team. These have not been paid for at the balance sheet date.

During the period the Group allotted 163,479 (2010: none) ordinary shares with a nominal value of £5,449 (2010: £nil) under share option schemes for an aggregate cash consideration of £26,694 (2010: £nil). In the previous period the Group issued 17,109,302 shares as part of a placing and open offer which increased the number of shares from 171,093,021 to 188,202,323.

### 7 RESERVES

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
At 2 October 2010	6,273	1,001	323	20,359	6,200	218,224	252,380
Loss for the period	–	–	–	–	–	(4,858)	(4,858)
Issue of new shares	6	21	–	–	–	–	27
Credit to equity for equity-settled share-based payments	–	–	159	–	–	–	159
<b>At 1 October 2011</b>	<b>6,279</b>	<b>1,022</b>	<b>482</b>	<b>20,359</b>	<b>6,200</b>	<b>213,366</b>	<b>247,708</b>

At 1 October 2011, the Directors consider the other reserve of £6,200,000 to remain non-distributable.

The Directors consider £203,106,000 of profit and loss account reserves not to be distributable at 1 October 2011. This arose on an unrealised gain on the intragroup disposal of subsidiary companies.

**FIVE YEAR RECORD**

Unaudited

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	52 weeks ended 29 September 2007 £'000	52 weeks ended 27 September 2008 £'000	52 weeks ended 26 September 2009 £'000	53 weeks ended 2 October 2010 £'000	<b>52 weeks ended 1 October 2011 £'000</b>
Group revenue	207,898	208,084	186,061	183,420	<b>175,525</b>
Group operating profit	44,342	34,620	16,425	20,899	<b>13,980</b>
Profit before taxation	37,833	27,723	4,904	13,397	<b>7,908</b>
Shareholders' deficit	(54,824)	(55,113)	(53,282)	(28,530)	<b>(25,462)</b>
Basic earnings per share	15.09p	9.56p	1.00p	5.37p	<b>3.04p</b>
Dividend per share	10.70p	3.00p	–	–	<b>1.50p</b>
Dividend cover	1.41	3.19	–	–	<b>1.92</b>
Average number of employees	1,722	1,743	1,625	1,615	<b>1,661</b>
Share price (period end)	196.8p	58.25p	94.41p	60.0p	<b>34.0p</b>

All figures quoted are inclusive of continued and discontinued operations.

## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of Topps Tiles Plc (the "Company") will be held at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU on 10 January 2012 at 10.00am for the following purposes:

### ORDINARY BUSINESS

1. To receive and adopt the Company's Annual Report and Financial Statements for the financial period ended 1 October 2011 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 0.6p per Ordinary Share on the Ordinary Shares for the period.
3. To re-elect Matthew Williams as a Director of the Company.
4. To re-elect Robert Parker as a Director of the Company.
5. To re-elect Nicholas Ounstead as a Director of the Company.
6. To re-elect The Rt. Hon. Michael Jack as a Director of the Company.
7. To re-elect Alan White as a Director of the Company.
8. To re-elect Claire Tiney, who has been appointed since the last Annual General Meeting, as a Director of the Company.
9. To re-appoint Deloitte LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the Annual Report and Financial Statements are laid before the Company at a remuneration to be determined by the Directors.
10. To approve the Directors' Remuneration Report for the financial period ended 1 October 2011 as set out in the Annual Report and Financial Statements for that period.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the resolutions set out below which, in the case of Resolution 11 will be proposed as an Ordinary Resolution and, in the case of Resolutions 12 to 14 (inclusive) will be proposed as Special Resolutions.

11. THAT, the Directors of the Company be generally and unconditionally authorised for the purposes of and pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to allot Relevant Securities (as defined in the explanatory notes to this resolution) up to an aggregate nominal amount of £2,090,651 provided that this authority shall, unless renewed, varied or revoked by the Company, expire 15 months from the passing of this resolution or, if earlier, on the date of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
12. THAT, subject to the passing of Resolution 11 above, the Directors of the Company be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 11 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities pursuant to a rights issue or similar offer to Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer of allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the Directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of Ordinary Shares held by them; and
  - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of the greater of £313,629 or 5% of the issued share capital of the Company.

The power granted by this resolution will expire 15 months from the passing of this resolution or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

13. THAT, the Company be generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary Shares of 3/3p each in the capital of the Company ("Ordinary Shares") provided that:
- the maximum number of Ordinary Shares hereby authorised to be purchased is 28,066,504 (representing 14.9% of the Company's issued Ordinary Share capital);
  - the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 3/3p;
  - the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is Contracted to be purchased;
  - unless previously renewed, varied or revoked, the authority conferred shall expire at the close of the next Annual General Meeting of the Company or 12 months from the date of this resolution, if earlier; and
  - the Company may make a contract for the purchase of Ordinary Shares under this authority before the expiry of this authority which would or might require to be executed wholly or partly after the expiry of such authority, and may make purchases of Ordinary Shares in pursuance of such a contract as if such authority had not expired.
14. THAT, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

## NOTES

- 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 10.00am on 8 January 2012 (being 48 hours before the time for holding the meeting) or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or 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 10.00am on 8 January 2012 or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 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, Capita Registrars, 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 10.00am on 8 January 2012 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).
- 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 ("2006 Act") to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the 2006 Act.
- 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.
- As at the close of business on the date of this notice, the Company's issued share capital comprised 188,365,802 Ordinary Shares of 3/3p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company.
- 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.
- 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).
- 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.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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9. 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 (formerly CRESTCo's) 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.
10. 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.
11. 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 2006 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.
12. Capita Registrars maintain the Company's share register. They also provide a telephone helpline service on 0871 664 0300 (calls cost 10p a minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday). If you have any queries about voting or about your shareholding, please contact Capita Registrars.
13. Members have the right to ask questions at the meeting in accordance with section 319A of the 2006 Act.
14. 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 2006 Act; and
  - (b) copies of the Directors' service contracts.
15. Information regarding the AGM, including the information required by section 311A of the 2006 Act, is available from the Company's website – [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

**R. Parker**

Company Secretary  
28 November 2011

**Registered Office:**

Thorpe Way  
Grove Park  
Enderby  
Leicestershire LE19 1SU

**Registered No:**

3213782

# EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

THE ANNUAL GENERAL MEETING of the Company will be held at the Company's premises at Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU on 10 January 2012 at 10.00am.

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 certain other resolutions:

## ORDINARY BUSINESS

### Resolution 2

#### Declaration of Final Dividend

A final dividend of 0.6p per Ordinary Share is recommended by the Directors for payment to shareholders on the register of members of the Company at the close of business on 30 December 2011. Subject to approval by the Ordinary Shareholders at the Annual General Meeting, the dividend will be paid on 31 January 2012. An interim dividend of 0.5p was declared on 8 July 2011 which means the total dividend level will be 1.1p per Ordinary Share for the 52 weeks prior to 1 October 2011.

### Resolutions 3 to 8

#### 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 with the exception of the Rt. Hon. J.M. Jack who has served for at least nine years and therefore retires and offers himself for re-election annually. Although not required by the Company's articles, each of the remaining Directors will, in the interests of good corporate governance, retire voluntarily and offer himself for re-election. Brief biographical details about all the Directors appear on page 26 of the Annual Report and Financial Statements, with the exception of Claire Tiney, whose details can be found on our website at [www.toppstiles.co.uk](http://www.toppstiles.co.uk).

