

Topps Tiles Plc

Annual Report & Financial Statements 2008





Topps Tiles

Britain's biggest tile and wood flooring specialist

CERAMIC
WALL AND
FLOOR TILES

REAL WOOD
& LAMINATE
FLOORING

NATURAL
STONE

ADHESIVES,
GROUTS, TOOLS
AND ACCESSORIES

Contents

02	At a glance
03	Financial performance
04	Chairman's statement
06	Chief Executive's statement
10	Business Review
16	Corporate Social Responsibility
20	Directors
22	Directors and advisors
24	Directors' Report
27	Corporate governance statement
29	Remuneration Report
32	Independent auditors' report – consolidated financial statements
34	Consolidated income statement
34	Consolidated statement of recognised income and expense
35	Consolidated balance sheet
36	Consolidated cash flow statement
37	Notes to the financial statements
58	Independent auditors' report – Company financial statements
59	Company balance sheet
60	Notes to the Company financial statements
62	Five year record
63	Notice of Annual General Meeting
66	Explanatory notes to the Notice of Annual General Meeting
70	The Team
76	Store Locations

The image shows the exterior of a Topps Tiles store. The building has a brick upper section and large glass windows and doors on the ground floor. A yellow text box is overlaid on the right side of the image. The text inside the box is in bold black font. The store's name 'Topps Tiles' is visible on the glass. There are also signs for 'OPEN TO THE TRADE & PUBLIC' and 'FACEPHONE 0800 783 6747'.

“Since our first outlet opened in 1963 Topps has successfully adapted to changing consumer tastes and swings in the economic cycle.

Our response to the current adverse conditions is as vigorous as in previous downturns.

The business is adapting well to meet the challenges it faces and I remain confident that we have a strong business that will grow and prosper over the longer term.”

Stuart Williams
Group President and Co-Founder



At a glance

Topps Tiles is a specialist tile retailer with 342 outlets across operating 3 retail brands across the UK and Holland. In the UK, we are the country's largest retailer of our kind with a total of 320 stores and a 22% market share.

The Topps' strategy is focused on delivering outstanding value to our customers. This has enabled us to retain our competitive advantage built upon the strong foundations of customer service, store locations, store layout, product choice and availability.

The retail trading environment has become increasingly challenging during the year and our results have been affected accordingly. We intend to strengthen further our market leading position and believe that we will benefit significantly when consumer confidence returns.

Our three core brands explained:

Topps Tiles



Topps is the UK's leading branded tile retailer with 263 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.

All of our stores carry a wide range and supply of stock, we offer a loan-a-tile service, a free "How to" DVD, a tile cutting service and a buy-back service allowing customers to "sell back" undamaged tiles within 45 days of purchase. In addition, we have teamed up with traders local to each of our stores to provide customers with a Topps approved tile installation service. These services coupled with friendly and knowledgeable staff offering expert technical advice led to 98.2% of customers surveyed expressing levels of satisfaction as "good to excellent" (2007: 97.6%).

Tile Clearing House



Tile Clearing House is the biggest clearance tile retailer in the UK with 57 stores nationwide focusing on a cash and carry type format.

The brand is aimed at a slightly different customer sector which in the main are jobbing builders, small contractors, and bulk purchases. The customer offer is geared towards an everyday value proposition with the addition of "when it's gone it's gone" type end of line and discounted product offers. The Tile Clearing House brand is located in prominent positions in towns where Topps Tiles are also sited.

Topps Holland



Trading since 2002 Topps Floorstore with its 22 stores across Holland is the leading specialist retailer of wood flooring in Holland.

We are continuing to develop the business and are focused on driving up sales densities and improving business profitability.



Financial performance

- Total Group revenue grew 0.1% to £208.1 million (2007: £207.9 million)
- Like-for-like revenue declined 5.4% (2007: up 4.7%)
- Group gross margin 61.8% (2007: 62.8%)
- Operating profit of £34.6 million (2007: £44.3 million)*
- Profit before tax of £27.7 million (2007: £37.8 million)**
- Basic earnings per share of 9.56p (2007: 15.09p)
- Adjusted basic earnings per share of 11.16p (2007: 14.94p)***
- No final dividend declared in order to accelerate reduction in net debt and improve financial flexibility (2007: 6.95p per share)
- Net debt position of £92.0 million (2007: £95.2 million)
- Renegotiated loan facility, favourable relaxation of covenants and extension of the facility to January 2012
- Sale and leaseback of four freehold properties for £4 million, with a profit on disposal of £0.9 million (2007: £0.3 million)

* 2008 Operating profit includes a goodwill impairment charge (non-cash) of £1.2 million (2007 : £nil)

** 2008 profit before tax includes the following non-recurring items in addition to the above note:
– £1.5 million (non-cash) charge relating to the interest rate hedging the Group has in place (per IAS 39), (2007: £0.5 million)
– Property disposal gain of £0.9 million (2007: £0.3 million)

*** Adjusted for post tax effect of non-recurring items highlighted above plus:
– £1.1 million deferred tax charge relating to withdrawal of Industrial Buildings Allowances (2007: £nil)





Chairman's statement



I am confident that we can capitalise on our position as market leader as we trade through the current economic cycle and expect to benefit significantly when consumer confidence returns.

£208.1m

Total group revenue (2007: £207.9m)

This has been a challenging year for the Topps business in a difficult trading environment. However, we are facing these challenges and managing the business in a robust and prudent manner. We have delivered a credible financial performance in a tough operating environment. I remain confident that our business will show resilience through this period and we will be well positioned to capitalise on the strong foundations of the Company as the economic situation improves.

Financial results

Total Group revenue has been almost flat year-on-year at £208.1 million (2007: £207.9 million) with like-for-like revenue for the period showing a decline of 5.4% on last year. Operating profit for the period was £34.6 million (2007: £44.3 million) giving a profit before tax of £27.7 million (2007: £37.8 million). Basic earnings per share is 9.56p (2007: 15.09p). During the period our banking facilities were renegotiated with a relaxation of both covenants associated with the debt and the facility has been extended to 2012. There was a one-off arrangement fee of £0.5 million which will be amortised over the remaining period of the facility.

Dividend

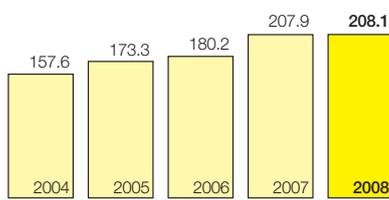
In order to reduce net debt and improve the Company's financial flexibility, the Board has decided not to pay a final dividend for this financial year. We believe this is in the best interests of the business in the prevailing economic environment and we will continue to review the dividend policy on a bi-annual basis.

Board changes

In March this year we announced the appointment of Alan White, currently CEO of N Brown Group plc, to the Board as a Non-Executive Director. His appointment was effective from 1 April 2008. In addition we also announced the resignation from the Board of Alan McIntosh with effect from 31 March 2008. I would like to thank Alan McIntosh for his support and contribution to the Company during his 10 years as Non-Executive Director.

We are also announcing that Victor Watson will not seek re-election at the next AGM, after 10 very successful years on the Board, Victor has decided to step down. I would like to thank Victor for all of his support and contribution to the Company.

Group revenue (£m)

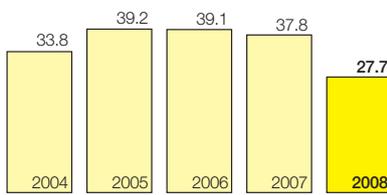




£27.7m

Profit before tax (2007: £37.8m)

Profit before tax (£m)



People

The Company's staff are fundamental to the continuing success of the business. Their ability to deliver exceptional customer service is a key factor in differentiating Topps from its competitors and will contribute to the future success of the business.

I would like to extend the Board's thanks and gratitude to everyone in the Company for their continuing efforts and hard work.

Outlook

We have a very resilient business model and an extremely capable team who are managing the business prudently. The team have made significant progress during the year to ensure that the business is in the best possible condition for the year ahead. We have again tightened our cost base for the coming year, reviewed our plans for growth, focused our attention on cash management, and extended our banking facilities. The Board is confident that as a result of these actions the business can withstand a sustained period of weak consumer activity.

I am confident that we can capitalise on our position as market leader as we trade through the current economic cycle and expect to benefit significantly when consumer confidence returns.

Barry Bester

Chairman





Chief Executive's statement



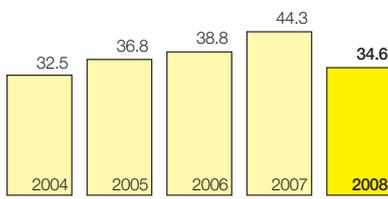
We will continue to maintain our focus on tight cost control and prudent management of the business at the same time as delivering the service element that our customers expect. We intend to capitalise on our market leading position and believe that we will emerge from the current economic situation a stronger business and benefit significantly when consumer confidence returns.

£34.6m

Operating profit (2007: £44.34m)

We have maintained our market leading position and expect to capitalise on this during the coming year. We will achieve this by continuing to focus on excellent customer service, outstanding value ranges and an anticipated contraction in the competition. We have delivered a credible performance and anticipate that our resilient business model will help us to create an even stronger business.

Operating profit (£m)



UK store development and expansion

We are pleased to have achieved our store opening target with a net 19 new stores opened in the period. This now gives us an overall total of 320 trading outlets throughout the UK. For the coming year we will focus the majority of our attention on improvements to our existing estate. In the current economic climate we believe that a more cautious approach to expansion is appropriate. We anticipate that an easing of pressures in the property market should create opportunities for us to open a small number of new stores in strong trading locations.

Topps Tiles

We have opened a net 17 new stores and now have a total of 263 Topps outlets. This includes 24 new openings offset by two closures, three relocations and two rebrands to Tile Clearing House (TCH).

Alongside our traditional retail channel we have, this year, launched our first online business. This offers a wide selection of our most popular ranges as well as some additional complementary products not found in our stores. These include bathrooms accessories and heated towel radiators. We have developed the online offer during the year and whilst this element of the business is still in its infancy we look forward to it increasing sales as it grows in popularity. Our online offer can be found at www.toppstiles.co.uk.

Tile Clearing House

Tile Clearing House remains focused on trade customers and jobbing builders, operating a "cash and carry" type format. We have opened a net two new stores under the Tile Clearing House brand and now have a total of 57 outlets.

Holland

In Holland we have opened a further net two stores during the year taking the total to 22. This consisted of three new openings and one closure due to a relocation. The business has had to contend with a difficult trading environment and a number of other issues. Against this backdrop we have seen a decline in like-for-like revenues and the business has generated a loss for the year.

We have also conducted a review of the goodwill that arose on acquisition of the Dutch business and decided that against the context of the current year's results and a more cautious outlook for the future it is appropriate to impair the goodwill and write it down by £1.2 million to £nil in the current year.

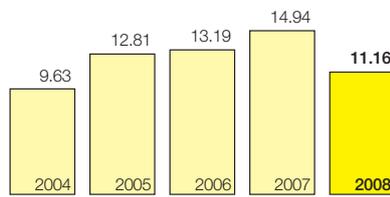




11.16p

Adjusted basic earnings per share
(2007: 14.94p)

Adjusted basic earnings per share (p)



Whilst we operate a tight cost base which is appropriate for a small business, the key issues which we are tackling are store sales density and gross profit margins. We have a new management team in place with a very clear agenda. They will be focused on driving sales and improving margins by upweighting the mix of tile sales. The year ahead is likely to be one of continued, measured progress with less focus on expansion than we have seen previously.

Marketing, advertising and sponsorship

Over the last year we ran both national and regional marketing and advertising campaigns. These included the launch of a new TV advertising campaign on ITV. The campaign featured works of art created entirely from our tiles and wooden flooring, with the adverts appearing on ITV three times a day straight after the national news. This campaign served us well through the year and we have achieved our goal of continuing to build consumer awareness of the brand. During the year ahead we expect to focus on targeted regional and local marketing where the business requires it. Topps Tiles is Britain's biggest supporter of community youth football and we currently sponsor over 200 local teams nationwide.

Staff development and customer service

A core part of our strategy is to deliver outstanding customer service. In order to provide this we place the highest importance on the development of our staff to deliver an excellent standard of service. We are rigorous in our recruitment and retention of capable, ambitious people and are committed to the development and career progression of our employees. We have a sophisticated in-store e-learning training system and additionally we incentivise our staff with competitive employee benefit packages.

We continue to differentiate our business from the competition in a number of ways. All of our stores carry a wide range and supply of stock, we offer a loan-a-tile service, a free "How to" DVD, a tile cutting service and a buy-back service allowing customers to "sell back" undamaged tiles within 45 days of purchase. In addition, we have teamed up with traders local to each of our stores to provide customers with a Topps approved tile installation service. These services coupled with friendly and knowledgeable staff offering expert technical advice led to 98.2% of customers surveyed expressing levels of satisfaction as "good to excellent" (2007: 97.6%).

Corporate responsibility

The management team at Topps Tiles is committed to conducting the Company's business in a socially responsible manner, taking into consideration social, environmental and ethical matters, whilst at the same time ensuring the Company achieves its objectives. Our policy is published on our website at www.toppstiles.co.uk and more detail on our achievements can be found in this report.

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



Our website was a Hitwise Top 10 Award winner for the quarter ending July - September 2008.



Chief Executive's statement (continued)



22%+

Group share of the UK tile market
(2007: 22%+)

The market

Topps continues to be the leading tile retailer in the UK with a market share in excess of 22%.

As consumers preferences continue to converge with European tastes the relatively low consumption of tiles per head in the UK compared with the rest of Europe (roughly one-third of Northern Europe, source: MBD) provides significant opportunities. Consumers are continuing to refurbish the traditional tiling areas such as kitchens, bathrooms and conservatories and are also increasingly extending into general living areas, helped by the broad range of under flooring heating products now commonly available.

During the year we have also seen a reduction in customer choice as some consolidation in the retail market has taken place, particularly with smaller regional tile businesses.

Worldwide consumption for tiles, in particular in the more developed tile markets is likely to continue to weaken in the short term. This has begun to present some buying opportunities, with regard to both price and terms. With a dedicated tile distribution warehouse, Topps is well positioned to take advantage of these opportunities.

Current trading and outlook

In the seven weeks of the new financial period Group overall revenue decreased by 13.5% and like-for-like sales decreased by 18.3%.

At the half year we highlighted that the key driver of risk to the business was the general economic climate and since then the economy has continued to weaken. The business is well equipped to deal with the current economic cycle and we have made good progress in tightening our cost base for the coming year, focusing our attention on cash management and improving our financial flexibility by renegotiating our banking facilities.

We will continue to maintain our focus on tight cost control and prudent management of the business at the same time as delivering the service element that our customers expect. We intend to capitalise on our market leading position and believe that we will emerge from the current economic situation a stronger business and benefit significantly when consumer confidence returns.

342

Total number of stores trading
across the Group (2007: 321)

Matthew Williams
Chief Executive Officer

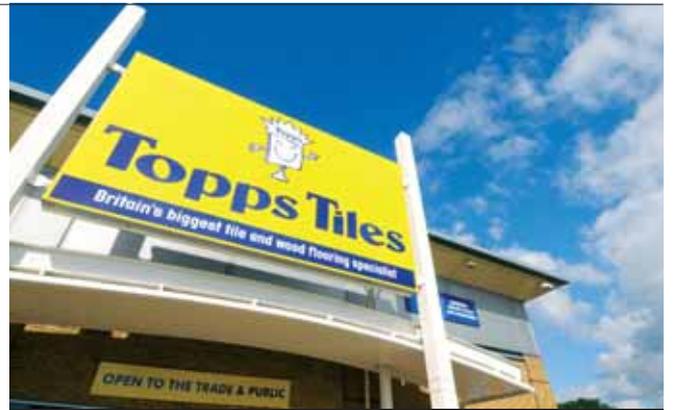


The business is well equipped to deal with the current economic cycle and we have made good progress in tightening our cost base for the coming year, focusing our attention on cash management and improving our financial flexibility by renegotiating our banking facilities.



The Company's staff are fundamental to the ongoing success of the business. Their ability to deliver exceptional customer service will continue to be a key differentiator for us in the coming year.