## SPECIAL BUSINESS

### Resolution 11

#### Appointment of authority to issue shares

The right of the Directors to allot further shares in the capital of the Company requires in most cases the prior authorisation of the shareholders in general meeting under section 551 of the Companies Act 2006 ("the 2006 Act"). Resolution 11 will be put to members as special business to authorise the Directors to allot Ordinary Shares with a nominal value of £2,090,651 out of the Company's unissued share capital representing approximately 33.3% of the Company's current issued share capital (excluding shares held in treasury). The Company currently holds nil Ordinary Shares in treasury. The Directors have no current intention of exercising the authority contained in Resolution 11 to allot further shares. The authority shall expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

Relevant Securities means:

- Shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act); a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

### Resolution 12

#### Disapplication of statutory rights of pre-emption

This proposed resolution seeks to obtain power under section 571 of the 2006 Act to enable the Directors to allot, for cash, shares with an aggregate nominal value of £313,629 equal to approximately 5% of the Company's current issued share capital without being required first to offer such securities to existing shareholders. The Company will thereby be given greater flexibility when considering future opportunities but the interests of existing shareholders will be protected as, except in the case of a rights issue or the allotment of shares under the Company's share option schemes, the Directors have no present intention to exercise its authority under this resolution to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in general meeting, to make any issue which would effectively alter the control of the Company or the nature of its business. This authority will expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

# EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

## CONTINUED

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### **Resolution 13**

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

At the Annual General Meeting, Ordinary Shareholders are being invited under Resolution 13 to grant authority to the Company to make market purchases of its Ordinary Shares. It is proposed such authority shall expire on the conclusion of the Annual General Meeting to be held in 2013 or 12 months from the date of this resolution, if earlier. This authority will be limited to the purchase of not more than 14.9% of the Ordinary Shares currently in issue. This represents the maximum amount of Ordinary Share capital in issue which is permitted before tender or partial offer to all shareholders is required to be made to perform any share buy-back. The maximum price payable under this authority will be 105% of the average of the middle market quotations of an Ordinary Share for the five business days before the relevant purchase and the minimum price will be 3<sup>1</sup>/<sub>3</sub>p per Ordinary Share. In considering whether or not to purchase Ordinary Shares under the market purchase authority, the Directors will take into account cash resources, the effect on gearing and other investment opportunities before exercising the authority. In addition, the Company will only exercise the authority to make such a purchase in the market when the Directors consider it is in the best interests of the shareholders generally to do so and it should result in an increase in Earnings per Ordinary Share. As at 30 November 2011, there were options to subscribe for 6,080,346 equity shares outstanding under various schemes representing approximately 3.2% of the current issued share capital of the Company. If the authority sought by Resolution 13 was exercised in full, the number of outstanding options would represent approximately 3.8% of the issued share capital following the repurchase of shares.

### **Resolution 14**

#### **Notice period for general meetings**

This resolution is required to reflect the implementation in August 2009 of the Shareholder Rights Directive. The regulation implementing this Directive increased the notice period for general meetings of the Company to 21 days. Previously the Company was able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability going forward. In order to be able to do so shareholders must approve the calling of meetings on 14 days' notice. Resolution 14 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

## THE TEAM

### A

Aamir Jamil  
 Aaron Foster  
 Aaron Smith  
 Aaron Turner  
 Abul Khashad  
 Adam Boshir  
 Adam Champion  
 Adam Clarke  
 Adam Close  
 Adam Cook  
 Adam Crowe  
 Adam Davidson  
 Adam Edwards  
 Adam Ford  
 Adam Gale  
 Adam Green  
 Adam Ireland  
 Adam King  
 Adam Laidlaw  
 Adam Nuttall  
 Adam Palmer  
 Adam Riley  
 Adam Rodriguez  
 Adam Simkins  
 Adam Voyce  
 Adam Ward  
 Adam Whittaker  
 Adam Wolniewicz  
 Adil Rajah  
 Adrian Kimber  
 Adrian Rimmington  
 Aileen Crossley  
 Ajay Arya  
 Ajay Bhakri  
 Akiyemi Orekoya  
 Aklakud Duha  
 Akommil Ali  
 Alan Collins  
 Alan Flynn  
 Alan Hughes  
 Alan Jones  
 Alan Law  
 Alan Monk  
 Alan Parker  
 Alan Rutherford  
 Alan Saunders  
 Alan Sinclair  
 Alan Smalley  
 Alan Sproston  
 Alan White

Alan Wrighting  
 Alex Howe  
 Alex Whitmore  
 Alex Wilson  
 Alexander Onions  
 Alexander Penn  
 Alexandria Murphy  
 Alfred Kamara  
 Ali Faheem  
 Ali Rizvi  
 Ali Siddique  
 Alison Hunt  
 Alison Walkinshaw  
 Alistair Payne  
 Allan Chigariro  
 Allan Coomber  
 Allan Harper  
 Alvin Chinyanga  
 Alvin Lapao  
 Amanda Green  
 Amanda Hullett  
 Amandeep Singh  
 Amit Bhargava  
 Andrea Moon  
 Andrea Reeves  
 Andrew Baillie  
 Andrew Belson  
 Andrew Blackborow  
 Andrew Bowden  
 Andrew Brookfield  
 Andrew Canham  
 Andrew Chapman  
 Andrew Clay  
 Andrew Clayton  
 Andrew Collins  
 Andrew Cox  
 Andrew Curr  
 Andrew Curtis  
 Andrew Davis  
 Andrew Dawson  
 Andrew Green  
 Andrew Groucutt  
 Andrew Hamilton  
 Andrew Hanson  
 Andrew Harrison  
 Andrew Hastings  
 Andrew Hill  
 Andrew Hodgson  
 Andrew Keattch  
 Andrew Middleton  
 Andrew Page  
 Andrew Phillips

Andrew Riley  
 Andrew Salkeld  
 Andrew Scorgie  
 Andrew Scott  
 Andrew Taylor  
 Andrew Warne  
 Andrew Waterfield  
 Andrew Wathan  
 Andrew Winterburn  
 Andrew Wood  
 Andrew Woodhouse  
 Andrew Woods  
 Andrew Young  
 Andy Playfoot  
 Andy Shaw  
 Angela Capp  
 Angela Morais  
 Angela Tremelling  
 Angelique Da Silva  
 Ann Mathias  
 Anna Kucharska  
 Anna Timney  
 Anna Wedrzyk  
 Annabelle Price  
 Annmarie Malone  
 Ansar Ahmed  
 Anthea Routley  
 Anthony Aldred  
 Anthony Alveranga  
 Anthony Ashton  
 Anthony Bradford  
 Anthony Christopher  
 Anthony Cox  
 Anthony Daly  
 Anthony Davies  
 Anthony Docherty  
 Anthony Eatock  
 Anthony Gibby  
 Anthony Gilbert  
 Anthony Heskett  
 Anthony James  
 Anthony Linsell  
 Anthony Marshall  
 Anthony Molyneux  
 Anthony Townsend  
 Anthony Wood  
 Antonia Rogers  
 Antonio Perkins  
 Antony Belham  
 Anub Varghese  
 Anuraag Parashar  
 Anwar Marshall

Arnold Harrison  
 Aron Hoff  
 Ashish Gouniyal  
 Ashleigh Mackinnon  
 Ashley Cutler  
 Ashley Kent  
 Ashley Siddons  
 Asim Ali  
 Astone Davids  
 Ayden Young

### B

Barbara Connor  
 Barclay Pope  
 Barrie Palmer  
 Barry Bester  
 Barry Edwards  
 Barry Hodges  
 Barry Jones  
 Barry Taylor  
 Barry Theobald  
 Barry Veasey  
 Barry Webber  
 Ben Armitage  
 Ben Baker  
 Ben Bright  
 Ben Brooker  
 Ben Davis  
 Ben Holloway  
 Ben Sawyer  
 Ben Stockton  
 Ben Woollins  
 Benjamin Hardie  
 Benjamin Morais  
 Benjamin Rich  
 Benjamin Rowe  
 Benjamin Willis  
 Bernadette Peasland  
 Bernard Fallon  
 Bertil Boyles  
 Beth Boulton  
 Beth Pauls  
 Bill Wylie  
 Billy Decaille  
 Billy Hutchins  
 Bjorn Bjergfelt  
 Bob Barlow  
 Bolaji Adeyanju  
 Bradley Ball  
 Brandon Abels  
 Brant Wells