Topps stores are purposely located in highly visible, low rental locations, on or close to busy roads and always with parking facilities.



Alongside our traditional retail channel this year we launched our first online business which offers a wide selection of our most popular ranges including some additional complementary products.

Visit our website at www.toppstiles.co.uk for full details.

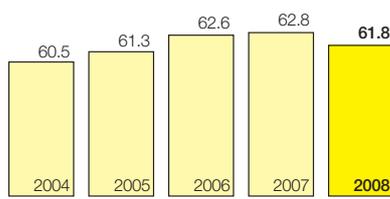


Business Review



The Topps' strategy is focused on delivering outstanding value to our customers. This has enabled us to retain our competitive advantage built upon the strong foundations of customer service, store locations, store layout, product choice and availability.

Gross margins (%)



Cautionary statement

This Business Review has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The Business Review should not be relied on by any other party or for any other purpose.

The Business Review 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.

Nature, objectives and strategies of the business

Topps Tiles is a specialist tile and wood flooring retailer with 342 outlets across the UK and Holland. In the UK, we are the country's largest retailer of our kind with a total of 320 stores and a 22% market share. We operate two retail brands, Topps Tiles and Tile Clearing House. Topps is the UK's leading branded tile retailer with 263 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. Tile Clearing House is the biggest clearance tile retailer in the UK with 57 stores nationwide focusing on a mini warehouse type format and a "when it's gone it's gone" style customer offer.

Our European operation in Holland provides a similar style of customer offer to the UK Topps Tiles stores and currently trades from 22 stores.

The Topps' strategy is focused on delivering outstanding value to our customers. This has enabled us to retain our competitive advantage built upon the strong foundations of customer service, store locations, store layout, product choice and availability. We believe that this strategy will continue to serve the Company and its many stakeholders well and will see us through the current economic downturn.

Key operational objectives:

- Deliver customers outstanding value for money to ensure they always "return and recommend".
- Maintain our brand leading position in the market.
- Grow the store estate where excellent property opportunities arise.
- Continued to develop our in store customer offer to maintain our competitive advantage.
- Build an increased online presence and establish the brand as the market leader.
- Continued measured progress in Holland towards a return to profitability.
- Ongoing review of the store portfolio to ensure our estate is keeping track with consumer shopping patterns and our cost base is as efficient as possible.



98.2%

Customer satisfaction rating
(2007: 97.6%)

Financial objectives:

- Maintaining an appropriate capital structure will continue to be a key financial objective for the Group.
- Continued management of the business with a priority on revenues, cost control and cash generation.
- Review our dividend policy on a bi-annual basis.
- Supplier tendering and benchmarking for non-stock suppliers has continued through the year and has seen a change in a number of key suppliers. This will continue to contribute towards our focus on cost control and ensuring that we are as efficient as possible.
- Manage the Group's exposure to fluctuations in foreign exchange rates.

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:

	52 weeks to 27 September 2008	52 weeks to 29 September 2007
Financial KPIs		
Like-for-like sales growth year-on-year – %	-5.4%	+4.7%
Total sales growth year-on-year – %	+0.1%	+15.4%
Gross margin – %	61.8%	62.8%
Net debt	£92.0m	£95.2m
Stock days	140	146
Non-financial KPIs		
Customer satisfaction – %	98.2%	97.6%
Number of stores	342	321

The Directors receive regular information on these and other metrics and KPIs for the Group as a whole. These KPIs are reviewed and updated as the Directors feel is required.





Business Review (continued)



Risks and uncertainties

The key risks to the business continue to be its relationship with key suppliers, the potential threat of competitors, the risk that key information technology or EPOS systems could fail, the loss of key personnel, the risk of a prolonged economic downturn, the impact of foreign exchange rates and the development of substitute products.

Following a modest weakening of results in the first half we highlighted at that time that the key risk for the second half was the general economic climate. The deterioration in the economy has been more pronounced during the second half of the year and when reviewing risks and uncertainties this is currently accounting for the majority of the Board's focus.

The business has responded to these risks by taking the appropriate action as described in this report. Specifically, we have tightened our cost base, reviewed our plans for growth, focused our attention on cash management, and renegotiated and extended our banking facilities. We are also seeking to enhance and improve our retail operations where possible by reviewing our product offer, customer service and marketing strategies.

We also highlighted at the half year point that an appreciation in the Euro had put pressure on gross margins as a result of our overseas sourcing. The US dollar has also strengthened over the course of the second half of the year. The current general weakness of the Pound will put further pressure on margins for the coming year but we are addressing this risk by constantly reviewing our sourcing opportunities. During the year approximately 20% of purchases were sourced from overseas.

Post the end of the financial reporting period there have been significant reductions in interest rates. The Group will see a small amount of direct benefit from this via our cash interest charge, however, a more significant benefit would be the potential improvement in consumer confidence.

There are currently a number of risks and uncertainties that the Group is managing. If sales performance continues at the current levels we will need to manage costs and cash even more tightly, however, the Board remains confident the business will continue in its ability to generate positive returns and meet all of its financial commitments in full.

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

We have conducted a review of existing contractual relationships and have concluded that there are none which are essential to the business.





61.8%

Gross margin (2007: 62.8%)

£35.8m

Underlying operating profit (2007: £44.3m)

Financial review

Profit and loss account

Revenue

Revenue for the period ended 27 September 2008 increased by 0.1% to £208.1 million (2007: £207.9 million). Like-for-like store sales declined by 5.4% across the year, falling by 0.9% in the first half and 9.8% in the second half of the year. The deterioration in performance reflects the tightening in the economy and the impact that this has had on both the financial and consumer sector.

Gross margin

Overall gross margin was 61.8% compared with 62.8% last year. At the interim stage of this period gross margin was 62.7%. In the second half of the period we have generated a gross margin of 60.8%. Erosion of gross margin reflects exchange rate impacts and also the pressure of the current trading environment. However, the relatively small deterioration in gross margin reflects the Company's strong brand and business model as we are able to invest margin in a controlled way to drive transactions.

Operating expenses

Total operating costs have increased from £86.2 million to £93.9 million, an increase of 8.9%. Costs as a percentage of sales were 45.1% compared to 41.4% last year.

The increase in costs has been mainly driven by our enlarged store estate. The average number of stores trading during the financial period was 329 (2007: 303). This has generated an increase in our total operating expenses of 7.3%.

Further to this there have been several non-recurring items as follows:

We have spent an additional £1.5 million on Group marketing activities, in particular a nationwide ITV1 television campaign.

We have incurred a £1.2 million (non-cash) charge for goodwill impairment in relation to the acquisition of the Dutch joint venture. This reflects the Board's more cautious outlook for the Dutch business as described in the Business Review section of this report.

Offsetting these additional charges, in part, is a saving of £1.1 million on management bonuses compared to the previous financial period. This saving was due to management bonus targets not being met during the period.

When taking these items into account, the underlying cost base has reduced by 0.2% for the year as a whole.

Operating profit

Operating profit for the period was £34.6 million (2007: £44.3 million). Operating profit as a percentage of sales was 16.6% (2007: 21.3%).

Underlying operating profit, excluding the non-cash goodwill impairment highlighted above was £35.8 million (2007: £44.3 million).



Business Review (continued)



13.3%

Group profit before tax margin
(2007: 18.2%)

Other gains and losses

Other gains and losses include the impact of property disposals. During the period we completed the sale and leaseback of four freehold properties for £4.0 million, which generated a £0.9 million profit on disposal (2007: £0.3 million).

Financing

The cash interest charge for the year was £6.3 million (2007: £6.3 million), excluding the impact of IAS 39 revaluations. Despite higher interest rates we have maintained the interest charge at the same level of the prior year through a combination of reducing net debt and also the economic benefit we have received from the interest rate derivatives we have in place.

The interest rate derivatives give rise to a "marked to market" revaluation per the requirements of IAS 39 "Financial Instruments; Recognition and Measurement". This revaluation has generated a fair value (non-cash) charge of £1.5 million (2007: £0.5 million). Due to the nature of the underlying financial instrument IAS 39 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.

Net interest cover was 6.4 times based on earnings before interest, tax and depreciation, excluding the impact of IAS 39 in finance charges.

Profit before tax

Reported profit before tax is £27.7 million (2007: £37.8 million).

Group profit before tax margin was 13.3% (2007: 18.2%).

Tax

The effective rate of Corporation Tax was 41.0% (2007: 32.0%).

There are a series of key items affecting the tax rate during the year, as follows:

The withdrawal of Industrial Buildings Allowances has resulted in a one-off deferred tax charge of £1.1 million, accounting for 4.1% of the effective tax rate.

Changes to the capital allowances regime and prior year adjustments have impacted the tax charge by £1.2 million, accounting for 4.4% of the effective tax rate.

The impairment of goodwill described under "Operating Expenses" does not qualify for corporation tax relief, thereby increasing the effective tax rate by a further 1.2%.

The underlying tax rate, excluding the above items, was 31.3% (2007: 30.8%).

Earnings per share

Basic earnings per share were 9.56p (2007: 15.09p).

Diluted earnings per share were 9.55p (2007: 15.02p).

£38.7m

cash generated by operations
(2007: £49.8m)





140

Stock at period end as
days turnover (2007: 146)

£92.0m

Net debt (2007: £95.2m)

Dividend and dividend policy

In order to reduce net debt and improve the Company's financial flexibility, the Board has decided not to pay a final dividend for this financial year. We believe this is in the best interests of the business in the prevailing economic environment and we will continue to review the dividend policy on a bi-annual basis.

Balance sheet

Capital expenditure

Capital expenditure in the period amounted to £6.6 million (2007: £9.7 million). This includes the cost of developing two freehold sites for £1.2 million. In addition we have opened 33 new outlets at a cost of £3.8 million, refitted 11 existing sites at a cost of £0.6 million, plus a further £1.0 million on other associated activities.

At the period end the Group owned eight freehold or long leasehold sites including two warehouse and distribution facilities with a total net book value of £15.6 million (2007: £17.7 million).

Stock

Stock at the period end represents 140 days turnover compared with 146 days for the same period last year.

Capital structure and treasury

Cash and cash equivalents at the period end were £14.0 million (2007: £15.8 million) with repayable borrowings at £106.0 million (2007: £111.0 million).

This gives the Group a net debt position of £92.0 million compared to £95.2 million as at 1 October 2007.

During the period we renegotiated our current loan facility, securing a favourable relaxation of the covenants associated with our debt and an extension of the facility to January 2012. There is an associated one-off fee of £0.5 million which will be amortised over the remaining period of the facility.

Cash flow

Cash generated by operations was £38.7 million, compared to £49.8 million last year.

Annual General Meeting

The Annual General Meeting for the period to 27 September 2008 will be held on 13 January 2009 at 10.30am at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU.

Matt Williams
Chief Executive Officer

Rob Parker
Finance Director



Corporate Social Responsibility

“Every penny raised goes to the cause rather than overheads. With the help of Royalty, celebrities, the media and thousands of decent, ordinary people we have already raised over £12 million. There is a great deal more to be done and we are indebted to Topps Tiles for their decision to support our work”.

Help for Heroes founder, Bryn Parry



Corporate Social Responsibility (“CSR”) continues to gain increasing importance in all modern businesses and Topps Tiles is no exception. We have been working on our CSR agenda since 2004 when we established a working party chaired by a main Board Director. We are proud of our achievements in this area and focus our attentions across four primary areas:

- Community Relations
- Environment
- Workplace and Employees
- Supply Chain

The Group is a constituent member of the FTSE4Good Index of socially responsible UK quoted companies. The FTSE4Good Index is designed to measure the performance of companies that meet globally recognised corporate responsibility standards and to facilitate investment in those companies where CSR issues are an influencing factor in the investors’ decision making process. We aim to comply with the criteria set by the operators of this index and are actively engaged in the continued developments of our CSR policies to ensure ongoing compliance.

Community relations

Topps Tiles has been actively involved in supporting community relations over a long period of time, through our association with youth football. Topps provides new kits and equipment to junior teams local to our stores, a simple and effective way of reaching out to all our local communities and which makes us one of the biggest supporters of youth football in the UK. We currently support over 200 teams with plans to extend this to every store over the coming year.

In addition to our football sponsorship, Topps has also been a long term supporter of a nominated corporate charity. For the past six years we have supported Asthma UK and have successfully raised in excess of £600,000 for their worthy causes over that period. We are very proud of our association with Asthma UK and we wish them the very best of luck in all of their future fundraising efforts.

In July we hosted our seventh annual charity Golf Day where UK and overseas suppliers meet with Topps friends and colleagues to raise money. The day was dedicated to The Prince’s Trust and we successfully raised £18,985 to support the Trust’s work with disadvantaged young people.

200+

The number of football teams that we sponsor in the UK.



Kate Burt, The Prince's Trust Deputy Director of Fundraising, confirmed: "we need visionary companies who believe that through investing in young people you can change lives forever. We are delighted that Topps Tiles was inspired to join us and help more young people realise their potential."

We have recently begun work with our new corporate charity, Help for Heroes. Founded in 2007, Help for Heroes funds specialist rehabilitation and adaptive training for servicemen and women maimed in the service of our country in Iraq and Afghanistan. Many wounded servicemen and women come from communities served by our stores and we want to give Help for Heroes the biggest "thank you" we can. We aim to make this our biggest ever fundraising drive and during the coming year our stores will be staging their own Heroes Days with sponsored exploits by "homegrown heroes" who will compete for the coveted title of Topps No.1 Help for Heroes fundraiser

Help for Heroes founder, Bryn Parry, confirmed: "Every penny raised goes to the cause rather than overheads. With the help of Royalty, celebrities, the media and thousands of decent, ordinary people we have already raised over £12 million. There is a great deal more to be done and we are indebted to Topps Tiles for their decision to support our work".

Environment

There are three primary areas where our business potentially impacts the environment. These are property, waste and transport. We regularly review our progress in these areas and endeavour to use the most environmentally responsible practices possible.

Property – 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 the impact and we are continuing trials to reduce further our environmental impact by adopting new technology wherever possible.

Waste – waste management is an important area for our business and we recycle as much as possible. Stores return paper, plastic and cardboard to the central warehouse for recycling.





Corporate Social Responsibility (continued)



Environment (continued)

Our offices recycle all used paper, the majority of which is shredded and used as packaging. We continue to move our reporting away from being paper based and issue increasing numbers of reports in electronic format.

Transport – during the year we have started a move towards consolidation of deliveries to stores. This means that we will reduce our reliance on third party transport further and be able to achieve more of the deliveries required from our existing capacity. This has the benefit of reducing the overall mileage and also reduces emissions as a result of us operating our own modern and efficient fleet of vehicles. All new lorries comply with the Euro 4 emissions regulations and come ready equipped with driver efficiency monitoring systems. This technology enables us to plan the most efficient routes and also monitor our drivers' performance. All new vehicles this year now have new generation engines giving in the region of a 16% saving on fuel. Our new trailers are now specially designed for better weight distribution allowing more weight to be carried and less tyre wear.

Workplace and employees

We have a duty to our employees to provide them with a safe and comfortable working environment. We maintain regular dialogues with staff and our in-house Health and Safety team carries out regular assessment to ensure that this is happening. We also operate a Health and Safety Committee which meets on a regular basis and is chaired by a main Board Director.

Communication with our employees is vital and we have initiatives in place to ensure regular and effective dialogue with staff. We produce a bi-monthly in-house magazine which updates all employees on what is happening across the business.

In addition we operate an employee suggestion scheme which is overseen by our Chief Executive, Matthew Williams. This helps to improve the business across a number of areas.

We have a policy of internal promotion, where possible, and actively encourage our staff to apply for internal vacancies and promotions. To support this we conduct regular dialogues with employees on job and career development. We are committed to being an equal opportunities employer and have policies in place which are clearly communicated to all of our staff. In April 2008 the Company retained its Investors in People award for a further three years. This award recognises our continued efforts to ensure that all staff understand the goals of the Company and are fully trained to ensure they can contribute fully to achieving these goals.





16%

Savings on fuel bills made by new vehicles using new generation engines.