Brendan Flynn  
 Brett Goulden  
 Brian Burke  
 Brian Cariello  
 Brian Cox  
 Brian Crews  
 Brian Dicks  
 Brian Fisher  
 Brian Flatters  
 Brian King  
 Bridget Rees  
 Brigette Hale  
 Bruce Fielding  
 Bruce Garrod  
 Bruce Jeffery  
 Bruno Alves  
 Bruno Bernasconi

### C

Cade Somerville  
 Calbert Hall  
 Campbell Marr  
 Carl Cook  
 Carl Courtney  
 Carl Cumberbatch  
 Carl Dyke  
 Carl Edlund-Rose  
 Carl Foster  
 Carl Fraser  
 Carl Hermitt  
 Carl Paternoster  
 Carl Roberts  
 Carl Whatley  
 Carlos Chowdhury  
 Carlos Morais  
 Carol Livingstone  
 Caroline Bailey  
 Caroline Bennett  
 Caroline Chewter  
 Caroline May  
 Catherine Platt  
 Chantelle Morgan  
 Charlene Walpole  
 Charles Ross  
 Charles Taylor  
 Charlotte Armstrong  
 Charlotte Driscoll  
 Charlotte Glynn  
 Chelsea Gordon  
 Cheryl Vearncombe  
 Chetna Shah

**THE TEAM**  
CONTINUED

82

Chirag Patel  
 Chloe Zeller  
 Choudre Grobler  
 Chris Bland  
 Chris Butler  
 Chris Cartey  
 Chris Curtis  
 Chris Foster  
 Chris Heyes  
 Chris Howe  
 Chris Jensen  
 Chris Nicholls  
 Chris Sansby  
 Chris Walker  
 Chris White  
 Christer Leth  
 Christian Banham  
 Christina Langridge  
 Christine Hendry  
 Christine Juggins  
 Christine Thistlethwaite  
 Christopher Beeson  
 Christopher Bloy  
 Christopher Bowles  
 Christopher Burgess  
 Christopher Collins  
 Christopher Cooper  
 Christopher Harbutt  
 Christopher Holland  
 Christopher Holt  
 Christopher Hudson  
 Christopher Lamb  
 Christopher Mcwhinnie  
 Christopher Moorhouse  
 Christopher Nottle  
 Christopher Santos  
 Christopher Searle  
 Christopher Stobbs  
 Christopher Turley  
 Christopher Walley  
 Christopher Warren  
 Christopher Williamson  
 Chudry Ghani  
 Cindy Cox  
 Claire Chaffe  
 Claire Rayton  
 Clare Barden  
 Claudia Weaver  
 Clive Marriott  
 Colin Gadd  
 Colin Griffiths  
 Colin Harvey

Colin Hoban  
 Colin Joy  
 Colin Markham  
 Colin Rymer  
 Colin Skinner  
 Colin Taylor  
 Conrad Harrup  
 Cora Morrison  
 Corrina Bowers  
 Craig Connor  
 Craig Conway  
 Craig Deveson  
 Craig Dickson  
 Craig Dolling  
 Craig Hill  
 Craig Lewis  
 Craig Murphy  
 Craig Nammontri  
 Craig Nicholson  
 Craig Ollard  
 Craig Reed  
 Craig Tetlow  
 Curtis Hatton

**D**

Dale Stone  
 Damian Sheppard  
 Dan Clancy  
 Daniel Bath  
 Daniel Brain  
 Daniel Branson  
 Daniel Burdett  
 Daniel Chant  
 Daniel Childs  
 Daniel Clayton  
 Daniel Collins  
 Daniel Cox  
 Daniel Crotty  
 Daniel Fallows  
 Daniel Findlay  
 Daniel Fulcher  
 Daniel Hall  
 Daniel Hill  
 Daniel Hull  
 Daniel Ingham  
 Daniel Jones  
 Daniel Keeble  
 Daniel Lee  
 Daniel Little  
 Daniel Loft  
 Daniel Mclean

Daniel Merrett  
 Daniel Musguin  
 Daniel Robinson  
 Daniel Saltmarsh  
 Daniel Sheppard-brown  
 Daniel Shimmen  
 Daniel Spencer  
 Daniel Thompson  
 Daniel Thornley  
 Daniel Van Aswegen  
 Daniel Woodford  
 Daniel Wren  
 Daniel Zanettacci  
 Danielle Whittaker  
 Dannielle Fry  
 Danny Burgess  
 Darone Dubois-Gayere  
 Darran Wood  
 Darren Bebbington  
 Darren Bradley  
 Darren Connor  
 Darren Doughty  
 Darren Fletcher  
 Darren Harper  
 Darren Hyman  
 Darren Mitchell  
 Darren Morgan  
 Darren Rawlings  
 Darren Read  
 Darren Rutledge  
 Darren Square  
 Darren Wagg  
 Darron Kerr  
 Daryl John Sims  
 Dave Brooks  
 Dave Jobling  
 Dave Marsh  
 David Atherton  
 David Augustus  
 David Binns  
 David Blades  
 David Bolingbroke  
 David Brown  
 David Burnikell  
 David Butler  
 David Carpenter  
 David Critchlow  
 David Dorney  
 David Fisher  
 David Godbold  
 David Harper  
 David Hatton

David Hayers  
 David Henderson  
 David Hill  
 David Hirst  
 David Hope  
 David Kershaw  
 David Kettlewell  
 David Knight  
 David Lane  
 David Linwood  
 David Locke  
 David Macartney  
 David Martin  
 David Matthews  
 David Meers  
 David Miller  
 David Morris  
 David Murray  
 David Nichol  
 David Oliver  
 David Parr  
 David Prime  
 David Roper  
 David Rowlands  
 David Sassoon  
 David Savage  
 David Sheehy  
 David Shewan  
 David Smith  
 David Steel  
 David Stott  
 David Sutcliffe  
 David Thomasson  
 David Townsley  
 David Webb  
 David Whitelaw  
 David Wilson  
 David Yallop  
 Dawn Allan  
 Dawn Gale Curtis  
 Dawn Stares  
 Dean Bull  
 Dean Johnson  
 Dean Kelly  
 Dean Macmillan  
 Dean Marshall  
 Dean Miller  
 Dean Newell  
 Dean Stokes  
 Dean Titchen  
 Dean Woolley  
 Debbie Demes

Decland Speede  
 Denis O'Brien  
 Denise Fishwick  
 Dennis Cragen  
 Dennis Jepson  
 Dennis Jovellanos  
 Dennis Lammas  
 Denzil Johns  
 Derek Amoo  
 Derek Lambourn  
 Derek Sim  
 Derek Smith  
 Derek Wooller  
 Desmond Agyei  
 Devindren Govender  
 Dewi Williams  
 Diane Shaftord – Butcher  
 Dilawar Ali  
 Dilip Parmar  
 Dinesh Amin  
 Dipal Parikh  
 Dishon Meade  
 Divyesh Javiya  
 Domantas Jankauskas  
 Dominic Coates  
 Dominic Hall  
 Dominic Reilly  
 Donald Magullian  
 Donna Boulton  
 Douglas Hartness  
 Duane Glover  
 Duncan Foy  
 Duncan Fraser  
 Dylan Roberts

**E**

Eamonn Clancy  
 Edward Derbyshire  
 Edward Murphy  
 Elizabeth Morrissey  
 Elizabeth Selfridge  
 Emily Lenton  
 Emily Williams  
 Emma Fortes  
 Emma Hatton  
 Emma Leavis  
 Emma Whatson  
 Emmanuel Liwao  
 Emran Mannan  
 Emriyas Girma

**F**

Faisal Ashraf  
Farid Haddad  
Farooq Younis  
Felipe Da Rocha West  
Finbarr Mcquaid  
Fiona Finnigan  
Fiona Grant  
Fitz Martin  
Frances Aylward  
Francesca Wright  
Francois Van Aswegen  
Frank Hibbert

**G**

G Style  
Gail Purves  
Gareth Carnegie  
Gareth Davies  
Gareth Hammond  
Gareth Roberts  
Gareth Ward  
Garry Case  
Garry Hardy  
Gary Ashdown  
Gary Asher  
Gary Bloomfield  
Gary Curtis  
Gary Gear  
Gary Marsden  
Gary Marshall  
Gary Parris/Munn  
Gary Purves  
Gary Shapcott  
Gary Thatcher  
Gary Wilcox  
Gary Woolmore  
Gavin Bennett  
Gavin Collins  
Gavin Jepson  
Gavin Magwood  
Gavin Mitchell  
Gavin Richardson  
Gediminas Merkys  
Gemma Mcbirnie  
Gemma Stephens  
George Latham  
George Martinez  
George Peck  
George Skinner  
George Tuplin

George Wilson  
Georgina Catling  
Geraint Thorne  
Gerard Mallon  
Gethin Jordan  
Gianfranco Zanolini  
Giles Wheatley  
Gillian Grace  
Glen Holloway  
Glendale Canoville  
Glenn Claridge  
Glenn Elgy  
Glyn Jones  
Glyn Rogers  
Gordon Davies  
Goutam Saha  
Graham Beaney  
Graham Brophy  
Graham Cameron  
Graham Davidson  
Graham Ford  
Graham Jones  
Graham Vance  
Grant Harris  
Grant Woolway  
Gregory Barwick  
Gulraise Mirza  
Gurdeep Panesar  
Gursharan Bains  
Gursharn Ladhar  
Guy Ferguson

**H**

Hamid Deen  
Hammed Hussain  
Harjit Dhaliwal  
Haroon Cockar  
Harpreet Hansra  
Harriet Manning  
Harry Biggs  
Hassan Rajah  
Hazel Millington  
Helen Gosling  
Helen March  
Henry Oakley  
Henry Rowe  
Hitesh Nathu  
Hitesh Patel  
Hugh Selley

**I**

Iain Arnott  
Ian Aikman  
Ian Bird  
Ian Bloomfield  
Ian Gould  
Ian Jones  
Ian Marshall  
Ian Mcalinden  
Ian McLoughlin  
Ian Mcneish  
Ian Noon  
Ian Paterson  
Ian Shepherd  
Ian Sykes  
Ian Tivendale  
Ian Winterburn  
Ibrahim Cisse  
Imran Ashraf  
Imran Isat  
Iqbal Hussain  
Irene Dickinson  
Isaac Halstead  
Iwan Jones  
Izabela Krzyszkowska

**J**

Jabbar Shah  
Jack Cairns  
Jack Company  
Jack Cassidy  
Jack Cleary  
Jack Coker  
Jack Maddison  
Jack O'Neill  
Jack Thornley  
Jack Whitehead  
Jacob Gonzales  
Jacqueline Byrne  
Jailuene Peake  
Jair Sharp  
Jaiwinder Harar  
Jake Haudiquet  
Jake Missen  
Jake Shopland  
Jake Woods  
James Bayley  
James Biesty  
James Bone  
James Butler  
James Cameron  
James Clifford  
James Curthoys  
James Eastham  
James Fox  
James Heard  
James Hollingshead  
James Judkins  
James Mcardle  
James Metcalf  
James Morgan  
James Murphy  
James Patston  
James Pearson  
James Pilfold  
James Rathbone  
James Robertson  
James Rolfe  
James Saunders  
James Stark  
James Stevens  
James Taylor  
James Thorning  
James Vander Plank  
Jamie Axten  
Jamie Durnan  
Jamie Evans  
Jamie Sia  
Jamie Thain  
Jamie Wenborn  
Jan Reddi  
Janet Riley  
Janice Millett  
Jared Rapsey  
Jarreth Hawkins  
Jason Buckley  
Jason Clare  
Jason Coupland  
Jason Darcy  
Jason Ealden  
Jason Field  
Jason Harper  
Jason Huges  
Jason Knox  
Jason Meadows  
Jason Morley  
Jason Nettleford  
Jason Perry  
Jason Pratt  
Jason Rose  
Jason Thomas  
Jayandrie Chetty  
Jayaprakash Paragjee

Jayde Bailey  
Jaymal Arjan  
Jeannette Hastie  
Jeffrey Adubofour  
Jeffrey Armstrong  
Jemma Wyatt  
Jennifer Donlan  
Jennifer Wall  
Jenny Inkson  
Jenny Seabrook  
Jeremy Harris  
Jessica Mackenzie  
Jessica Thiari  
Jill Cox  
Jim Tuvey  
Joan Hicks  
Joanne Cox  
Joanne Elton  
Jodie Baigrie  
Joe Cox  
Joe Gregorace  
Joe Riddell  
Joe Smith  
John Bourke  
John Chinn  
John Cook  
John Duffy  
John Ellis  
John Fawkes  
John Forden  
John Foster  
John Gardner  
John Harris  
John Hartley  
John Hesp  
John Hickey  
John Hughes  
John Keouski  
John Lewis  
John Marris  
John McLaren  
John Moat  
John Nelson  
John Page  
John Paine  
John Pilling  
John Shaw  
John Smith  
John Taylor  
John Thompson  
John Williams  
John Wright

**THE TEAM**  
CONTINUED

84

John-Paul Jones  
Jon Pringle  
Jon Thatcher  
Jonathan Adjekum  
Jonathan Bainbridge-Coombs  
Jonathan Benn  
Jonathan Bryant-williams  
Jonathan Evans  
Jonathan Francois  
Jonathan Hargreaves  
Jonathan Hicks  
Jonathan Morgan  
Jonathan Smith  
Jonathan Wade  
Jonathan Wallace  
Jonathan Williams  
Jonathan Woodroff  
Jonathan Hall  
Jonathan Ludlow  
Jonathan Sheerin  
Jon-Paul Hughes  
Jon-Paul Russell  
Jordan Farenden  
Josef Kinski  
Joseph Dolan  
Joseph Lawton  
Josephine Hilldrup  
Josh Dempster  
Josh Holmes  
Joshua Groener  
Joshua Rapley  
Jubair Ahmed  
Juginder Gill  
Julie Brachtvogel  
Julie Cox  
Julie Fewings  
Julie Jordan  
Juliet Wilford  
Justin Bradley

**K**

Kalpik Singh  
Kalpit Patel  
Kamlesh Shah  
Karen Brook  
Karen Sutcliffe  
Karl Atkins  
Karl Batterham  
Karl Johansson  
Karl Stephens