Supply chain

We source our goods for resale from around the world including tiles, natural stone, wooden flooring and adhesives. 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 insert a clause into all contracts with suppliers which stipulates our requirements. We have also developed a policy on timber products and have adopted the principles and criteria of the Forest Stewardship Council as our benchmark.

Our full policy and targets can be found on our website at www.toppstiles.co.uk in the investor section under corporate responsibility.





Directors

Non-Executive Chairman



Barry Bester Non-Executive Chairman (aged 51)
Member of Nomination Committee

Barry was a founder shareholder and Director of Topps Tiles in 1984. His principal responsibility is Group Strategy.

Executive Directors



Matthew Williams Chief Executive Officer (aged 34)

Matt joined the Company in 1998 after completing his Chartered Surveyors exams and took up a role in the property department. In 2004 he was promoted to Chief Operating Officer and on 1 April 2006 joined the Plc Board. In November 2007 he was promoted to Chief Executive Officer. Matt is also responsible for the employee suggestion scheme.



Nicholas Ounstead Business Development Director (aged 48)
Health and Safety Committee Chairman

Nick joined Topps Tiles in April 1997. Prior to this he was Marketing Director at Bellegrave Ceramics Plc which was a major supplier to DIY chains and independent retailers. In November 2007 he moved to the role of Business Development Director responsible for marketing, online business and Holland.



Robert Parker Finance Director (aged 36)
Company Secretary

Social and Environmental Responsibility Chairman

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.



Non-Executive Directors



Rt. Hon Michael Jack Privy Councillor MP Senior Non-Executive Director (aged 62)
Chairman of Audit Committee

Member of Nomination Committee

Chairman of Remuneration Committee

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



Victor Watson CBE Non-Executive Director (aged 80)

Member of Audit Committee

Chairman of Nomination Committee

Member of Remuneration Committee

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



Alan White Non-Executive Director (aged 53)

Member of Audit Committee

Member of Nomination Committee

Member of 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 and advisors

President

S.K.M. Williams FCA

Directors

B.F.J. Bester

Non-Executive Chairman

M.T.M. Williams

Chief Executive Officer

N.D. Ounstead

Business Development Director

R. Parker ACMA

Finance Director

The Rt. Hon. J.M. Jack, Privy Counsellor, MP

Non-Executive Director

V.H. Watson CBE

Non-Executive Director

A. White

Non-Executive Director

Secretary

R. Parker ACMA

Registered number

3213782

Registered office

Thorpe Way

Grove Park

Enderby

Leicestershire LE19 1SU

Auditors

Deloitte & Touche LLP

2 Hardman Street

Manchester M60 2AT

Bankers

HSBC Bank Plc

56 Queen Street

Cardiff CF10 2PX

Registrars

Capita IRG Plc

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

Solicitors

TLT Solicitors

1 Redcliff Street

Bristol BS99 7JZ

Sinclair Abson Smith Lawyers

19 Market Place

Stockport SK1 1HA

Beachcroft LLP

St. Ann's House

St. Ann Street

Manchester M2 7LP

Brokers

KBC Peel Hunt Ltd

111 Old Broad Street

London EC2N 1PH



Financial statements



Contents

24	Directors' Report
27	Corporate governance statement
29	Remuneration Report
32	Independent auditors' report – consolidated financial statements
34	Consolidated income statement
34	Consolidated statement of recognised income and expense
35	Consolidated balance sheet
36	Consolidated cash flow statement
37	Notes to the financial statements
58	Independent auditors' report – Company financial statements
59	Company balance sheet
60	Notes to the Company financial statements
63	Notice of Annual General Meeting
66	Explanatory notes to the Notice of Annual General Meeting
70	The Team
76	Store Locations



Directors' Report

The Directors present their report on the affairs of the Group, together with the financial statements and Auditors' Report, for the 52 week period ended 27 September 2008.

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 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 27 September 2008 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 pages 4 and 5, the CEO's statement on pages 6 to 8, the Business Review on pages 10 to 15 and the Corporate Social Responsibility statement on pages 16 to 19, 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 page 11.

Results and dividends

The audited financial statements for the 52 week period ended 27 September 2008 are set out on pages 34 to 57. The Group's profit for the period, after taxation, was £16,353,000 (2007: £25,740,000).

An interim dividend of 3.00p per share, £5,117,000 was paid on 7 July 2008 (2007: 3.75p per share, £6,396,000).

The Board has decided not to pay a final dividend in order to accelerate the reduction in net debt and improve financial flexibility (2007: final dividend of 6.95 pence per share, £11,860,000).

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

M.T.M. Williams

Chief Executive Officer

N.D. Ounstead

Business Development Director

R. Parker

Finance Director

J.M. Jack

Senior Non-Executive Director

V.H. Watson

Non-Executive Director

A. McIntosh

Non-Executive Director (resigned 31 March 2008)

A. White

Non-Executive Director (appointed 1 April 2008)

The Directors' interests in the shares of the company are set out on page 31.

Share capital

Details of the Company's authorised and issued share capital are shown in note 21 to the financial statements.

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 48 days purchases (2007: 65 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 charitable donations of £10,000 (2007: £10,000). The Group made no political contributions (2007: £nil).

Substantial shareholdings

In addition to the Directors' shareholdings noted on page 31, on 31 October 2008 the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in 3% or more of its issued share capital.

	Number	% held
Williams S.K.M. Esq	17,718,950	10.4
Scottish Widows Investment Partnership	12,125,643	7.1
AXA Framlington Investment Management	12,003,075	7.0
Allianz Global Investors	10,465,000	6.1
M&G Investment Management	7,206,166	4.2
Legal & General Investment Management	6,323,225	3.7
New Star Asset Management	5,572,502	3.3

Disabled employees

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

Employee consultation

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

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 risk is detailed in notes 15, 16, 17, 18 and 19. The Group's risk management policies and procedures are also discussed in the Business Review on page 12.

Share option schemes

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

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

The total of options held by employees, including Directors, is 866,934 (2007: 1,306,491). The Directors will continue to incentivise employees through additional employee share option schemes in the forthcoming financial period, subject to the approval at the AGM.

Details on the share option scheme are given in note 29.

Information given to auditors

Each of the Directors at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Auditors

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



Directors' Report (continued)

Statement of Directors' Responsibilities

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 period. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs as adopted by the European Union. The Group's financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- 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.

The Directors 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). The parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent Company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' responsibility statement

We confirm to the best of our knowledge:

- 1) the Group's financial statements, prepared in accordance with IFRS, and the Company's financial statements, prepared in accordance with UK Accounting Standards, 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
- 2) the Business Review, which is incorporated into the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

R. Parker

Director and Company Secretary

24 November 2008



Corporate governance statement

Corporate governance statement

The Company is committed to the principles of corporate governance contained in the Combined Code of Corporate Governance that was issued in 2006 by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders.

Statement of compliance with the Code of Best Practice

The Company has complied throughout the period with the Provisions of the Code of Best Practice set out in section 1 of the Code except for provision A.6.1, as the Board does not currently undertake formal appraisal of its own performance and that of its committees. The Company complies with all other provisions of the code.

The Board of Directors comprises seven members, of whom three are independent Non-Executive Directors and three are Executive Directors, led by the Company's Non-Executive Chairman, Mr. Barry Bester. The Senior Independent Non-Executive Director is the Rt. Hon. Michael Jack, who also chairs the Audit Committee. Brief biographical details of all Directors are given on pages 20 and 21. The Board meets at least 12 times a year. Certain defined issues are reserved for the Board including approval of financial statements and circulars, annual budgets, strategy, Directors' appointments, service agreements and remuneration, 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 year, 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 accordance with the Articles of Association, all Directors are subject to re-election every third year. Directors are elected at the first AGM after appointment, therefore, Alan White will be subject to election at the forthcoming Annual General Meeting. The Board regards Mr. White to be independent and considers his broad retail experience and position as a CEO of a Plc business to be of great benefit to the Group.

All Non-Executive Directors have written letters of appointment. These letters of appointment stipulate three-year renewable terms of office. In line with the Code all Non-Executive Directors who have served for nine years or more will be subject to annual re-election. As such, the Rt. Hon. Michael Jack will be subject to re-election at the forthcoming Annual General Meeting. Although his length of service exceeds nine years the Board regards him to be independent and considers his broad based commercial experience and extensive business specific knowledge to be extremely beneficial.

Mr. Victor Watson will not seek re-election at the forthcoming Annual General Meeting and will retire from the Board effective from the date of the Annual General Meeting.

The Board considers that Messrs. Alan White and the Rt. Hon. Michael Jack 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 also 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 27 September 2008 and the attendance record of the individual Directors.

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	10	2	2	2
B.F.J. Bester	9	2	2	2
M. Williams	10	2	n/a	n/a
N.D. Ounstead	9	2	n/a	n/a
R. Parker	10	2	n/a	n/a
W.A. McIntosh (Resigned 31 March 2008)	1	1	1	1
V.H. Watson	10	2	2	2
J.M. Jack	10	2	2	2
A. White (appointed 1 April 2008)	4	1	1	1



Corporate governance statement (continued)

Statement about applying the Principles of Good Governance

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

Audit Committee

The Audit Committee consists of Non-Executive Directors. The Chairman is the Rt. Hon. Michael Jack, the other members are Victor Watson and Alan White, who has served on the Committee since his appointment on 1 April 2008.

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 auditors 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 yearly to the Board. The Committee meets with the external auditors, the rest of the Board attend at the invitation of Audit Committee Chairman.

As stated above, part of the role of the Audit Committee is to review the independence of the Company's auditors. The Company's external auditors, Deloitte & Touche LLP have provided non-audit services to the Company in the form of tax advice. The Audit Committee is aware that providing audit and non-audit advice could give rise to a potential conflict of interest. The Audit Committee has concluded that the auditors, Deloitte & Touche LLP, are independent.

Nomination Committee

The Nomination Committee is chaired by Victor Watson. The other members are Alan White and the Rt. Hon. Michael Jack. 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.

Maintenance of a sound system of internal control

The Board has applied Principle C.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been put in place from the start of the period to the date of the approval of this report and which is in accordance with 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 Combined Code, the Board continuously reviews the effectiveness of the Group's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purposes of this Annual Report. This assessment considers all significant aspects of internal control arising during the period covered by the report including the work of internal audit. The Audit Committee assists the Board in discharging its review responsibilities.

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 appropriate.



Remuneration Report

Introduction

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985. 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 Combined 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 auditors to the Company's members on certain parts of the Directors' Remuneration Report and to state whether their opinion on those parts of the report have been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for the audited and unaudited information.

Unaudited information

Remuneration Committee

The Company has established a Remuneration Committee, which is constituted in accordance with the recommendations of the Combined Code. The members of the committee are the Rt. Hon. Michael Jack, Victor Watson and Alan White who are all independent Non-Executive Directors. The Committee is chaired by the Rt. Hon. Michael Jack.

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

Remuneration policy

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

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

- basic annual salary (including Directors' fees) and benefits;
- annual bonus payments; and
- pension arrangements.

Basic salary

An Executive Director's basic salary is reviewed and determined by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparator group of companies. Basic salaries were reviewed in September 2008 with no increases taking effect this year. Executive Director's contracts of service, which include details of remuneration, will be available for inspection at the Annual General Meeting.

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

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 Remuneration 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 100% of basic salary based on Group performance against budgeted operating profit. For the period ending 27 September 2008 there will be no bonus paid. The annual bonus scheme for the period to September 2009 is also up to a max of 100% of basic salary based upon the achievement of budgeted Group operating profit.

Pension arrangements

Mr. Bester, Mr. Ounstead and Mr. Parker received contributions into their own personal pension schemes as disclosed in the table on page 31.



Remuneration Report (continued)

Directors' contracts

Executive Directors

It is the Company's policy that Executive Directors are offered permanent contracts of employment providing for a maximum of six months' notice.

Non-Executive Directors

All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to Non-Executive Directors of similar companies. The basic fee paid to each Non-Executive Director in the period was £33,000. It is the Company's policy that Non-Executive Directors should have contracts with an indefinite term providing for a maximum of six months notice. Non-Executive Directors cannot participate in any of the Company's share option schemes and are not eligible to join the Company's pension scheme.

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

Name of Director	Date of contract or letter of appointment	Unexpired term	Notice period
B.F.J Bester	27 May 1997	n/a	6 months
J.M. Jack	26 January 1999	n/a	6 months
V.H. Watson (*retires 13 January 2009)	27 May 1997	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.

Total Shareholder Return Charting %



This index has changed from prior year (was previously FTSE MID 250) but the comparative remains consistent and presents a similar picture. The FTSE 250 index is considered a relevant comparator as the business has formed a part of this index for the majority of the time period presented.

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2008 £'000	2007 £'000
Emoluments	1,055	1,876
Money purchase pension contributions	30	26
	1,085	1,902



Directors' emoluments

Name of Director	Fees £'000	Basic salary £'000	Vehicle allowance £'000	Benefits- in-kind £'000	Money purchase pension contributions £'000	Bonus £'000	2008 £'000	2007 £'000
M.T.M. Williams	–	339	–	20	–	–	359	519
N.D. Ounstead	–	253	24	2	14	–	293	643
R. Parker	–	199	16	2	9	–	226	161
A. Liggett (Retired 27 April 2007)	–	–	–	–	–	–	–	180
Non-Executive Directors								
B.F.J. Bester	–	104	–	1	7	–	112	324
W.A. McIntosh (Resigned 31 March 2008)	13	–	–	–	–	–	13	25
V.H. Watson	–	32	–	–	–	–	32	25
J.M. Jack	–	33	–	–	–	–	33	25
A. White (Appointed 1 April 2008)	17	–	–	–	–	–	17	–
	30	960	40	25	30	0	1,085	1,902

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Share options held by the Directors relate to 2008 Save As You Earn scheme. No options have been exercised in the period.

Name of Director	Scheme	30 Sept 2007	Acquired	27 Sept 2008	Exercise price	Date from which exercisable	Expiry date
N. Ounstead	Save As You Earn Feb 2008	–	7,328	7,328	£1.31	1 Feb 2011	1 Aug 2011
R. Parker	Save As You Earn Feb 2008	–	12,824	12,824	£1.31	1 Feb 2013	1 Aug 2013
M. Williams	Save As You Earn Feb 2008	–	12,824	12,824	£1.31	1 Feb 2013	1 Aug 2013

The market price of the ordinary shares at 27 September 2008 was 58.25p and the range during the year was 211.25p to 39.50p.

Directors interests

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

	2008 Ordinary shares of 3.33p each	2007 Ordinary shares of 3.33p each
B.F.J. Bester	16,406,200	13,906,200
M. Williams	450,205	380,205
N.D. Ounstead	427,750	370,125
V.H. Watson	132,000	132,000
R. Parker	30,000	10,000
J.M. Jack	20,250	15,250
A. White	15,000	–

Approval

This report was approved by the Board of Directors on 24 November 2008 and signed on its behalf by:

Rt. Hon. J.M. Jack

Chairman of Remuneration Committee



Independent auditors' report – consolidated financial statements

To the members of Topps Tiles Plc

We have audited the group financial statements of Topps Tiles Plc for the 52 weeks ended 27 September 2008 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement, and the related notes 1 to 30. These group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent company financial statements of Topps Tiles Plc for the 52 weeks ended 27 September 2008.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Remuneration Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view, whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the group financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' Report, the Chairman's statement, the Chief Executive's statement, the unaudited part of the Remuneration Report, the Business Review and the Corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements and the part of the Remuneration Report to be audited.



Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 27 September 2008 and of its profit for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the group financial statements.

Separate opinion in relation to IFRSs

As explained in note 2 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 27 September 2008 and of its profit for the 52 week period then ended.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester, United Kingdom

24 November 2008



Consolidated income statement

For the 52 weeks ended 27 September 2008

	Notes	2008 £'000	2007 £'000
Group revenue	3&4	208,084	207,898
Cost of sales		(79,537)	(77,344)
Gross profit		128,547	130,554
Operating expenses			
employee profit sharing		(6,514)	(7,943)
distribution costs		(66,142)	(61,504)
other operating expenses		(7,024)	(5,093)
administration expenses		(8,082)	(7,027)
sales and marketing		(6,165)	(4,645)
Group operating profit before impairment of goodwill		35,805	44,342
Impairment of goodwill	12	(1,185)	–
Group profit from operations	4	34,620	44,342
Other gains	7	877	270
Investment revenue	8	992	1,012
Finance costs	8	(8,766)	(7,791)
Profit before taxation	5	27,723	37,833
Taxation	9	(11,370)	(12,093)
Profit after taxation for the period attributable to equity holders of the parent Company		16,353	25,740
Earnings per ordinary share	11		
– basic		9.56p	15.09p
– diluted		9.55p	15.02p

All of the above results relate to continuing operations.

Consolidated statement of recognised income and expense

For the 52 weeks ended 27 September 2008

		2008 £'000	2007 £'000
Exchange differences on retranslation of overseas operation		248	–
Tax effect of share options exercised		–	195
Deferred tax on share options taken directly to equity	20	(305)	(157)
Profit for the period		16,353	25,740
Total recognised income and expense for the period attributable to equity holders of the parent Company		16,296	25,778



Consolidated balance sheet

As at 27 September 2008

	Notes	2008 £'000	2007 £'000
Non-current assets			
Goodwill	12	245	1,430
Property, plant and equipment	13	40,386	41,851
		40,631	43,281
Current assets			
Inventories		30,496	31,067
Trade and other receivables	15	7,909	7,002
Cash and cash equivalents	16	13,977	15,781
		52,382	53,850
Total assets		93,013	97,131
Current liabilities			
Trade and other payables	17	(29,961)	(31,016)
Derivative financial instruments	19	(2,110)	(481)
Bank loans	18	(7,250)	(4,907)
Current tax liabilities		(8,878)	(8,752)
		(48,199)	(45,156)
Net current assets		4,183	8,694
Non-current liabilities			
Bank loans	18	(97,963)	(105,737)
Deferred tax liabilities	20	(1,964)	(1,062)
Total liabilities		(148,126)	(151,955)
Net liabilities		(55,113)	(54,824)
Equity			
Share capital	21	5,703	5,686
Share premium	22	1,001	681
Merger reserve	23	240	240
Share-based payment reserve	24	322	222
Capital redemption reserve	25	20,359	20,359
Foreign exchange reserve	26	248	–
Retained earnings	27	(82,986)	(82,012)
Total deficit		(55,113)	(54,824)

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

The financial statements on pages 34 to 57 were approved by the Board of Directors on 24 November 2008 and signed on its behalf by:

M. Williams

Director

R. Parker

Director



Consolidated cash flow statement

For the 52 weeks ended 27 September 2008

Cash flow from operating activities

	2008 £'000	2007 £'000
Group profit from operations	34,620	44,342
Adjustments for:		
Depreciation of property, plant and equipment	4,792	4,424
Impairment of goodwill	1,185	–
Share option charge	100	56
Loss on sale of fixed assets	513	772
Increase in receivables	(833)	(1,144)
Decrease/(increase) in inventories	877	(2,624)
(Decrease)/increase in payables	(2,557)	4,000
Cash generated by operations	38,697	49,826
Interest paid	(6,154)	(7,805)
Payment of loan arrangement fee	(530)	–
Taxation paid	(10,650)	(10,980)
Net cash from operating activities	21,363	31,041
Cash flows from investing activities		
Acquisition of joint venture	–	(1,286)
Interest received	960	1,012
Purchase of property, plant and equipment	(6,622)	(9,674)
Proceeds on sale of property, plant and equipment	4,004	1,166
Net cash used in investment activities	(1,658)	(8,782)
Cash flows from financing activities		
Proceeds from issue of share capital	337	158
Repayment of loans	(5,000)	(5,000)
Dividends paid	(17,014)	(18,169)
Net cash used in financing activities	(21,677)	(23,011)
Net decrease in cash and cash equivalents	(1,972)	(752)
Cash and cash equivalents at beginning of period	15,781	16,533
Effect of foreign exchange rate changes	168	–
Cash and cash equivalents at end of period	13,977	15,781



Notes to the financial statements

For the 52 week period ending 27 September 2008

1 General information

Topps Tiles Plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 22. The nature of the Group's operations and its principal activity is set out in the Directors' Report on page 24.

These financial statements are presented in pounds 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 2j.

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:

Standards and interpretations in issue but not yet effective

IFRS 8	Operating Segments
IAS 23	Amendment "Borrowing Costs"
IFRS 3	Revised "Business Combinations"
IAS 27	Amendment "Consolidated and Separate Financial Statements"
IFRS 2	Amendment to "Share-Based Payment"
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Deferred Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

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.

Adoption of new and revised standards

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007 and the related amendment to IAS 1: Presentation of Financial Statements. The impact of the adoption of IFRS 7 and changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital. (See notes 2o, 15, 17 and 19).

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 financial instruments. The principal accounting policies adopted are set out below.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the Saturday nearest to the 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c) Financial period

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

Throughout the financial statements, Directors' Report and financial review, references to 2008 mean at 27 September 2008 or the 52 weeks then ended; references to 2007 mean at 29 September 2007 or the 52 weeks then ended.

d) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

2 Accounting policies (continued)

e) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

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.

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. Sales of goods are recognised when title has passed. Sales returns are provided for based on past experience and deducted from income.

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

g) 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 reducing balance basis as appropriate
Motor vehicles	25% per annum on reducing balance

Freehold land is not depreciated.

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

h) 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 is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred – marketing, selling and distribution. Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost.

i) 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 year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years 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.



2 Accounting policies (continued)

i) Taxation (continued)

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. Deferred tax is charged or credited in the income statement, 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.

j) Foreign currency

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 income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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 classified as equity and transferred to the Group's translation reserve. Such differences are recognised as income or expense in the period in which the operation is disposed of.

k) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

l) Investments

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

m) Retirement benefit costs

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

n) 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 income statement over the term of the debt at a constant rate on the carrying amount

o) 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.

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.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

2 Accounting policies (continued)

o) Financial instruments (continued)

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 2t.

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.

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 94 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.



2 Accounting policies (continued)

o) Financial instruments (continued)

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 2t.

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.

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 remeasured to their fair value at each balance sheet 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.

p) Share-based payments

The Group has applied the requirements of IFRS 2 Share-Based Payments. In accordance with the transitional provisions, IFRS 2 will be 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 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.

q) Trade payables

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

r) Profit from operations

Profit from operations is stated after charging restructuring costs but before property disposals, investment income and finance costs.

s) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle 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.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

2 Accounting policies (continued)

t) 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 following are the critical judgements, 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 have the most significant effect on the amounts recognised in financial statements.

Management consider 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 and only recognise 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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and to discount by a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date is £0.2 million. During the period the Group has incurred an impairment charge of £1.2 million. (Details of the impairment charge calculation are provided in note 12.)

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 for the 52 week period of revenue is as follows:

	2008 £'000	2007 £'000
Non-trade customers	184,107	182,830
Trade customers	23,977	25,068
Revenue from the sale of goods	208,084	207,898
Interest received on interest rate swaps	347	165
Interest receivable	645	847
Total revenue	209,076	208,910

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



4 Business segments

The Group is currently organised into three retail operating divisions; Topps Tiles (Topps) and Tile Clearing House (TCH), both based in the UK, and Topps Floorstore (Holland). These divisions are the basis on which the Group reports its primary segment information.

Segmental revenue and profit before taxation by business activity were as follows:

Segmental information for the 52 weeks to 27 September 2008				
	Topps £'000	TCH £'000	Topps Floorstore £'000	Consolidated £'000
Revenue	175,312	23,977	8,795	208,084
Operating profit before central costs	34,353	3,112	(758)	36,707
Head office/distribution centre costs				(2,087)
Group profit from operations				34,620
Other gains				877
Finance costs less investment revenue				(7,774)
Profit before taxation				27,723

Other information

	Topps £'000	TCH £'000	Topps Floorstore £'000	Head office/ distribution centre £'000	Consolidated £'000
Capital additions	4,260	651	401	1,310	6,622
Goodwill impairment	-	-	-	1,185	1,185
Depreciation	2,922	440	353	1,077	4,792
Balance sheet					
Segment assets	75,283	8,833	4,644	-	88,761
Unallocated corporate assets	-	-	-	4,252	4,252
Consolidated total assets	75,283	8,833	4,644	4,252	93,013
Segment liabilities	(16,897)	(5,285)	(3,749)	-	(25,931)
Unallocated corporate liabilities	-	-	-	(122,195)	(122,195)
Consolidated total liabilities	(16,897)	(5,285)	(3,749)	(122,195)	(148,126)

Segmental information for the 52 weeks to 29 September 2007				
	Topps £'000	TCH £'000	Topps Floorstore £'000	Consolidated £'000
Revenue	175,380	25,068	7,450	207,898
Operating profit before central costs	40,448	5,273	314	46,035
Head office/distribution centre costs				(1,693)
Group profit from operations				44,342
Other gains				270
Finance costs less investment revenue				(6,779)
Profit before taxation				37,833



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

4 Business segments (continued)

Other information

	Topps £'000	TCH £'000	Topps Floorstore £'000	Head office/ distribution centre £'000	Consolidated £'000
Capital additions	4,733	1,087	881	2,973	9,674
Depreciation	2,683	451	271	1,019	4,424
Balance sheet					
Segment assets	72,626	10,063	5,044	–	87,733
Unallocated corporate assets	–	–	–	9,398	9,398
Consolidated total assets	72,626	10,063	5,044	9,398	97,131
Segment liabilities	(17,272)	(1,578)	(3,712)	–	(22,562)
Unallocated corporate liabilities	–	–	–	(129,393)	(129,393)
Consolidated total liabilities	(17,272)	(1,578)	(3,712)	(129,393)	(151,955)

5 Profit before taxation

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

	2008 £'000	2007 £'000
Depreciation of property, plant and equipment	4,792	4,424
Staff costs (see note 6)	42,574	40,156
Impairment of goodwill	1,185	–
Operating lease rentals	19,861	16,725
Cost of inventories recognised as expense	77,735	75,331
Net foreign exchange gains	(32)	(270)

Analysis of auditors' remuneration is provided below:

	2008 £'000	2007 £'000
Audit services:		
statutory audit of the Company's annual accounts	32	15
audit of Company's subsidiaries pursuant to legislation	105	110
Total audit fees	137	125
Tax services:		
compliance services	59	57
advisory services	2	73
Total non-audit fees	61	130
	198	255

A description of the work of the Audit Committee is set out on page 28 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.



6 Staff costs

The average monthly number of employees (including Executive Directors) was:

	2008 Number employed	2007 Number employed
Selling	1,553	1,541
Administration	190	181
	1,743	1,722

	2008 £'000	2007 £'000
Their aggregate remuneration comprised:		
Wages and salaries (including LTIP)	38,713	36,524
Social security costs	3,666	3,397
Other pension costs (see note 28b)	195	235
	42,574	40,156

Details of Directors' emoluments are disclosed on page 31.

Employee profit sharing of £6.5 million (2007: £7.9 million) is included in the above and comprises sales commission and bonuses.

7 Other gains and losses

Other gains and losses in 2008 relates to the sale of four freehold properties and in 2007 to the sale of a long leasehold property.

8 Investment revenue and finance costs

	2008 £'000	2007 £'000
Bank interest receivable and similar income	992	1,012
Finance costs		
Interest on bank loans and overdrafts	(7,302)	(7,325)
Fair value loss on interest rate swaps	(1,464)	(480)
Interest costs capitalised	-	14
Finance costs	(8,766)	(7,791)

No finance costs are appropriate to be capitalised in the period. In the prior period finance costs in respect of development sites were capitalised based on a capitalisation rate of 5.1% last year, which was the weighted average of rates applicable to the Group's general borrowings outstanding during the period.

Interest on bank loans and overdrafts represent gains and losses on financial liabilities measured at amortised cost. There are no other gains or losses recognised in respect of financial liabilities measured at amortised cost. Total losses from the movement in fair value on held for trading on assets and liabilities (derivative instruments) were £1,464,000 (2007: £480,000). Included within bank interest and similar income is £347,000 (2007: £165,000) being interest received on interest rate swaps.

9 Tax

	2008 £'000	2007 £'000
Current tax – charge for the year	9,711	11,975
Current tax – adjustment in respect of previous periods	1,209	446
Deferred tax – charge/(credit) for year (note 20)	434	(334)
Deferred tax – adjustment in respect of previous periods (note 20)	16	6
	11,370	12,093

Corporation tax in the UK is calculated at 29% (2007: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

9 Tax (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2008 £'000	2007 £'000
Profit before taxation	27,723	37,833
Tax at the UK corporation tax rate of 29% (2007: 30%)	8,040	11,350
Tax effect of expenses that are not deductible in determining taxable profit	604	90
Tax effect of IBA release	1,129	–
Tax effect of change in tax rate	–	(119)
Tax effect of profit in excess of chargeable gains on sale of freehold property	(36)	(6)
Tax effect of different tax rates on overseas earnings	29	–
Tax effect of tangible fixed assets which do not qualify for capital allowances	379	326
Tax effect of adjustment in respect of prior periods	1,225	452
Tax expense for the period	11,370	12,093

10 Dividends

Amounts recognised as distributions to equity holders in the period:

	2008 £'000	2007 £'000
Final dividend paid for the 52 weeks ended 29 September 2007 of 6.95p (2006: 6.90p) per ordinary share	11,860	11,767
Interim dividend paid for the 26 weeks ended 29 March 2008 of 3.00p (2007: 3.75p)	5,117	6,396
Under provision in respect of the prior period final dividend	45	6
	17,022	18,169
Proposed final dividend for the 52 weeks ended 27 September 2008 of 0.00p (2007: 6.95p) per share	–	11,860

11 Earnings per share

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

	2008 Number of shares	2007 Number of shares
Weighted average number of shares		
For basic earnings per share	171,008,982	170,536,121
Weighted average number of shares under option	175,931	823,079
For diluted earnings per share	171,184,913	171,359,200

12 Goodwill

	£'000
Cost at 1 October 2006	551
Acquisition of joint venture	879
Cost and carrying value at 30 September 2007	1,430
Impairment of goodwill in the period	(1,185)
Cost and carrying value at 27 September 2008	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.



12 Goodwill (continued)

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 post tax rate of 5.8% (2007: 7.5%).

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 based on an estimated growth rate of 2%. This rate does not exceed the average long term growth rate for the relevant markets.

As a result of the annual test of impairment of goodwill, the Directors have decided that an impairment of the goodwill relating to the Dutch operation is prudent at this stage. The review of the business valuation has taken into account the operating loss in the period of £758,000 and local managements internal budgets and expectations for the next five years. As a result of this, it is considered that a business valuation can support the carrying value of the current tangible fixed assets, but not the goodwill that arose on acquisition. Therefore the Group has impaired the full carrying value of goodwill relating to the acquisition of Topps Holding BV.

13 Property, plant and equipment

	Land and buildings				Total £'000
	Freehold £'000	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	
Cost					
At 1 October 2006	16,482	2,397	32,882	111	51,872
Additions	2,040	115	7,288	221	9,664
Acquisition of joint venture	–	–	1,879	156	2,035
Disposals	–	(746)	(2,390)	(146)	(3,282)
At 30 September 2007	18,522	1,766	39,659	342	60,289
Foreign exchange movement	142	16	373	3	534
Additions	1,231	60	5,311	20	6,622
Disposals	(3,247)	–	(1,740)	(22)	(5,009)
At 27 September 2008	16,648	1,842	43,603	343	62,436
Accumulated depreciation and impairment					
At 1 October 2006	588	902	13,482	43	15,015
Acquisition of joint venture	–	–	649	30	679
Charge for the period	268	130	3,954	72	4,424
Eliminated on disposals	–	(28)	(1,591)	(61)	(1,680)
At 30 September 2007	856	1,004	16,494	84	18,438
Foreign exchange movement	9	10	169	1	189
Charge for the period	281	131	4,307	73	4,792
Eliminated on disposals	(124)	–	(1,233)	(12)	(1,369)
At 27 September 2008	1,022	1,145	19,737	146	22,050
Carrying amount					
At 27 September 2008	15,626	697	23,866	197	40,386
At 29 September 2007	17,666	762	23,165	258	41,851

Freehold land and buildings include £4,104,000 of land (2007: £4,104,000) on which no depreciation has been charged in the current period.