Karl Verry  
Kashan Riley  
Kashif Munir  
Kate Cook  
Katherine Davis  
Katherine Rudkin  
Kathryn Baird  
Kathryn Robinson  
Katie Brindley  
Katie Slater  
Kawaljit Gulati  
Kayleigh Hanson  
Keilam Gilbert  
Keir Beeson  
Keith Ambrose  
Keith Earl  
Keith Fitzpatrick  
Keith Hughes  
Keith Johnson  
Keith Rudkin  
Keith Storrer  
Kelly Bell  
Kelly Savile  
Kelly-Anne O Connor  
Kenneth Owen  
Kenneth Pettengale  
Kenneth Williams  
Kerri Atkinson  
Kerry Hume  
Kerry Saunders  
Kevan Richardson  
Kevin Baker  
Kevin Bowtle  
Kevin Burchell  
Kevin Fox  
Kevin Hailes  
Kevin Hartley  
Kevin Hastings  
Kevin Hodson  
Kevin Jeans  
Kevin Jones  
Kevin Nicol  
Kevin Rowe  
Kevin Sherwood  
Kevin Thorne  
Kevin Tully  
Kieran Barnes-Warden  
Kieron Clarke  
Kim Liddle  
Kirsten Mortlock  
Kirsti Altass  
Kirstie Leonard

Kris Bailey  
Krishan Ladwa  
Kristian Catterall  
Kristina Kane  
Kuldeep Singh  
Kunal Pandya

**L**

Lance Cale  
Laura Brice  
Laura Edwards  
Laura James  
Laura Johnson  
Laura Sweeney  
Laurence Jones  
Lauretta Clarke  
Leah Norris  
Leanne Palmer  
Lee Arrowsmith  
Lee Baxter  
Lee Clarke  
Lee Culley  
Lee Davis  
Lee Dering  
Lee Dover  
Lee Durrant  
Lee Etheridge  
Lee Fisher  
Lee Galloway  
Lee Gardner  
Lee Gornall  
Lee Henry  
Lee Hutchinson  
Lee Jacovou  
Lee James  
Lee Johnstone  
Lee Mayfield  
Lee Mcconnell  
Lee Phillips  
Lee Read  
Lee Shillibeer  
Lee Stephenson  
Lee Taylor  
Lee West  
Lee Wilkinson  
Leena Ramsaha  
Leigh Hyam  
Leighton Davies  
Leo Odoherly  
Leon Oneill  
Leon Strange

Leonard Finch  
Lesley Watson  
Lesley Willcox  
Lesley Wilson  
Leslie Shemmeld  
Lester Marshall  
Lewis Axford  
Lewis Edwards  
Lewis Franklin  
Lewis Green  
Lewis Saunders  
Lewis Smith  
Lewis Walter  
Lewis Wenman  
Liam Allen  
Liam Fields  
Liam Fortin  
Liam Godfrey  
Liam Gulliver  
Liam Hodgkins  
Liam Hunt  
Liam Mulhall  
Liam Piper  
Lianne Harrison-Allcock  
Lilian Pilling  
Linda Scott  
Lindsey Thorburn  
Lisa Algar  
Lisa Bannister  
Lisa Hawkey  
Lisa Holmes  
Lloyd Jackson  
Lorna Hislop  
Loucas Louca  
Louis Johnson  
Louise Sprigg  
Louise Wilson  
Luke Gibbons  
Luke Gynnette  
Luke Kennedy  
Luke Kerr  
Luke Livermore  
Luke McNally  
Luke Potiphar  
Luke Saunders  
Lynette Grimes  
Lynn Pearson

**M**

Malcolm Ferguson  
Malcolm Temple

Malik Ahmad  
Malik Khaliq  
Mandy Aidney  
Mansoor Ali  
Marc Breeze  
Marc Smith  
Marc Stevens  
Marcel Moore  
Marcin Sakowicz  
Marcus Scott  
Margaret Lawrie  
Margaret Potter  
Mark Allman  
Mark Atkinson  
Mark Bianchi  
Mark Bradbury  
Mark Brown  
Mark Burgess  
Mark Coe  
Mark Discombe  
Mark Dutton  
Mark Frisby  
Mark Fuller  
Mark Gasson  
Mark Geary  
Mark Hunter  
Mark Johnson  
Mark Johnston  
Mark Lever  
Mark Maciver  
Mark Palmer  
Mark Pancott  
Mark Stephens  
Mark Stone  
Mark Sweet  
Mark Tennant  
Mark Thompson  
Mark Vaughan  
Mark Waldock  
Mark Walters  
Mark Winder  
Mark Wright  
Marlon Barnes  
Martin Braddick  
Martin Byers  
Martin Derricott  
Martin Evans  
Martin Foster  
Martin Leon  
Martin Morris  
Martin Osborne  
Martin Siggers

Martin Smyth  
 Martin Watt  
 Martin Williams  
 Martin Winterburn  
 Martin Wvys  
 Martyn Spring  
 Mary Smith  
 Mary Syme  
 Mathew Clucas  
 Mathew Tapp  
 Matt Hammersley  
 Matt Hay  
 Matthew Antell  
 Matthew Attwood  
 Matthew Britton  
 Matthew Charleston  
 Matthew Clamp  
 Matthew Clayton  
 Matthew Coward  
 Matthew Dunne  
 Matthew Fisher  
 Matthew Foster  
 Matthew Foulger  
 Matthew Hawley  
 Matthew Hill  
 Matthew Hook  
 Matthew King  
 Matthew Knight  
 Matthew Mcphee  
 Matthew Moore  
 Matthew Robinson  
 Matthew Sigley  
 Matthew Singleton  
 Matthew Stuckey  
 Matthew Welburn  
 Matthew Wesson  
 Matthew Whitlock  
 Matthew Williams  
 Matthew Woodhouse  
 Matthew Wright  
 Megan Beattie  
 Mehmet Asdoyuran  
 Melanie Gray  
 Melanie Toole  
 Melissa Wadman  
 Melton Thompson  
 Melvyn Chamberlain  
 Metimiku Yohannes  
 Michael Asumadu  
 Michael Blinkhorne  
 Michael Booth  
 Michael Boughton

Michael Bowden  
 Michael Braithwaite  
 Michael Buckley  
 Michael Cable  
 Michael Campbell  
 Michael Coldwell  
 Michael Cosgrove  
 Michael Darroch  
 Michael Earls  
 Michael Fannon  
 Michael Finn  
 Michael Foley  
 Michael Haggett  
 Michael Hall  
 Michael Harvey  
 Michael Hopper  
 Michael Huskisson  
 Michael Jack  
 Michael Jenks  
 Michael Lay  
 Michael Lister  
 Michael Lovelock  
 Michael Queen  
 Michael Simcoe  
 Michael Slater  
 Michael Stewart  
 Michael Van Sittert  
 Michael Weeks  
 Michele Poxon  
 Michelle Furber  
 Michelle Hill  
 Michelle Kempson  
 Mick Wells  
 Mike Butler  
 Mike Ingham  
 Mike King  
 Mike Potter  
 Miles Burden  
 Mitchell Williams  
 Mitul Patel  
 Mohamed Akhtar  
 Mohamed Patel  
 Mohammad Mukhtar  
 Mohammed Amin  
 Mohammed Jamil  
 Mohammed Jimale  
 Mohammed Nawaz  
 Mohammed Parvaz  
 Monique Lawrence  
 Mr. Topps (retired)  
 Mubashir Uddin

Muhammad Anaib  
 Mehmood  
 Muhammad Kawsar  
 Muhammad Mirza  
 Murdo Martin

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## N

Narinder Chatha  
 Narinder Rai  
 Nathan Austin  
 Nathan Bentley-Hicks  
 Nathan Coulthard  
 Nathan Edwards  
 Nathan Hands  
 Nathan Harry  
 Nathan Heape  
 Nathan Shaw  
 Nathan Sobers  
 Nathan Winterton  
 Nathan Wolowicz  
 Navesh Naidoo  
 Neil Ammon  
 Neil Brownley  
 Neil Donkin  
 Neil Hendy  
 Neil Homan  
 Neil Hughes  
 Neil Jones  
 Neil Ketnor  
 Neil Southgate  
 Neil Topping  
 Neil Wardlaw  
 Neil Williams  
 Neill Wiltshire  
 Nicholas Billyeald  
 Nicholas Gadd  
 Nicholas Kershaw  
 Nicholas Lawrence  
 Nicholas Ounstead  
 Nicholas Payne  
 Nicholas Walch  
 Nicholas Withers  
 Nicholaus Buchanan  
 Nick Gussow  
 Nick Lodge  
 Nick Wardman  
 Nicky Glenister  
 Nicola Mcwatt  
 Nicole Andrews  
 Nigel Fleming  
 Nigel Hickman