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £nil (2007: £422,000) see note 8 for further details.

The Group has no contractual commitments for the acquisition of property, plant and equipment (2007: £nil).



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

14 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.

15 Trade and other receivables

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods	493	357
Other debtors and prepayments		
– Rent and rates	4,693	4,277
– Derivative financial instruments	165	–
– Other	2,558	2,368
	7,909	7,002

The Directors consider that the carrying amount of trade and other receivables at 27 September 2008 and 29 September 2007 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 27 September 2008 amounted to £0.5 million (2007: £0.4 million). These amounts mainly relate to insurance generated sales and sundry trade accounts. In relation to these sales, the average credit period taken is 94 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, £137,000 (2007: £46,000) is due from Independent Inspections, the Group's largest customer. There are no other customers who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of £228,000 (2007: £92,000) 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 200 days (2007: 340 days), however this ageing is distorted by one account of £6,000 (2007: two accounts totalling £6,300) which is overdue by 1,092 days (2007: 834 days).

Ageing of past due but not impaired receivables

	2008 £'000	2007 £'000
60–120 days	228	92

The allowance for doubtful debts was £5,000 at the beginning and end of the period (2007: £5,000). 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 no individually impaired trade receivables (2007: £nil) which have been placed under liquidation.

16 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits (with associated right of set off) 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:

	2008 £'000	2007 £'000
Sterling	13,906	18,386
US dollar	316	(462)
Euro	(245)	(2,143)
Total cash and cash equivalents	13,977	15,781



17 Other financial liabilities

Trade and other payables

	2008 £'000	2007 £'000
Amounts falling due within one year		
Trade payables	15,373	19,702
Other payables	7,339	4,743
Accruals and deferred income	7,249	6,571
	29,961	31,016

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 48 days (2007: 65 days). No interest is charged on these payables.

The Directors consider that the carrying amount of trade payables at 27 September 2008 and 29 September 2007 approximates to their fair value on the basis of discounted cash flow analysis.

18 Bank loans

	2008 £'000	2007 £'000
Bank loans (all sterling)	105,213	110,644
The borrowings are repayable as follows:		
On demand or within one year	7,500	5,000
In the second year	7,500	5,000
In the third to fifth year	91,000	101,000
	106,000	111,000
Less: total unamortised issue costs	(787)	(356)
	105,213	110,644
Less: amount due for settlement within 12 months (shown under current liabilities)	(7,500)	(5,000)
Issue costs to be amortised within 12 months	250	93
Amount due for settlement after 12 months	97,963	105,737

The weighted average interest rates paid were as follows:

	2008 %	2007 %
Loans	6.4658	6.1286

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

The Group has one principal bank loan of £116 million taken out on 1 August 2006. During the period the banking facilities were renegotiated with a relaxation of both covenants associated with the debt. Repayments commenced on 28 July 2007 and will continue for an extended period until 28 January 2012. There was a one-off arrangement fee of £0.5 million which is being amortised over the remaining period of the facility. The loan is secured by upstream guarantees provided by certain subsidiaries. The LIBOR margin shall be adjusted between 1.5% and 2.75% dependent on the Group's level of compliance with a net debt to EBITDA covenant.

At 27 September 2008, the Group had available £5 million (2007: £5 million) of undrawn committed banking facilities.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

19 Financial instruments

Capital risk management

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

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 2 to the financial statements.

Categories of financial instruments

	Carrying value and fair value	
	2008 £'000	2007 £'000
Financial assets		
Held for trading	165	–
Loans and receivables (including cash and cash equivalents)	21,721	22,783
Financial liabilities		
Held for trading	2,110	481
Amortised cost	135,174	141,660

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 minimise 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.



19 Financial instruments (continued)

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:

	2008 £'000	Assets 2007 £'000	2008 £'000	Liabilities 2007 £'000
Euro	1,471	552	5,278	4,889
US dollar	317	–	323	1,091

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the Netherlands (Euro currency) and the currency of China and Brazil (US dollar currency) and stock purchases from various European countries (Euro). The following table details the Group's sensitivity to a 10% increase and decrease in the 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. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	2008 £'000	2007 £'000
Profit or loss movement on a 10% strengthening in Sterling against the Euro	479	642
Profit or loss movement on a 10% strengthening in Sterling against the US dollar	1	213

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 amount of outstanding forward foreign exchange contracts that the Group has committed to are as below:

	2008 £'000	2007 £'000
Forward foreign exchange contracts	400	7,800

These arrangements are designed to address significant exchange exposures for the first half of 2008 and are renewed on a revolving basis as required.

At 27 September 2008 the fair value of the Group's currency derivatives is a £62,000 liability (2007: a liability of £251,000). These amounts are based on market value of equivalent instruments at the balance sheet date.

Gains of £189,000 are included in operating profit in the year (2007: losses of £251,000).

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.



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

19 Financial instruments (continued)

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 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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Profit or (loss)	(558)	689	(3,208)	(1,808)

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

Interest rate swaps

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

The Group's interest rate swaps comprise:

- five year interest rate cap with a notional value of £20 million with interest capped at 6%;
- five year interest rate swap with a notional value of £20 million paying interest at a fixed rate of 5.63%;
- ten year cancellable collar with a notional value of £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 27 September 2008 is estimated at £1,945,000 (2007: £481,000). Amounts of £1,464,000 have been charged to finance costs in the year (2007: £481,000).

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

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 18 is a description of additional undrawn facilities that the Group has at its disposal to reduce liquidity risk further.



19 Financial instruments (continued)

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 7.4536%) 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.

2008	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	29,961	–	–	–	–	29,961
Variable interest rate instruments	–	3,190	12,553	114,863	–	130,606

2007	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
Non-interest bearing	31,016	–	–	–	–	31,016
Variable interest rate instruments	–	1,900	10,242	129,412	–	141,554

The Group has access to financing facilities, of which the total unused amount is £5 million at the balance sheet date (2007: £5 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Group expects to continue to reduce its debt to equity ratio, which is currently 1.92.

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 instrument 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.

2008	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	–	–	(679)	(2,462)	–	(3,141)
Foreign exchange forward contracts payments	(400)	–	–	–	–	(400)
Interest rate swaps receipts	18	58	–	–	–	77
Foreign exchange forward contracts receipts	338	–	–	–	–	338

2007	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	–	–	–	(3,141)	–	(3,141)
Foreign exchange forward contracts payments	(600)	(1,200)	(5,400)	(600)	–	(7,800)
Interest rate swaps receipts	29	171	144	22	–	366
Foreign exchange forward contracts receipts	594	1,157	5,208	590	–	7,549



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

19 Financial instruments (continued)

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.

20 Deferred tax

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000	Tax losses £'000	Share-based payments £'000	Exchange rate differences £'000	Interest rate hedging £'000	Rent free £'000	Total £'000
At 2 October 2006	2,088	–	(696)	(17)	–	(142)	1,233
Charged/(credit) to income	(143)	–	(18)	(53)	(135)	21	(328)
Share options exercised in the period	–	–	195	–	–	–	195
Credit to equity	–	–	(38)	–	–	–	(38)
At 30 September 2007	1,945	–	(557)	(70)	(135)	(121)	1,062
Charge/(credit) to income	1,109	(215)	(28)	74	(410)	(80)	450
Share options exercised in the period	–	–	147	–	–	–	147
Charge to equity	–	–	305	–	–	–	305
At 27 September 2008	3,054	(215)	(133)	4	(545)	(201)	1,964

21 Called-up share capital

	2008 £'000	2007 £'000
Authorised 240,000,000 (2007: 240,000,000) ordinary shares of 3.33p each (2007: 3.33p)	8,000	8,000
Authorised 37,000,000 (2007: 37,000,000) redeemable B shares of £0.54 each	19,980	19,980
Authorised 124,890,948 (2007: 124,890,948) irredeemable C shares of £0.001 each	125	125
	28,105	28,105
Issued and fully-paid 171,092,506 (2007: 170,579,936) ordinary shares of 3.33p each (2007: 3.33p)	5,703	5,686
Total	5,703	5,686

During the period the Group allotted 512,570 (2007: 272,096) ordinary shares with a nominal value of £17,000 (2007: £8,000) under share option schemes for an aggregate cash consideration of £337,000 (2007: £158,000).



22 Share premium

	2008 £'000	2007 £'000
Balance at start of period	681	531
Premium on issue of new shares	320	150
Balance at end of period	1,001	681

23 Merger reserve

	2008 £'000	2007 £'000
Balance at start of period	240	(399)
Premium on issue of new shares	–	639
Balance at end of period	240	240

250,000 ordinary shares with a market value of £647,500 were issued in 2007 as consideration for the acquisition of Topps Tiles Holdings BV leading to an increase in the merger reserve of £639,000.

24 Share-based payment reserve

	2008 £'000	2007 £'000
At start of period	222	166
Share option charge	100	56
At end of period	322	222

25 Capital redemption reserve

	2008 £'000	2007 £'000
At start of period	20,359	20,254
Cancellation of shares	–	105
At end of period	20,359	20,359

26 Foreign exchange reserve

	2008 £'000	2007 £'000
At start of period	–	–
Exchange differences on consolidation of overseas operations	248	–
At end of period	248	–

27 Retained earnings

	£'000
At 1 October 2006	(89,621)
Dividends paid	(18,169)
Deferred tax on sharesave scheme taken directly to equity	(157)
Tax effect of share options exercised	195
Net profit for period	25,740
At 30 September 2007	(82,012)
Dividends paid	(17,022)
Deferred tax on sharesave scheme taken directly to equity	(305)
Net profit for the period	16,353
At 27 September 2008	(82,986)



Notes to the financial statements (continued)

For the 52 week period ending 27 September 2008

28 Financial commitments

a) Capital commitments

At the end of the period there were no capital commitments contracted (2007: £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 £195,000 (2007: £235,000).

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 an expense for the period were £19,861,000 which includes property service charges of £593,000 (2007: £16,725,000 including property service charges of £470,000).

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:

	Land and buildings £'000	2008 Other £'000	Land and buildings £'000	2007 Other £'000
– within one year	17,953	1,021	16,642	858
– within two to five years	60,203	1,519	56,421	1,435
– after five years	66,116	104	64,131	168
	144,272	2,644	137,194	2,461

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 (2007: same).

29 Share-based payments

The Group operates two 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 (p)	Exercisable period	Number of options outstanding 2008	2007
26 January 2001	0.54p	7 years	108,520	345,345
12 February 2002	0.54p	7 years	40,779	47,445
			149,299	392,790

Movements in share options are summarised as follows:

	Number of share options	2008 Weighted average exercise price £	Number of share options £	2007 Weighted average exercise price £
Outstanding at beginning of period	392,790	0.54	422,135	0.54
Exercised during the period	(243,491)	0.54	(28,345)	0.54
Expired during the period	–	–	(1,000)	0.54
Outstanding at end of period	149,299	0.54	392,790	0.54
Exercisable at end of period	149,299	0.54	392,790	0.54

The weighted average share price at the date of exercise for options exercised in the period was 133.88p (2007: 259.10p). The options outstanding at 27 September 2008 had a weighted averaged exercise price of 54p (2007: 54p) and a weighted average remaining contractual life of three years (2007: four years).



29 Share-based payments (continued)

Other share-based payment plans

The 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 year. 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:

	Number of share options	2008 Weighted average exercise price	Number of share options	2007 Weighted average exercise price
Outstanding at beginning of period	913,701	129p	1,009,538	96p
Issued during the period	376,805	131p	198,211	217p
Expired during the period	(303,792)	129p	(72,768)	96p
Exercised during the period	(269,079)	76p	(221,280)	60p
Outstanding at end of period	717,635	135p	913,701	129p
Exercisable at end of period	717,635	135p	913,701	129p

The Group recognised a total expenses of £100,000 (2007: £56,000) relating to share-based payments.

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

	2008	2007
Weighted average share price – pence	140.0	144.8
Weighted average exercise price – pence	112.0	115.8
Expected volatility – %	88.2	27.8
Expected life – years	3 or 5	3 or 5
Risk – free rate of interest – %	4.5	4.3
Dividend yield – %	4.6	4.4

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The expected risk used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural forces.

30 Related parties

S.K.M. Williams has the non-statutory role of President, advising on property matters and is a related party by virtue of his 10.4% shareholding (17,718,950 ordinary shares) in the Group's issued share capital.

At 27 September 2008 S.K.M. Williams was the landlord of two properties leased to Multi Tile Limited, a trading subsidiary of Topps Tiles Plc, for £66,000 (2007: £66,000) per annum.

No amounts were outstanding at 27 September 2008 (2007: £nil).

The lease agreements on both properties are operated on commercial arm's-length terms. His salary for the year in his role as President was £40,000 (2007: £96,000).

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the Board of Directors, who are considered key management personnel of the Group was £1.1 million (2007: £1.9 million). Further information about the remuneration of the individual directors is provided in the Remuneration Report on pages 29 to 31.



Independent auditors' report – company financial statements

To the members of Topps Tiles Plc

We have audited the parent company financial statements of Topps Tiles Plc for the period ended 27 September 2008 which comprise the Balance sheet and the related notes 1 to 7. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Topps Tiles Plc for the period ended 27 September 2008 and on the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report, the Chairman's statement, the Chief Executive's statement and the Business Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 September 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester, United Kingdom

24 November 2008



Company balance sheet

As at 27 September 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	3	4,497	4,397
		4,497	4,397
Current assets			
Debtors within one year	4	26	–
Debtors after one year	4	221,200	221,740
Cash at bank and in hand		18,243	25,101
		239,469	246,841
Creditors: Amounts falling due within one year	5	(2,286)	(1,023)
Net current assets		237,183	245,818
Net assets		241,680	250,215
Capital and reserves			
Called-up share capital	6	5,703	5,686
Share premium	7	1,001	681
Share-based payment reserve	7	322	222
Merger reserve	7	639	639
Capital redemption reserve	7	20,359	20,359
Other reserve	7	6,200	6,200
Profit and loss account	7	207,456	216,428
Equity shareholders' funds		241,680	250,215

The financial statements were approved by the Board of Directors on 24 November 2008 and signed on its behalf by:

M. Williams

Director

R. Parker

Director



Notes to the Company financial statements

For the 52 week period ending 27 September 2008

1 Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and law.

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

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. In previous periods, the fair value determined at the grant date of the share-based payment has been expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. In the current period, the Company has adopted the guidance principles of IFRIC 11 (A parent grants rights to its equity instruments to employees of its subsidiaries) with the charge being added to the cost of investment in those subsidiaries whose employees receive the benefit of the share options.

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 230 of the Companies Act 1985 the Company has elected not to present its own profit and loss account for the year. Topps Tiles Plc reported a retained loss for the financial year ended 27 September 2008 of £8,972,000 (2007: profit of £1,358,000).

The auditor's remuneration for services to the Company was £32,000 for audit related work (2007: £15,000 for audit related work). No fees were payable in either year in relation to non-audit work.

The Company had no other employees other than the Directors (2007: same), their remuneration is detailed on page 31.

3 Fixed asset investments

	Shares £'000	Total £'000
At 30 September 2007	4,397	4,397
Share options granted to employees of subsidiary companies	100	–
At 27 September 2008	4,497	4,397

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	Percentage 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 (Holland) BV and Topps Tiles Holdings BV which are registered and incorporated in the Netherlands.



4 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Prepayments and accrued income	26	–
Amounts falling due after one year:		
Amounts owed by subsidiary undertaking	221,200	221,740

5 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Trade and other creditors	8	17
Amounts owed to Group companies	1,863	673
Accruals and deferred income	415	333
	2,286	1,023

6 Called up share capital

	2008 £'000	2007 £'000
Authorised 240,000,000 (2007: 240,00,000) ordinary shares of 3.33p each (2007: 3.33p)	8,000	8,000
Authorised 37,000,000 (2007: 37,000,000) redeemable B shares of £0.54 each	19,980	19,980
Authorised 124,890,948 (2007: 124,890,948) irredeemable C shares of £0.001 each	125	125
	28,105	28,105
Issued and fully-paid 171,092,506 (2007: 170,579,936) ordinary shares of 3.33p each (2007: 3.33p)	5,703	5,686
Total	5,703	5,686

During the period the Group allotted 512,570 (2007: 272,096) ordinary shares with a nominal value of £17,000 (2007: £8,000) under share option schemes for an aggregate cash consideration of £337,000 (2007: £158,000).