Nigel Parry  
 Niki Savva  
 Nikki Jury  
 Nikola Sutton  
 Nilesh Kerai  
 Noah Lawrie  
 Norberto Estrada  
 Numan Razaq  
 Numan Usman

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## O

Oliver Clancy  
 Olivia Pilson-wood  
 Omid Ibrahimi  
 Osemar Masaya

---

## P

Paige Makepeace  
 Pamela Cuffin  
 Patrick Chambers  
 Patrick Green  
 Paul Aird  
 Paul Baxter  
 Paul Burkett  
 Paul Burrow  
 Paul Carter  
 Paul Cartledge  
 Paul Cavell  
 Paul Chapman  
 Paul Clark  
 Paul Collett  
 Paul Cowen  
 Paul Cull  
 Paul Dalby  
 Paul Davey  
 Paul Davies  
 Paul Fitzsimmons  
 Paul Fluester  
 Paul Galvin  
 Paul Goodhall  
 Paul Holmes  
 Paul Irving  
 Paul Kelly  
 Paul Lathrope  
 Paul Laverty  
 Paul McCabe  
 Paul Mckenna  
 Paul Miller  
 Paul Mills  
 Paul Nicholls

Paul Noyes  
 Paul Ruddle  
 Paul Silvester  
 Paul Smith  
 Paul Smitheringale  
 Paul Starkey  
 Paul Symonds  
 Paul Tennant  
 Paul Tregaskis  
 Paul Vandendyck  
 Paul Whittington  
 Paul Wiltshaw  
 Paula Budsworth  
 Pauline Harrison  
 Pawel Warych  
 Penny Vanderplank  
 Pete Bauer  
 Peter Anderson  
 Peter Brooks  
 Peter Charters  
 Peter Davey  
 Peter Higgins  
 Peter Hogg  
 Peter Hughes  
 Peter Jones  
 Peter Lea  
 Peter McIntyre  
 Peter Meredith  
 Peter Nicholson  
 Peter Simmonds  
 Peter Steel  
 Peter Turtle  
 Peter Walmsley  
 Peter Woods  
 Peter Young  
 Petr Stepan  
 Phil Kelly  
 Philip Cranston  
 Philip Devine  
 Philip Dunn  
 Philip English  
 Philip Gallop  
 Philip Hawkes  
 Philip Hibbert  
 Philip Lewis  
 Philip Mccarney  
 Philip Trevis  
 Phillip Ell  
 Phillip Goodeve  
 Phillip Hunt  
 Phillip Walters  
 Philippa Hewitt

# THE TEAM CONTINUED

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Prakash Mistry  
Prakash Patel  
Premyslaw Swisloki

## Q

Quadeer Ahmed

## R

Rachel Willcock  
Rachit Vadgama  
Rahul Rao  
Raj Surani  
Rajan Mehta  
Rajiv Vadgama  
Rakeem Zamrudad  
Ranbia Kasbia  
Ravendra Bishun  
Ravikumar Patel  
Ray Jeakins  
Raymond Johnson  
Raymond Thompson  
Rea Tarran  
Rebecca Julier-goodwin  
Rebecca Oblein  
Rebecca Smith  
Reece Morgan  
Reg Anderton  
Rhea Kelly  
Rhys Hedges  
Rhys Kelland  
Rhys Sheridan  
Ricardo Malcolm  
Richard Banton  
Richard Bickers  
Richard Brookfield  
Richard Carter  
Richard Clark  
Richard Cooke  
Richard Davies  
Richard Edwards  
Richard Farrington  
Richard Fellows  
Richard Harris  
Richard Homan  
Richard Hopkin  
Richard Oates  
Richard Oldale  
Richard Slack  
Richard Small  
Richard Sumner  
Rickey Singleton

Ricky Bishop  
Rob Owen  
Robel Ghebrewold  
Robert Adams  
Robert Adkins  
Robert Bellamy  
Robert Bindon  
Robert Brewin  
Robert Cairns  
Robert Chawner  
Robert Clarke  
Robert Collins  
Robert Exley  
Robert Fernandes  
Robert Frickey  
Robert George  
Robert Gilbert  
Robert Howes  
Robert Howker  
Robert Jay  
Robert Keohone  
Robert Kindred  
Robert King  
Robert Kreamer  
Robert Kweli  
Robert Lynch  
Robert Moss  
Robert Myers  
Robert Parker  
Robert Philpott  
Robert Prince  
Robert Swift  
Robin Moore  
Robin Perrin  
Robin Stagg  
Robin Thomson  
Rodney Meyer  
Roger Bailey  
Roger Gridley  
Roger Mark Lazenby  
Ronaldo Rodrigues  
Ron Woolgar  
Rory Milne  
Roseanna Renshaw  
Ross Ashbrook  
Ross Copley  
Ross Hunt  
Ross Langford  
Ross Mcnair  
Roxanne Evans  
Roxanne Martin  
Roy Peasland

Roy Redgate  
Rudy Sellar  
Russ Davis  
Russell Adgey  
Russell Shafer  
Russell Thornton  
Ryan Apark  
Ryan Curd  
Ryan Gomersall  
Ryan Jones  
Ryan Mason  
Ryan Randall  
Ryan Sinclair

## S

Sabina Ali  
Sachin Radia  
Sagren Naidoo  
Salman Bawani  
Sam Francis  
Sam Harvey  
Sam Nortey  
Sam Orton  
Sam Ripley  
Samantha Barrett  
Samantha Herron  
Samantha Hunter  
Samantha Mussett  
Samantha Sayer  
Samantha Sumbler  
Sameer Jamdar  
Sampson Coomber  
Samson Okolosi  
Samuel Carey  
Samuel Fisher  
Samuel Lenny  
Samuel Major  
Samuel Prewer  
Sandip Sahota  
Sandra Ramsay  
Sanjeevan  
Balasubramaiam  
Saqib Ishfaq  
Sara Lowery  
Sarah Bacon  
Sarah Cassam  
Sarah Dobson  
Sarah Drake  
Sarah Kite  
Sarah Newcomb  
Sarah Ramm

Sarah Rogerson  
Sarah Shirley  
Scott Ahmad  
Scott Birdseye  
Scott Bond  
Scott Campbell  
Scott Currie  
Scott Hatton  
Scott Meadows  
Scott Williams  
Scott Winchester  
Sean Cahill  
Sean Dare  
Sean Gee  
Sean Green  
Sean Mclean  
Sean Weatherby  
Serder Yusuf  
Shahid Mahmood  
Shana Doherty  
Shane Bryan  
Shane Daley  
Shane England  
Shane Malone  
Shane O'leary  
Shane Till  
Shannon Woods  
Sharon Beckett  
Sharon Buckley  
Shaun Barrett  
Shaun Bryan  
Shaun Douglas  
Shaun Harwood  
Shaun Mayes  
Shaun Pawsey  
Shaun Scott  
Shawdon Smith  
Sheila Myrie  
Shelley Carey  
Shelley Rutter  
Shirley Moore  
Shirley Moore  
Shohale Ali  
Sian Austen  
Sian Griffiths  
Silvonne Mclean  
Simon Beare  
Simon Brookfield  
Simon Chappell  
Simon Crossland  
Simon Frew  
Simon Green  
Simon Grimmett

Simon Jones  
Simon Lasham  
Simon Leslie  
Simon Lewis  
Simon Loach  
Simon Morgan  
Simon Neal  
Simon Palmer  
Simon Partridge  
Simon Pitt  
Simon Roberts  
Simon Witham  
Simone Turner  
Sinitta Maan  
Siobhan Ashman  
Stacy Sturdy  
Steffan Burns  
Stephanie Ailwood  
Stephanie Nevett  
Stephen Adams  
Stephen Benson  
Stephen Bloomfield  
Stephen Brown  
Stephen Collins  
Stephen Corkett  
Stephen Creasey  
Stephen Foote  
Stephen France  
Stephen Freeman  
Stephen Getty  
Stephen Green  
Stephen Hall  
Stephen Kelly  
Stephen Lewis  
Stephen Lopes  
Stephen Machin  
Stephen Marshall  
Stephen Morris  
Stephen Seymour  
Stephen Spurgeon  
Stephen Starkie  
Stephen Welsby  
Stephen West  
Steve Bristow  
Steve Gaylor  
Steve Smith  
Steve Wood  
Steven Buxton  
Steven Christie  
Steven Darbyshire  
Steven Dooley  
Steven Godwin



Steven Howells  
 Steven Jenkins  
 Steven Kernot  
 Steven Macarthur  
 Steven Mackie  
 Steven Ohara  
 Steven Pressley  
 Steven Richards  
 Steven Shooter  
 Steven Walker  
 Steven Whitehead  
 Stuart Baigent  
 Stuart Barrett  
 Stuart Bartlett  
 Stuart Clarke  
 Stuart Comer  
 Stuart Corlett  
 Stuart Davey  
 Stuart Dixon  
 Stuart Gorry  
 Stuart Hall  
 Stuart Munton  
 Stuart Pemberton  
 Stuart Rees  
 Stuart Roscoe  
 Stuart Ross  
 Stuart Whitby  
 Stuart Williams  
 Sue Bill  
 Suresh Mistry  
 Surmukh Jandu  
 Susan Attwell  
 Susan Black  
 Susan Henshall  
 Susan Hulme  
 Susanne Owen

**T**

Taimur Malik  
 Tami Robinson  
 Tanya Paterson  
 Tanya Sharpe  
 Terence Dooley  
 Terence Downing  
 Terry Salisbury  
 Thomas Boulton  
 Thomas Clutterbuck  
 Thomas Crawford  
 Thomas Cunningham  
 Thomas Fry

Thomas Hudspith  
 Thomas Love  
 Thomas Mackey  
 Thomas Marriott  
 Thomas Murray  
 Thomas Newman  
 Thomas Otley  
 Thomas Parkes  
 Thomas Ryan  
 Thomas Swain  
 Thomas Treadwell  
 Thomas Wade  
 Tim Bird  
 Tim Ives  
 Tim Tatlock  
 Timothy Bentley  
 Timothy Boardman  
 Timothy Stanhope  
 Timothy Tuff  
 Tirup Patel  
 Toby Collins  
 Toby Hutton  
 Todd Routledge  
 Tom Evans  
 Tom Lewis  
 Tom Wood  
 Toni Christine Frederick  
 Tony Benson  
 Tony Dedman  
 Tony Havvas  
 Tony Nunn  
 Tony Watson  
 Tracey Forrest  
 Tracey Hansard  
 Tracy Ryan  
 Tracy Wickenden  
 Trevor Thomas  
 Tristan Hodge  
 Tyrell Beckham  
 Tyrone Godson-Charles

**U**

Umair Qureshi  
 Upendra Dudhaiya  
 Urmila Bhudia  
 Uthayakumar  
 Kulasegarampillai

**V**

Veronica Evett  
 Victor Mensa  
 Vikki Bachell  
 Vilius Meilus  
 Vince Barber  
 Vinesh Goswami  
 Vinod Joshi  
 Vinsen Velvindron  
 Vishal Acharya  
 Vishal Maratha

**W**

Walkey Hilaire  
 Warren Bester  
 Wayne Farini  
 Wayne Randall  
 Wayne Wheeler  
 Wendy Bruce  
 Wesley Harrop  
 Wesley Neukermans  
 Will Bailey  
 William Barreda  
 William Brownsell  
 William Gunshon  
 William Lewinton  
 William Mason  
 William Mcphee  
 William Ralls  
 William Ryves

**Y**

Yvonne Archer  
 Yvonne Burgess

**Z**

Zaccai Newman  
 Zachary Mcdowell  
 Zack Shine  
 Zahid Hossain  
 Zainab Idris  
 Zlatko Milovanovic  
 Zoe Atkinson  
 Zoe Derry  
 Zoe Gough  
 Zoe Langridge  
 Zoe Mills

## STORE LOCATIONS

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### TOPPS TILES

#### MIDLANDS

Lincoln  
Newark  
Boston  
Mansfield  
Grantham  
Worksop  
Hull  
Grimsby  
Spalding  
Lincoln – Outer  
Circle  
Chesterfield  
Rotherham  
Meadow Hall  
Barnsley  
Doncaster  
Telford  
Shrewsbury  
Stoke-on-Trent  
Newcastle under  
Lyme  
Congleton  
Leek  
Nantwich  
Crewe  
Northwich  
Coventry  
Leicester  
Leicester – Grove  
Park  
Coventry – Binley  
Stratford upon Avon  
Rugby  
Birmingham –  
Solihull  
Nuneaton Topps  
Redditch  
Nottingham  
Long Eaton  
Cannock  
Wolverhampton  
Kidderminster  
Kings Heath  
Birmingham –  
Erdington  
Birmingham –  
Sheldon

West Bromwich  
Tamworth  
Burton on Trent  
Derby – Osmaston  
Derby

#### LONDON

Dagenham  
Romford  
Ilford  
Beckton  
Chingford  
Mile End Topps  
Edmonton  
Stamford Hill  
Enfield  
Waltham Cross  
Shoreditch  
Wapping  
Barking Topps  
Raynes Park  
Cheam  
Mitcham  
Charlton  
Penge  
Forest Hill  
West Wickham  
Beckenham Topps  
Orpington  
Catford – Bromley  
Road  
Old Kent Road  
Eltham  
Acton  
Southall  
Feltham  
Staples Corner  
St Albans  
Hemel Hempstead  
New Southgate  
Chesham  
Colindale  
Wembley  
Uxbridge  
Golders Green  
North Finchley  
Ruislip  
Borehamwood

Westfields  
Harrow  
Croydon  
Croydon Purley  
Way  
Gunnersbury  
Brentford  
Highgate  
Camden  
Vauxhall  
Twickenham  
Fulham  
Wandsworth  
East Sheen  
Streatham  
Battersea  
Brixton  
Wimbledon

#### SOUTH

Brentwood  
Southend  
Basildon  
Chelmsford  
Rayleigh  
Colchester  
Sudbury  
Braintree  
Clacton on Sea  
Grays  
Chelmsford  
– Springfield  
Harlow  
Bishop's Stortford  
Bristol  
Swindon  
Hengrove  
Bridgewater  
Weston Super  
Mare  
Frome  
Bristol – Clevedon  
Chippenham  
Gloucester  
Cheltenham  
Worcester  
Evesham

Ipswich –  
Martlesham  
Ipswich  
Norwich  
King's Lynn  
Cambridge  
Great Yarmouth  
Bury St Edmunds  
Wisbech  
Thetford  
Huntingdon  
Cromer  
Lowestoft  
Guildford  
Farnborough  
Farnham  
Camberley  
Byfleet  
Brighton  
Gatwick  
Portsmouth  
Horsham  
Uckfield  
Newhaven  
East Molesey  
Chichester  
Lewes  
Bognor Regis  
Salisbury  
Fareham Topps  
Isle of Wight  
Basingstoke  
Winchester  
Reading  
Christchurch  
Newbury  
Poole  
Southampton –  
Millbrook  
Southampton –  
Hedgend  
Oxford  
Abingdon  
Oxford –  
Watlington  
Peterborough  
Stamford  
Kettering