7 Reserves

Company	Share premium £'000	Share-based payment reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000
At 30 September 2007	681	222	639	20,359	6,200	216,428
Premium on issue of new shares	320	–	–	–	–	–
Share-based payment reserve movement	–	100	–	–	–	–
Profit for the period	–	–	–	–	–	8,050
Dividend paid to equity shareholders	–	–	–	–	–	(17,022)
At 27 September 2008	1,001	322	639	20,359	6,200	207,456

At 27 September 2008, the Directors consider the other reserve of £6,200,000 to remain non-distributable.

The Directors consider £203,106,000 of the profit and loss account reserves not to be distributable at 27 September 2008 due to them arising on an unrealised gain on the disposal of subsidiary companies.



Five year record

Unaudited	53 weeks ended 2 October 2004 (UK GAAP) £'000	52 weeks ended 1 October 2005 £'000	52 weeks ended 30 September 2006 £'000	52 weeks ended 29 September 2007 £'000	52 weeks ended 27 September 2008 £'000
Group revenue	157,612	173,326	180,180	207,898	208,084
Group profit from operations	32,548	36,822	38,869	44,342	34,620
Profit before taxation	33,794	39,191	39,064	37,833	27,723
Shareholders' funds/(deficit)	47,062	52,230	(63,600)	(54,824)	(55,113)
Basic earnings per share ¹	11.30p	13.33p	12.80p	15.09p	9.56p
Dividend per share ¹	8.00p	9.50p	10.40p	10.70p	3.00p
Dividend cover	1.41	1.41	1.41	1.41	3.19
Average number of employees	1,327	1,513	1,582	1,722	1,743
Share price (period end) ¹	178.9p	172.0p	259.0p	196.8p	58.25p

¹ adjusted for share sub-division of 5:1 in May 2004.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Topps Tiles Plc (the "Company") will be held at Topps Tiles Plc, Thorpe Way, Grove Park, Enderby, Leicestershire LE19 1SU on Tuesday 13 January 2009 at 10.30am for the following purposes:

Ordinary business

- 1 To receive and adopt the Company's Annual Report and Financial Statements for the financial period ended 27 September 2008 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 re-elect Alan White (who has been appointed since the last AGM) as a Director of the Company.
- 3 To re-elect Matthew Williams as a Director of the Company.
- 4 To re-elect Nicholas Ounstead as a Director of the Company.
- 5 To re-elect The Rt. Hon. Michael Jack as a Director of the Company.
- 6 To re-appoint Deloitte & Touche LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the Annual Report and Financial Statements are laid before the Company at a remuneration to be determined by the Directors.
- 7 To approve the Directors' Remuneration Report for the financial period ended 27 September 2008 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 8 will be proposed as an Ordinary Resolution and, in the case of Resolutions 9 to 12 will be proposed as Special Resolutions.

- 8 THAT the Directors of the Company be and they are generally and unconditionally authorised for the purposes of and pursuant to section 80(1) of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £1,889,510 (in substitution for/to any existing authorities under the Act) to such persons at such times and upon such terms and conditions as they may determine (subject always to the articles of association of the Company) provided that this authority shall (unless previously revoked, varied or extended by the Company in general meeting) expire at the conclusion of the next Annual General Meeting or 15 months from the date of the passing of this resolution, if earlier save that the Company may, before such expiry, make an offer, agreement or arrangement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may then allot relevant securities pursuant to any such offer, agreement or arrangement as if the authority or power conferred hereby had not expired.
- 9 THAT subject to and conditional on the passing of Resolution 9 set out above, the Directors of the Company be and they are authorised and empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the general authority and power conferred by Resolution 9 above (as varied from time to time by the Company in general meeting) as if section 89(1) of the Act did not apply to any such allotment provided that this authority and power shall unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the passing of this resolution, if earlier and provided further that this authority and power shall be limited to:
 - (a) the allotment of equity securities pursuant to a rights issue or similar offer to Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate or as nearly as practical (and taking into account any prohibitions against or difficulties concerning the making of an offer of allotment to shareholders whose registered address or place of residence is overseas and subject to such exclusions as the Directors of the Company may deem necessary or expedient to deal with fractional entitlement or record dates) to the respective numbers of Ordinary Shares held by them; and
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of the greater of £283,429 or 5% of the issued share capital of the Company.
- 10 THAT the Company be generally and unconditionally authorised for the purposes of section 166 of the Act to make market Purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares of 3¼p each in the capital of the Company ("Ordinary Shares") provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 25,338,618 (representing 14.9% of the Company's issued Ordinary Share capital);
 - (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 3¼p;
 - (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is Contracted to be purchased;
 - (d) unless previously renewed, varied or revoked, the authority conferred shall expire at the close of the next Annual General Meeting of the Company or 12 months from the date of this resolution, if earlier; and



Notice of Annual General Meeting (continued)

- (e) the Company may make a contract for the purchase of Ordinary Shares under this authority before the expiry of this authority which would or might require to be executed wholly or partly after the expiry of such authority, and may make purchases of Ordinary Shares in pursuance of such a contract as if such authority had not expired.
- 11 THAT the draft Articles of Association signed by the Chairman for identification be adopted as the Articles of Association in substitution for and to the exclusion of all the existing Articles of Association.
- 12 THAT:
- (a) the Topps Tiles Plc 2008 Sharesave Scheme ("the Sharesave Scheme"), in the form produced at the meeting and initialled by the Chairman of the meeting for the purpose of identification, be approved and adopted (subject to any amendments required by HM Revenue & Customs in order to obtain approval of the Sharesave Scheme under the Income Tax (Earnings and Pensions) Act 2003); and
- (b) the Directors of the Company be authorised to do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the same.

[Notes]

- 1 This notice has been sent to all Ordinary Shareholders who are entitled to attend or be represented at the meeting. As at the close of business on the date of this notice, the Company's issued share capital comprised 171,092,506 ordinary shares of 3.33 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company.
- 2 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. Members may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
- 3 A proxy need not be a shareholder of the Company but must attend the meeting to represent you. A Form of Proxy is enclosed and instructions for use are shown on the form. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The fact that shareholders may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 4 To be valid, a Form of Proxy and any power or authority under which it is signed, must be lodged with the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, no later than 48 hours before the time appointed for the holding of the Annual General Meeting.
- 5 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
- 6 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
- 8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID:RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.



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

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

- 9 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that
- (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
- 10 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 Companies Act 2006;
 - (b) copies of the Directors' service contracts; and
 - (c) the proposed Articles of Association of the Company.

R. Parker
Company Secretary
24 November 2008

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 Tuesday 13 January 2009 at 10.30am.

Five 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

Resolutions 2, 3, 4 and 5

Re-election of Directors

M. Williams and N. Ounstead are the Directors retiring by rotation this year and they offer themselves for re-election and A. White offers himself for re-election as a new appointment to the Board. 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. Brief biographical details about the Directors standing for re-election appear on pages 20 and 21 of the Annual Report and Financial Statements.

Special business

Resolutions 8 and 9

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

Resolution 8: The right of the Directors to allot further shares in the capital of the Company requires in most cases the prior authorisation of the shareholders in general meeting under section 80 of the Companies Act 1985 ("the Act"), Resolution 9 will be put to members as special business to authorise the Directors to allot Ordinary Shares with a nominal value of £1,889,510 out of the Company's unissued share capital representing approximately 33.3% of the Company's current issued share capital (excluding shares held in treasury). The Company currently holds nil Ordinary Shares in treasury.

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

Resolution 9: This proposed resolution seeks to obtain power under section 95 of the Act to enable the Directors to allot, for cash, shares with an aggregate nominal value of £283,429 equal to approximately 5% of the Company's current issued share capital without being required first to offer such securities to existing shareholders. The Company will thereby be given greater flexibility when considering future opportunities but the interests of existing shareholders will be protected as, except in the case of a rights issue or the allotment of shares under the Company's share option schemes, the Directors have no present intention to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in general meeting, to make any issue which would effectively alter the control of the Company or the nature of its business. This authority will expire immediately following the Annual General Meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

Resolution 10

Authority to purchase Ordinary Shares

At the Annual General Meeting, Ordinary Shareholders are being invited under Resolution 10 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 2009 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 $3\frac{3}{4}$ 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 24 November 2008, there were options to subscribe for 878,584 equity shares outstanding under various schemes representing approximately 0.51% of the current issued share capital of the Company. If the authority sought by Resolution 10 was exercised in full, the number of outstanding options would represent approximately 0.87% of the issued share capital following the repurchase of shares.



Resolution 11

Amendment to Articles of Association

It is proposed that the Company adopts amended articles of association which take account of further changes brought about as at the date of this meeting as a result of the continued implementation of the Companies Act 2006 (the "2006 Act"). The proposed new Articles of Association reflect further provisions of the 2006 Act which have been implemented since the date of the last AGM. It is expected that further amendments may be required at the next AGM to deal with the final changes brought about later in 2009 by the implementation of the remainder of the 2006 Act. The new set of articles of association contains certain key differences from the current Articles of Association of the Company. The key changes are set out below:

Articles 124A and 124B - Conflicts of Interest

The 2006 Act sets out directors' general duties, which largely codify the existing law, but with some changes. Under the 2006 Act a director must now avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The 2006 Act allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. These New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

The proposed new Articles of Association are available to view at the Company's website – www.toppstiles.co.uk.

Resolution 12

Adoption of Sharesave Scheme

It is proposed that the Company adopts the Topps Tiles Plc 2008 Sharesave Scheme ("Sharesave Scheme"). The proposed scheme is in substantially the same form as the last scheme previously adopted by the Company (and which lapsed earlier this year) except that it has been updated to accommodate changes in legislation.

The principal features of the Sharesave Scheme are outlined below:

General

The Sharesave Scheme is intended to be a Save-As-You-Earn share option scheme approved by the HM Revenue & Customs in accordance with Schedule 3 to ITEPA 2003.

The UK Sharesave Scheme shall be administered by the Board or a duly authorised committee thereof.

Eligibility

All UK tax resident Executive Directors and employees of the Company and participating companies within the Group with at least five years service must be entitled to participate.

The Board may also permit Executive Directors and employees with a shorter period of service to participate in the Sharesave Scheme.

Invitations to apply for options under the Sharesave Scheme will be made to all eligible Executive Directors and employees who have completed three months service with the Company (or one or more of its subsidiaries) at the date invitations under the Sharesave Scheme are made. Thereafter, the Board will determine the basis upon which any future invitations to apply for options will be made.



Explanatory notes to the Notice of Annual General Meeting (continued)

The Savings Contract

To participate in the UK Sharesave Scheme, an eligible employee must enter into a Save-As-You-Earn contract (the "Savings Contract") with an appropriate savings carrier approved by the Company, thereby agreeing to make monthly contributions of between £5 and £250 for a specified period of three, five or seven years. The Board has discretion to determine which of the Savings Contracts will be available in respect of any invitation to apply for options.

Scaling Down

Applications to participate in the Sharesave Scheme may be scaled down by the Board in accordance with procedures laid down in the rules of the Sharesave Scheme, if applications exceed such number that represents 3% of the ordinary share capital of the Company in issue immediately prior to that date or 5% thereof when that date falls within the period of 48 months commencing on the first day on which options are granted under the Sharesave Scheme.

Option price

Options granted to acquire shares under the Sharesave Scheme will have an option price determined by the Board, which will be not less than the higher of:

- (a) 80% of the middle market quotation for such shares as derived from the Official List for the period of three dealing days immediately preceding the date on which invitations to apply for options are issued to employees; and
- (b) where shares are to be subscribed, their nominal value.

Grant of options

The number of shares which may be allocated under the Sharesave Scheme on any day shall not, when added to the aggregate number of shares which have been allocated in the previous three years under the Sharesave Scheme and under any other employees' share scheme adopted by the Company or any subsidiary, exceed such number that represents 3% of the ordinary share capital of the Company in issue immediately prior to that date or 5% thereof when that date falls within the period of 48 months commencing on the first day on which options are granted under the Sharesave Scheme.

Options may be granted within the six weeks following the date on which the Sharesave Scheme is adopted by the Company or approved by HMRC. Thereafter, options may normally only be granted in the six weeks following the announcement by the Company of its results for any period, or following a change in the legislation relating to Sharesave Schemes or where there are circumstances considered by the Committee to be exceptional.

No options may be granted later than ten years after the approval of the Sharesave Scheme by shareholders.

No payment will be required for the grant of an option. Options will not be taken into account in determining a participant's pension rights under a final salary pension scheme, or the employer's contributions to a defined contributions scheme. Options are not transferable (other than on death in which case they may be exercised by a participant's personal representatives).

Limits on the issue of shares

In any ten-year period not more than 10% of the issued ordinary share capital of the Company from time to time may be issued or issuable pursuant to rights acquired under the Sharesave Scheme and any other employees' share scheme adopted by the Company. For the purposes of this limit, options or other rights to acquire shares which lapse or have been released do not count. However, new shares subscribed by the trustees of an employee benefit trust to satisfy rights granted under any employees' share scheme adopted by the Company do count towards this limit.

Exercise of options

Options will only normally be exercisable for a period of six months commencing on the date on which a bonus is payable under the Savings Contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted in specified circumstances, including termination of employment as a result of injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works. In such cases, options may be exercised within six months of cessation of employment but only to the extent of his total savings plus any interest accrued to the date of exercise. In the event of death of an option holder, the personal representative of the deceased may normally exercise within one year of the date of death.

Early exercise may also be permitted where a participant reaches pensionable age but remains in employment. In such a case, options may be exercised within six months of reaching that age if he continues after that date to hold the office or employment by virtue of which he is eligible to participate in the Sharesave Scheme.

Options may be satisfied by the issue of new shares or by the transfer of existing shares, from an employee benefit trust established by the Company, from treasury or otherwise.



Rights attaching to shares

All shares allotted or transferred under the Sharesave Scheme will rank pari passu with all other common stock of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment or transfer) and the Company will apply for any new shares issued under the Sharesave Scheme to be admitted to the Official List and to trading on the London Stock Exchange.

Takeover of the Company

In the event of a takeover, reconstruction or winding up of the Company, options may be exercised within six months of the change of control. Alternatively, options may be exchanged for new equivalent options over shares in the acquiring company where appropriate.

Variation of capital

In the event of any rights or capitalisation issue, subdivision, consolidation, reduction or other variation of share capital, the Board may make (subject to receiving prior approval of the HMRC) such adjustments as they consider appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

Alterations to the Sharesave Scheme

The Directors may make certain alterations and additions to the Sharesave Scheme but any such changes made after HM Revenue & Customs has approved the scheme shall not take effect until such changes have been approved by HM Revenue & Customs.

Permitted alterations or additions include minor ones that benefit the administration of the Sharesave Scheme or ones that are necessary to obtain HM Revenue & Customs approval under any relevant legislation or are necessary to obtain favourable taxation exchange control or regulatory treatment for the Company or associated companies.

All other changes must be sanctioned by the Company by ordinary resolution of the members in general meeting.

Additionally, no amendment can be made which would adversely affect the rights of participants without their consent (as if they were a separate class of shareholder).

Termination

The Sharesave Scheme may be terminated at any time by resolution of the Board or of the Company in general meeting and shall in any event terminate on the tenth anniversary of the date on which the Sharesave Scheme is adopted by the Company in general meeting. Termination will not affect the outstanding rights of participants.



The Team

A	Allan Chigariro	Andrew Young	Ben Bright	Carl Cumberbatch	Christopher Hughes
Aadam Nozeer	Allan Duffy	Andy Playfoot	Ben Brink	Carl Dyke	Christopher Hunter
Aamir Jamil	Allan Harper	Angela Capp	Ben Brooker	Carl Edlundh-Rose	Christopher Iley
Aaran Spence	Allan Hughes	Angela Tremelling	Ben Davis	Carl Higgins	Christopher Jones
Aaron Meszaros	Alvin Chinyanga	Ann Mathias	Ben Holloway	Carl Markham	Christopher Lamb
Aaron Nelson	Alvin Lapao	Anna Timney	Ben Lee	Carl Paternoster	Christopher
Aaron Venus	Amanda Green	Annmarie Malone	Ben Williams	Carl Roberts	Moorhouse
Abul Khashad	Amanda Hullett	Ansar Ahmed	Ben Woolins	Carl Whatley	Christopher Nottle
Ad van Hirsell	Amin Ladhu	Anthony Bradford	Benjamin Morais	Carlo Pillay	Christopher Stobbs
Adam Boshir	Amy Cartey	Anthony Butts	Benjamin Rich	Carlos Chowdhury	Christopher Sturdy
Adam Campion	Andre Van Zyl	Anthony Christopher	Bernadette Peasland	Carly Hayes	Christopher Turley
Adam Davies	Andrew Baillie	Anthony Cox	Bernard Cope	Carol Lakin	Cian Mills
Adam Ford	Andrew Barker	Anthony Davies	Bernard Fallon	Carol Livingstone	Claire Barksby
Adam Gale	Andrew Barrett	Anthony Gibby	Bertil Boyles	Carolina Buendia	Claire Chaffe
Adam Haseldine	Andrew Baxter	Anthony Gilbert	Beth Boulton	Caroline Bennett	Claire Rayton
Adam Ireland	Andrew Belson	Anthony Hamilton	Bharat Patel	Caroline Head	Clare Barden
Adam Levett	Andrew Bowden	Anthony Holt	Bhaskar Patani	Caroline May	Clare Hogg
Adam Nuttall	Andrew Brookfield	Anthony Humphrey	Bilal Mukhtar	Catherine Platt	Colin Cooke
Adam Towner	Andrew Burns	Anthony Linsell	Bill Wylie	Chan Gokani	Colin Griffiths
Adam Ward	Andrew Chapman	Anthony Marshall	Billy Decaille	Charles Ross	Colin Hoban
Adam Whittaker	Andrew Clay	Anthony Molyneux	Billy Stevens	Charles Taylor	Colin Joy
Adam Wolniewicz	Andrew Collins	Anthony Oleru	Bob Barlow	Charlotte Heaton	Colin Markham
Adil Rajah	Andrew Cox	Anthony Townsend	Brad Potts	Charlotte Mcquaid	Colin Ryrner
Adrian Clarke	Andrew Curr	Antony Alveranga	Bradley Maple	Cheryl Vearncombe	Colin Skinner
Adrian Earley	Andrew Curtis	Antony Belham	Bradley Wheeler	Chesdeep Singh	Colin Taylor
Adrian Rimmington	Andrew Davis	Antony Rea	Brandon Abels	Chetna Shah	Conrad Harrup
Aidan Ward	Andrew Davis	Anub Varghese	Brant Wells	Chioma Onyeakazi	Cora Morrison
Aileen Crossley	Andrew Duffey	Arif Chaudhary	Brendan Flynn	Choudre Grobler	Corrina Bowers
Ajay Bhakri	Andrew Green	Arjan van den Berg	Brent Phebey	Chris Bland	Corrine Clark
Akiyemi Orekoya	Andrew Hainge	Arjan Zuidhof	Brett Case	Chris Cartey	Craig Conway
Akommil Ali	Andrew Hall	Arnold Harrison	Brett Goulden	Chris Curtis	Craig Cooper
Akushu Mulenga	Andrew Hanson	Arreon Turner	Brian Aitken	Chris Davies	Craig Deveson
Alan Cooper	Andrew Harrison	Arron Eldridge	Brian Burke	Chris Gough	Craig Dickson
Alan Cordery	Andrew Hastings	Arron Sorrell	Brian Cariello	Chris Heyes	Craig Dolling
Alan Law	Andrew Heads	Ashish Modi	Brian Crews	Chris Howe	Craig Featherbe
Alan Mcdonald	Andrew Hill	Ashleigh Mackinnon	Brian Davies	Chris Lambert	Craig Fern
Alan Monk	Andrew Jones	Ashley Cutler	Brian Dicks	Chris Lyle	Craig Gardener
Alan Parker	Andrew Keattch	Ashley George	Brian Fisher	Chris Markham	Craig Hill
Alan Rogers	Andrew Leigh	Ashley Kent	Brian Flatters	Chris Mcmillan	Craig Johnson
Alan Russell	Andrew Mcguire	Ashley Mcdonnell	Brian King	Chris Moyes	Craig Lewis
Alan Saunders	Andrew Middleton	Ashley Scott	Brian Kirwin	Christer Leth	Craig Muldoon
Alan Sinclair	Andrew Page	Ashley Wale	Brian Mcgowan	Christian Banham	Craig Murphy
Alan Smalley	Andrew Parnell	Astone Davids	Brigita Rekasiute	Christian Nicandro	Craig Nammontri
Alan Sproston	Andrew Phillips	Autumn Wharmby	Bronwyn Stevenson	Christian Pearson	Craig Nicholson
Alan Wrighting	Andrew Robertson		Bruce Fielding	Christian Stokes	Craig Ollard
Aldwin Ridderstap	Andrew Ruggley	B	Bruce Smith	Christina Langridge	Craig Reed
Alex Paterson	Andrew Salkeld	Barclay Pope	Bruno Alves	Christine Hendry	Craig Robertson
Alexander Onions	Andrew Scorgie	Barrie Palmer	Bryan Hartley	Christoper Mcwatt	Craig Solkhon
Alexandria Murphy	Andrew Scott	Bary Bester		Christopher Bloy	Craig Tetlow
Ali Afzal	Andrew Warne	Bary Blackmore	C	Christopher Bowles	Cyriel Struijk
Ali Faheem	Andrew Warwick	Bary Edwards	Cade Somerville	Christopher Bray	
Ali Rizvi	Andrew Waterfield	Bary Hodges	Calbert Hall	Christopher Burgess	D
Ali Sadique	Andrew Wathan	Bary Stevens	Callum Burns	Christopher Collins	Daan Rubens
Alice Ashton	Andrew Whiteley	Bary Taylor	Campbell Marr	Christopher Collins	Dale Hoy
Alicia Mcgill	Andrew Winterburn	Bary Veasey	Carl Beveridge	Christopher Cooper	Dale McCormack
Alison Hunt	Andrew Wood	Bary Webber	Carl Collins	Christopher Fleming	Dale Stone
Alistair Payne	Andrew Woodhouse	Beckie Clarke	Carl Cook	Christopher Harbutt	Dale Weatherly
Alister Mackay	Andrew Young	Ben Armitage	Carl Courtney	Christopher Holland	Damian Boyle
				Christopher Holt	



Damon Short	Dave Marsh	Dean Carter	Emma Kenney	Gavin Meek	Harveer Singh Basra
Dan Hall	Dave Taylor	Dean Everitt	Emma Whatson	Gavin Mitchell	Hayley Bover
Dan Matthews	David Atherton	Dean Johnson	Emran Mannan	Gediminas Merkys	Hayley Reader
Daniel Ayles	David Augustus	Dean Macmillan	Eric McLoughlin	Gemma Stephens	Hayley Thorpe
Daniel Bath	David Binns	Dean Mallabone	Eric Stork	Geoffrey Wilson	Hazel Millington
Daniel Branson	David Blades	Dean Marshall	Eric Watson	George Lathan	Helen Bosworth
Daniel Britt	David Bolingbroke	Dean Miller	Erik Rubens	George Mallyon	Helen Goldfarb
Daniel Burton	David Burnikell	Dean Samuel	Ermiyas Girma	George Peck	Helen Gosling
Daniel Chant	David Carpenter	Dean Stokes	Esther ten Hoven	George Skinner	Herman Kreikamp
Daniel Fallows	David Clutterham	Dean Titchen		George Tuplin	Holly Unwin
Daniel Fulcher	David Coster	Dean Woolley	F	George Wilson	Hugh Selley
Daniel Grant	David Critchlow	Debbie Demes	Fabian Koopen	Geraint Thorne	
Daniel Gray	David Dorney	Deborah White	Faisal Ashraf	Gerald Mclean	I
Daniel Hughes	David Evans	Debra Harding	Farid Haddad	Gerard Mallon	Ian Aikman
Daniel Ingham	David Fisher	Denis O'Brien	Felipe Da Rocha West	Gethin Jordan	Ian Bloomfield
Daniel Jones	David Fitzpatrick	Denise Fishwick	Finbarr Mcquaid	Gianfranco Zanolini	Ian Hobson
Daniel Jones	David Gibson	Denise Pierce	Fiona Cadd	Gillian Grace	Ian Hughes
Daniel Lewis	David Grenfell	Dennis Bideker	Fiona Finnigan	Glen Holloway	Ian Jones
Daniel Little	David Hamilton	Dennis Cragen	Fiona Grant	Glendale Canoville	Ian Marshall
Daniel Mclean	David Harper	Dennis de Jong	Fiona Mckeracher	Glenn Claridge	Ian Marshall
Daniel Merrett	David Hatton	Dennis Jepson	Fitz Martin	Glenn Goddard	Ian Mcalinden
Daniel Musguin	David Hayers	Denzil Johns	Fleur Salter	Glenn Rivers	Ian Mcinteer
Daniel Robinson	David Henderson	Derek Fegen	Fran Hearne	Glyn Nunn	Ian McLoughlin
Daniel Smith	David Hill	Derek Lambourn	Frances Aylward	Glyn Rogers	Ian Noon
Daniel Stiven	David Hirst	Derek Sim	Francesca Ballerini	Gikhan Tarim	Ian Paterson
Daniel Sycamore	David Hook	Derek Smith	Francesca Wright	Gordon Davies	Ian Stevens
Daniel Thornley	David Hulse	Derrick Hart	Francis Tully	Graeme Milner	Ian Sykes
Daniel Van Aswegen	David Jaye	Devin Blewitt	Frank Hibbert	Graham Bain	Ian Winterburn
Daniel Wren	David Kershaw	Devindren Govender	Fred Whitehouse	Graham Bosdet	Ibrahim Cisse
Danielle Taylor	David Kettlewell	Diane Finlayson		Graham Brophy	Ilan Daniel
Danielle ten Hoven	David Macartney	Diane	G	Graham Davidson	Imran Ashraf
Danielle Whittaker	David Mallyon	Shatford-Butcher	G Style	Graham Davies	Inderjeet Jutlay
Dannielle Fry	David Martin	Dilawar Ali	Gareth Carnegie	Graham Jones	Irene Dickinson
Danny Costen	David Martin	Dilip Parmar	Gareth Davies	Graham Lawrence	Ishmael Amos
Danny Williams	David Matthews	Dinesh Amin	Gareth Hammond	Graham Livingstone	Ivo Zwanenburg
Darone Dubois-Gayere	David Meers	Dishon Meade	Gareth Huntley	Graham Smith	Iwan Jones
Darran Wood	David Murray	Divyesh Javiya	Gareth Hurley	Graham Vance	Izabela Krzyszkowska
Darrell Nelson	David Nadin	Dominic Reilly	Garry Case	Graham Williams	
Darren Banks	David Noble	Donna Boulton	Garry Hardy	Grant Avory	
Darren Beatty	David Oliver	Donna Whall	Garry Padgett	Grant Woolway	J
Darren Bebbington	David Parr	Douglas Hartness	Gary Ashdown	Gregory Barwick	Jack Carslake
Darren Connor	David Price	Duncan Foy	Gary Asher	Gregory Carolina	Jack O'Neill
Darren Crick	David Prime	E	Gary Bloomfield	Gurdeep Panesar	Jack Whitehead
Darren Doughty	David Quarshie	Eamonn Clancy	Gary Clarkson	Gursham Ladar	Jacob Gonzales
Darren Dutton	David Savage	Edmund Smith	Gary Curtis	Guy Barrow	Jacqueline Byrne
Darren Ferguson	David Smith	Edward Derbyshire	Gary Gardner	Guy Ferguson	Jagir Reehal
Darren Fletcher	David Smyth	Edward Gardiner	Gary Gear		Jailuene Peake
Darren Goode	David Steel	Edward Moore	Gary Hudgell	Haim Cohen	Jajwinder Harar
Darren Harper	David Stott	Edward Murphy	Gary Marshall	Hannah Shepherd	Jake Missen
Darren Irving	David Sutcliffe	Elaine Francois	Gary Parris-Munn	Harjit Dhaliwal	Jake Print
Darren Mitchell	David Thomasson	Elizabeth Morrissey	Gary Wilcox	Harrison Davis	Jake Shopland
Darren Morgan	David Townsley	Elizabeth Selfridge	Gary Woolmore	Harry Biggs	James Aspey
Darren Rawlings	David Vepers	Elton Borg	Gary Yuen	Harry Grey	James Baird
Darren Square	David Whitelaw	Emdadur Rahman	Gavin Bartram	Harry Mills	James Barrie
Darren Swaffield	David Williams	Emily Lenton	Gavin Bennett	Harry Vreeswijk	James Beresford
Darren Walker	David Wilson	Emma Brookes	Gavin Collins	Harshani	James Biesty
Darron Kerr	Dawn Beeston	Emma Hatton	Gavin Curwen	Mahalekamge	James Bott
Dave Jobling	Dawn Gale				James Butler



The Team (continued)