Wellingborough  
Windsor  
Slough  
Northampton  
Milton Keynes  
Banbury  
Luton  
St Neots  
Bedford Elms  
Buckingham  
Letchworth  
Aylesbury  
Welwyn Garden  
City  
Stevenage  
Watford  
Bristol – Cribbs  
Causeway  
Hereford  
Eastbourne  
Crayford  
Erith  
Sevenoaks  
Bexhill  
Maidstone  
Sittingbourne  
Tunbridge Wells  
Stood  
Broadstairs  
Tonbridge  
Canterbury  
Falkestone  
Ashford  
Yeovil  
Exeter  
Torquay  
Barnstaple  
Plymouth  
Taunton  
Launceston  
Exmouth  
Bodmin  
Tiverton Topps  
Truro

#### WALES

Wrexham  
Cardiff – Hadfield  
Road  
Swansea –  
Llansamlet  
Bridgend  
Merthyr Tydfil  
Cross Hands  
Neath  
Cardiff – Newport  
Road  
Carmarthen  
Barry  
Haverfordwest  
Topps  
Swansea – Fforest  
Fach  
Flint  
Rhyl  
Holyhead  
Bangor

#### NORTH

Manchester –  
Salford  
Manchester –  
Audenshaw  
Cheadle  
Manchester –  
Green Quarter  
Manchester – Sale  
Manchester –  
Stockport  
Manchester –  
Failsworth  
Manchester – Hyde  
Oldham  
Manchester –  
Openshaw  
Huddersfield  
Macclesfield  
Bolton  
Blackburn  
Carlisle  
Penrith  
Morecambe  
Barrow

Blackpool  
Preston  
Cleveleys  
Chorley  
Workington  
Ormskirk  
Sunderland  
Stockton  
Newcastle on Tyne  
Durham  
Darlington  
York  
Harrrogate  
Scarborough  
Wakefield  
Leeds  
Birstall  
Pontefract  
Bradford  
Chester  
Warrington  
Birkenhead  
Wigan  
Anfield  
Aintree  
St Helens

#### SCOTLAND

Glasgow –  
Hillington  
Wishaw  
Glasgow –  
Greenock  
Falkirk  
Glasgow  
Glasgow –  
Shawfield  
Edinburgh – Leith  
Aberdeen  
Inverness  
Dundee  
Edinburgh – Sighthill  
Aberdeen – Bridge  
of Don  
Edinburgh –  
Kinnaird  
Glasgow – Govan  
Dumfries

### TILE CLEARING HOUSE

#### MIDLANDS

Norwich  
Northampton  
Cheltenham  
Nottingham  
Stoke-on-Trent  
Wolverhampton  
Stoke-on-Trent –  
Fenton

Peterborough  
Kettering  
Birmingham –  
Great Barr  
Kidderminster

#### LONDON

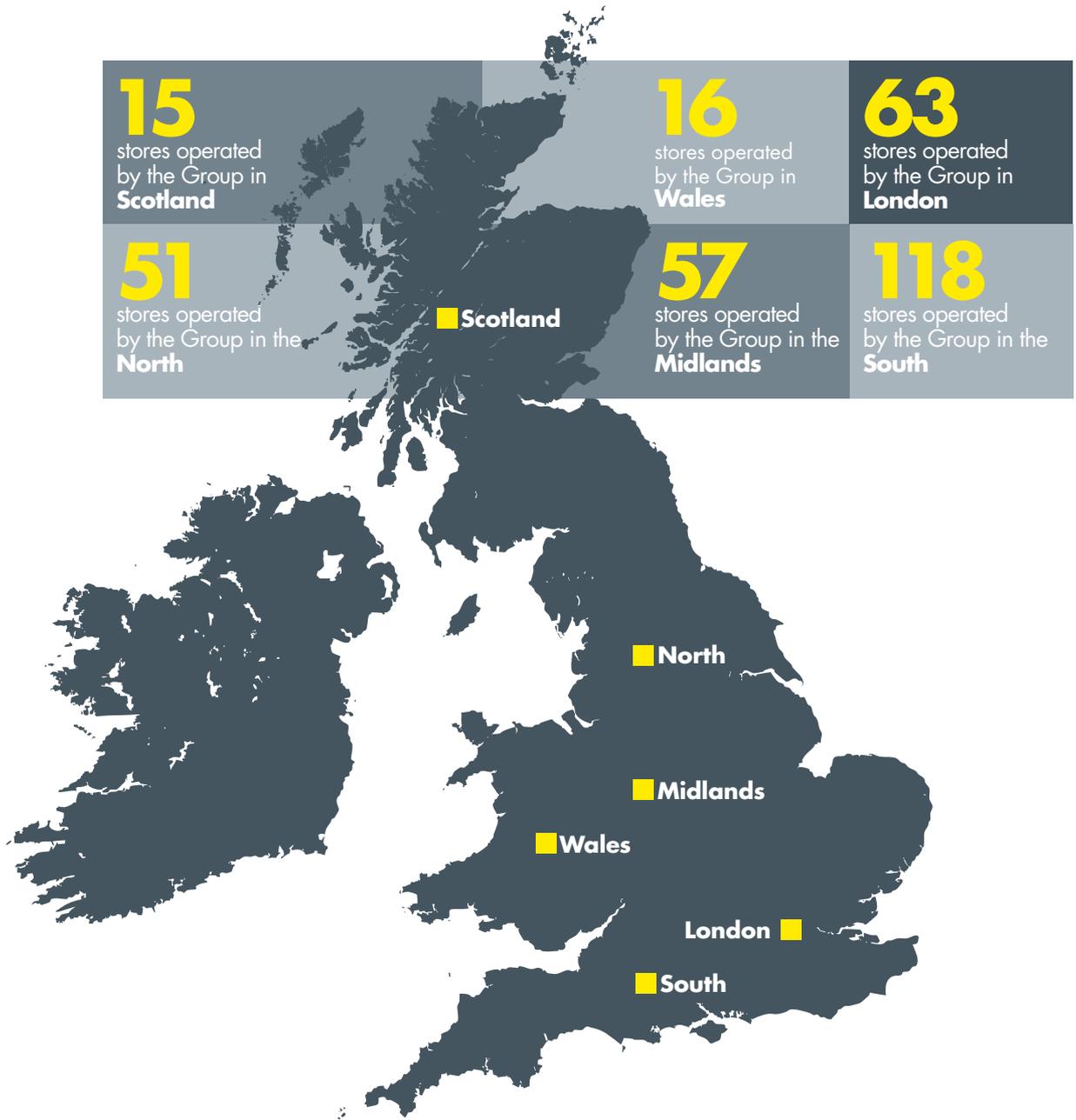
Hayes  
Charlton  
Orpington  
New Southgate  
Park Royal  
Dartford

#### SOUTH

Ilford  
Harlow  
Swindon  
Eastbourne  
Bournemouth  
Exeter  
Plymouth

#### NORTH

Hull  
Stockport  
Cheadle  
Doncaster  
Wigan  
Liverpool – Maghull  
Blackpool



**Topps Tiles – Store numbers**

Stores at the beginning of the period	275
New stores opened	17
Sub-total	292
Closures (including brand swaps)	-3
<b>Total</b>	<b>289</b>

**Tile Clearing House – Store numbers**

Stores at the beginning of the period	37
New stores opened	-
Sub-total	37
Closures (including brand swaps)	-6
<b>Total</b>	<b>31</b>



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**Topps Tiles**