James Cameron	Jayne Sewell	John Page	Karen Brook	Kevin Tully	Lee Taylor
James Clifford	Jeannette Hastie	John Paine	Karen Forber	Kevin Tuohy	Lee Weatherill
James Collins	Jed Sanderson	John Reynolds	Karen Sutcliffe	Kieran Barnes-Warden	Lee West
James Copestick	Jeffrey Armstrong	John Shaw	Karina-Jade Tubb	Kieron Clarke	Lee Whiteley
James Eastham	Jeffrey Nelson	John Smith	Karl Batterham	Kieron Ile	Lee Wilkinson
James Edge	Jennifer Donlan	John Smith	Karl Bezemer	Kim Groves	Leena Joory
James Fell	Jenny Seabrook	John Stephenson	Karl Gaskin	Kim Liddle	Lefter Bregu
James Heard	Jeremy Byrne	John Strong	Karl Jackson	Kimberley Baker	Leigh Holden
James Hollingshead	Jeremy Harris	John Summers	Karl Jones	Kimberly Cooper	Leigh Hyam
James Judkins	Jeremy Nicholls	John Tait	Karl Stephens	Kirsten Mortlock	Leigh Taylor
James Koroma	Jermaine Taylor	John Thompson	Kashan Lennon	Kirsti Altass	Leigh Williams
James Mcardle	Jeroen Brockhuis	John Vaughan	Kashif Munir	Kirsty Allen	Leighton Williams
James Metcalf	Jeroen Ligtelijn	John Wade	Kate Hopkins	Kirsty Bover	Leon Kerr
James Morgan	Jeroen van Loveren	John Williams	Katherine Rudkin	Kirsty Deeprise	Leon O'Neill
James Patston	Jeroen Verheul	John Wright	Kathryn Robinson	Kishore Naker	Leonard Finch
James Pearson	Jessica Mackenzie	Jon Parmenter	Katrina Crawford	Klaas Dijkstra	Léonie van der Valk
James Piffold	Jessica Thiari	Jon Pringle	Kawaljit Gulati	Kranthi Kondaveeti	Lesley Wilson
James Reece	Jill Cox	Jonathan	Kees van Wijk	Kris Maple	Leslie Maher
James Robertson	Jill Savage	Bainbridge- Coombs	Keith Ambrose	Kristina Kane	Lester Marshall
James Rolfe	Jim Tuvey	Jonathan Benn	Keith Carr	Kuldeep Singh	Levi Simpson
James Smith	Joan Hicks	Jonathan Hargreaves	Keith Earl	Kunal Pandya	Lewis Axford
James Stark	Joanna	Jonathan Morgan	Keith Fitzpatrick		Lewis Edwards
James Stevens	Barnes-Warden	Jonathan Smith	Keith Hughes	L	Lewis Haighton
James Taylor	Joanna Martin	Jonathan Wade	Keith Johnson	Laith Al-Rawi	Lewis Timson
James Thorning	Joanne Bennett	Jonathan Wallace	Keith Pugh	Lance Cale	Lewis Walter
James Vander Plank	Joanne Elton	Jonathan Williams	Keith Rudkin	Lance Cale	Liam Allan
Jamie Axten	Joanne Lee	Jonathan Woodroff	Keith Storrer	Laura Davidson	Liam Curran
Jamie Bannon	Jodie Baigrie	Jonathon Hall	Keith Truesdale	Laura Edwards	Liam Fields
Jamie Barratt	Jodie Hickman	Jonathon Perkins	Kelly Bell	Laura Gunter	Liam Hunt
Jamie Evans	Joe Cole	Jonathon Sheerin	Kelly Ellison	Laura Johnson	Liam Lawler
Jamie Keeling	Joe Cox	Jones Adzrah	Kelly Illsley	Laura Kershaw	Liam Tanner
Jamie Parkes	Joe Dewey	Jonathan Bean	Kelly Savile	Lauren Kemp	Liam Walls
Jamie Sia	Joe Gregorace	Jon-Paul Hughes	Kelly-Anne O'Connor	Laurence Loxam	Lianne
Jamie Wall	Joe Smith	Jos Kantelberg	Kenneth Owen	Laurie Jones	Harrison-Allcock
Jamie Wenborn	Johann Manz	Jos Verlaat	Kenneth Pettengale	Leah Norris	Lindsay Perkins
Jammel BenBrikAit	John Bourke	Josef Kinski	Kenneth Williams	Leanne Foweather	Lisa Algar
Jan Reddi	John Chinn	Joseph Obidiah	Kenny Keir	Leanne West	Lisa Holmes
Jan Sloterwijk	John Cook	Josephine Hilldrup	Kerri Atkinson	Lee Arrowsmith	Lisa Smith
Janet Riley	John Duff	Josh Dempster	Keri Reed	Lee Battrick	Loretta Daley
Janice Millett	John Ellis	Josh Wyatt	Kerry Hume	Lee Baxter	Lorna Hislop
Jaroslav Wanat	John Fawkes	Joshua Groener	Kerry Saunders	Lee Ciasullo	Loucas Louca
Jason Bradford	John Forden	Joshua Stilwell	Kevan Richardson	Lee Clarke	Louis Green
Jason Clarke	John Foster	Juginder Gill	Kevin Baker	Lee Dover	Louis Johnson
Jason D'Arcy	John Fredericks	Julian Flake	Kevin Bowtle	Lee Downing	Louis Raadman
Jason Ealden	John Gardner	Julie Brachtvogel	Kevin Burchell	Lee Durrant	Louise Stevens
Jason Field	John Harris	Julie Cox	Kevin Fox	Lee Fisher	Louise Sutton
Jason Harris	John Hickey	Julie Fewings	Kevin Haigh	Lee Fitcher 'Smith	Luke Cobham
Jason Meadows	John Hughes	Julie Jordan	Kevin Hailes	Lee Galloway	Luke Francis
Jason Perry	John Johnston	Juliet Wilford	Kevin Hartley	Lee Gornall	Luke Halford
Jason Pratt	John Jones	Justin Bradley	Kevin Hastings	Lee Hartness	Luke Harrison
Jason Reeve	John Keouski	Justin Pugh	Kevin Jeans	Lee Jacovou	Luke Jacobs
Jason Thomas	John Lamb		Kevin Jones	Lee James	Luke Jones
Jason Tyler	John Mason		Kevin Nicol	Lee Maxey	Luke Stephens
Jasvinder Bagh	John Mcelhatton	K	Kevin Peacock	Lee Mayfield	Luuc Zuur
Jayandrie Chetty	John Moat	Kamlesh Shah	Kevin Rowe	Lee Read	Lyndsey Wheeler
Jayaprakash Paragjee	John Nelson	Kane Thayer	Kevin Sherwood	Lee Shillibeer	Lynette Grimes
Jaymal Arjan	John Nicholson	Kara Robinson	Kevin Thorne	Lee Stephenson	Lynn Pearson



M

Mabs Alam	Martijn Geerlings	Melvin Conjamalay	Mohammed Jamil	Nigel Martin-Brooks	Paul Ruddle
Majid Rehman	Martijn Klarenbeek	Melvyn Chamberlain	Mohammed Jimale	Nigel Parry	Paul Sartain
Malcolm Ferguson-Thomas	Martin Baker	Merlin Hassoldt	Mohammed Parvaz	Nigel Scott	Paul Sharkey
Malik Ahmad	Martin Derricott	Michael Asumadu	Monique Boerma	Nikola Robinson-Rex	Paul Shek
Mandy Aidney	Martin Horton	Michael Blackman	Mubashir Uddin	Nikola Sutton	Paul Silvester
Mansoor Ali	Martin Kennell	Michael Blinkhorne	Muhammad Nawaz	Niroshan	Paul Sluiter
Marc Breeze	Martin Moore	Michael Boughton	Murdo Martin	Araliyakankanamge	Paul Smith
Marc Middleton	Martin Morris	Michael Bowden	Murray Hunt	Numan Usman	Paul Smith
Marc Stevens	Martin Mudde	Michael Buckley			Paul Smith
Marcin Sakowicz	Martin Siggers	Michael Cameron			Paul Smitheringale
Marco Knip	Martin Sloan	Michael Campbell			Paul Starkey
Marcus Birch	Martin Smyth	Michael Clark			Paul Swift
Margaret Lawrie	Martin Watt	Michael Cosgrove			Paul Tennant
Margaret Potter	Martin Winterburn	Michael Darroch			Paul van der Zee
Mario van der Valk	Martin Wys	Michael Earls			Paul Whittington
Mark Aveling	Martyn Gardner	Michael Fannon			Paul Wiltshaw
Mark Ayres	Martyn Gilbert	Michael Finn			Paula Budsworth
Mark Bell	Martyn Spring	Michael Foley			Pauline Harrison
Mark Bianchi	Mary Smith	Michael Georgiou			Pawel Warych
Mark Bober	Masaya Rose	Michael Haggett			Peter Anderson
Mark Bradbury	Mathew Johnson	Michael Hall			Peter Charters
Mark Bridges	Mathew Whittet	Michael Harvey			Peter Davey
Mark Brown	Matt Hammersley	Michael Henshaw			Peter Davidson
Mark Brownsey-Joyce	Matt Hay	Michael Hopper			Peter Gallagher
Mark Coe	Matt Loader	Michael Jack			Peter Hogg
Mark Collyer	Matthew Attwood	Michael Jenks			Peter Hughes
Mark Dennis	Matthew Clamp	Michael Knowles			Peter Jones
Mark Discombe	Matthew Coward	Michael Litster			Peter Lea
Mark Frisby	Matthew Dunne	Michael Lovelock			Peter Lettis
Mark Fuller	Matthew Elton	Michael Lovelock			Peter Lynn
Mark Gasson	Matthew Fisher	Michael Queen			Peter MCGowan
Mark Geary	Matthew Foster	Michael Simcoe			Peter McIntyre
Mark Hadfield	Matthew Foulger	Michael Slater			Peter Nicholson
Mark Hilton	Matthew Hawley	Michael Townsend			Peter Simmonds
Mark Hughes	Matthew Hill	Michael Van Sittert			Peter Tassenaar
Mark Hunter	Matthew King	Michele Poxon			Peter Walmsley
Mark Johnson	Matthew King	Michelle Hill			Peter Watts
Mark Johnson	Matthew Lloyd	Michelle Kempson			Peter Woods
Mark Johnston	Matthew Lucas	Michelle Lawson			Phil Kelly
Mark Lafreniere	Matthew Moore	Michelle Mannion			Phil Rogers
Mark Lever	Matthew Pickering	Michelle Ward			Phil Shelton
Mark Maciver	Matthew Prentice	Michelle Wright			Philip Cranston
Mark Palmer	Matthew Rayner	Mike Birkbeck			Philip Dunn
Mark Reilly	Matthew Robinson	Mike Butler			Philip English
Mark Stone	Matthew Sigley	Mike Ingham			Philip Gallop
Mark Strong	Matthew Stewart	Mike King			Philip Lewis
Mark Tennant	Matthew Welsby	Mike Potter			Philip Mccarney
Mark Thompson	Matthew Wesson	Mike Skinner			Philip Threlfall
Mark Vaughan	Matthew Williams	Milly van der Linden			Phillip Trevis
Mark Waldock	Matthew Woodhouse	Mita Limbachia			Phillip Corlet
Mark Winder	Matthew Wright	Mo Islam			Phillip Goodeve
Mark Wright	Max Fryer	Mohamed Abdi			Phillip Hillier
Marlon Barnes	Mehmet Asdoyuran	Mohamed Akhtar			Phillip Hunt
Marlon Bright	Mel Thomas	Mohamed Patel			Phillip Walters
	Melanie Gray	Mohammad			Phillipa Hewitt
	Melissa Stevens	Tayyab-Ul-Habib			Pim van Zuidam
	Melton Thompson	Mohammed Amin			Piotr Bienkowski



The Team (continued)

Prakash Mistry	Richard Norman	Ronnie Webster	Sarah Earthey	Simon Frew	Steve Gaylor
Premyslaw Swisloki	Richard Oates	Ross Ashbrook	Sarah Kite	Simon Green	Steve Smith
	Richard Oldale	Ross Darrah	Sarah Shirley	Simon Jones	Steve Smith
Q	Richard Slack	Ross Godfrey	Sarah Skinner	Simon Lacey	Steve Thompson
Quadeer Ahmed	Richard Small	Ross McNair	Scott Ahmad	Simon Lasham	Steve Wood
	Richard Sumner	Ross Philpot	Scott Ambrose	Simon Leslie	Steven Atkinson
	Richard Young	Roxanne Evans	Scott Currie	Simon Loach	Steven Boyle
R	Rickey Singleton	Roxanne Martin-Gault	Scott Dye	Simon Lovett	Steven Buxton
Rachel Donaghey	Riki Spadone	Roy Peasland	Scott Hatton	Simon Morgan	Steven Christie
Rachel Dykes	Rob Chawner	Roy Redgate	Scott Laughland	Simon Neal	Steven Edge
Rachel Jack	Rob Ferris	Russell Adgey	Scott Meadows	Simon Partridge	Steven Godwin
Rachid Bouras	Rob Owen	Russell Maltby	Scott Taylor	Simon Pitt	Steven Hooper
Rachit Vadgama	Robel Ghebrewold	Russell Mogg	Scott Williams	Simon Roberts	Steven Jenkins
Raj Surani	Robert Adams	Russell Potlin	Scott Winchester	Simon Tuckley	Steven Jones
Raja Sohall	Robert Adkins	Russell Shafer	Sean Cahill	Simon Whittaker	Steven Jones
Rajan Mehta	Robert Avery	Russell Thornton	Sean Collins	Simon Witham	Steven Kernot
Rajiv Vadgama	Robert Baylis	Ruud Sterling	Sean Dare	Simone Turner	Steven Macarthur
Ravendra Bishun	Robert Bellamy	Ryan Apark	Sean Feeney	Siobhan Waters	Steven Mackie
Ray Jeakins	Robert Bosman	Ryan Curd	Sean Green	Sjoerd Cobussen	Steven Pressley
Ray Leathen	Robert Brewin	Ryan Haddon	Sean Kerry	Soile Carpenter	Steven Richards
Rebecca Derricott	Robert Bumstead	Ryan Jones	Sean Mcvey	Sonia Cummings	Steven Saunders
Rebecca Ellis	Robert Cairns	Ryan Randall	Sean Scard	Sophie Walker	Steven Walker
Rebecca Harris	Robert Clarke	Ryan Sinclair	Sean Weatherby	Stacey Shirley	Steven Whitehead
Rebecca Heather	Robert Clarke		Selena Simpson	Stephanie Ailwood	Stewart Creaser
Rebecca Oblein	Robert Curd	S	Shane Baker	Stephanie Nevett	Stuart Baigent
Rebecca Stokes	Robert Donnelly	Saad Maqsood	Shane Bryan	Stephanie Shrubbs	Stuart Bartlett
Reepal Patel	Robert England	Sachin Radia	Shane Daley	Stephen Adams	Stuart Booker
Reg Anderton	Robert Exley	Sadrul Amin	Shane Malone	Stephen Ainsworth	Stuart Clarke
Remel Morgan	Robert Ford	Sagren Naidoo	Shane Till	Stephen Benson	Stuart Cooper
René deWit	Robert George	Sajid Ahmad	Shanil Ranchod	Stephen Bloomfield	Stuart Corlett
René Ossendrijver	Robert Gilbert	Sajid Aibani	Shannon Woods	Stephen Cliff	Stuart Davey
Rhys Hedges	Robert Gladwin	Saladdin Beqqada	Sharon Beckett	Stephen Collins	Stuart Dixon
Rhys Kelland	Robert Howker	Sally Hallsworth	Sharon Henderson	Stephen Corkett	Stuart Graham
Ricardo Malcolm	Robert Jay	Salman Bawani	Shaun Bryan	Stephen Crane	Stuart Hitch
Rich Hoyle	Robert King	Sam Bellis	Shaun Douglas	Stephen Creasey	Stuart Munton
Richard Amoah	Robert Knight	Sam Nortey	Shaun Hutchins	Stephen Dutton	Stuart Pemberton
Richard Banton	Robert Lamb	Sam Orton	Shaun Mayes	Stephen France	Stuart Rees
Richard Bickers	Robert Lynch	Sam Ripley	Shaun Scott	Stephen Getty	Stuart Roscoe
Richard Booth	Robert Moss	Samantha Barrett	Shawanna Hafiz	Stephen Green	Stuart Ross
Richard Brookfield	Robert Myers	Samantha Mussett	Sheila Myrie	Stephen Lewis	Stuart Taylor
Richard Carter	Robert Parker	Samantha Sayer	Sheila Robertson	Stephen Machin	Stuart Whitby
Richard Chiverton	Robert Power	Sameer Jamdar	Shelley Rutter	Stephen Marshall	Stuart Williams
Richard Clark	Robert Prince	Samson Okolosi	Shilpa Champaneri	Stephen Pike	Stuart Williams
Richard Davies	Robert Reynolds	Samuel Carey	Shirley Moore	Stephen Porter	Sue Bill
Richard Desmond	Robert Scheggetman	Samuel Major	Shohale Ali	Stephen Rafot	Sue Foulds
Richard Edwards	Roberto Xavier	Sander Faber	Sian Griffiths	Stephen Ruddick	Sumade De Silva
Richard Fellows	Robin Beil	Sandra Myles	Silvonne Mclean	Stephen Seymour	Suresh Bhudia
Richard Forrester	Robin Parry	Sandra Ramsay	Simon Brookfield	Stephen Smisson	Suresh Mistry
Richard Harris	Rodney Meyer	Sanjeevan	Simon Brookfield	Stephen Spurgeon	Surmukh Jandu
Richard Homan	Roger Bailey	Balasubramaiam	Simon Casey	Stephen Starkie	Susan Attwell
Richard Hopkin	Roger Gridley	Sara Bremner	Simon Chappell	Stephen Unsworth	Susan Groombridge
Richard Hutcheson	Romaldo Rodrigues	Sarah Bacon	Simon Collishaw	Stephen Waltham	Susan Henshall
Richard Knight	Roman Kojuharov	Sarah Churcher	Simon Cripps	Stephen Welsby	Susan Hulme
Richard Lee	Ronald Evers	Sarah Dobson	Simon Duggins	Stephen West	
Richard Lewington	Ronald van Veenen	Sarah Drake	Simon Dunsford	Stephen Williams	
	Ronnie Francis		Simon Eldridge	Steve Freeman	



T

Taimur Malik
Talat Khan
Tami Robinson
Tanya Sharpe
Terance Langford
Terence Dooley
Terrence Forbes
Terry Bridger
Terry Howard
Terry Hutchinson
Terry Timmins
Terry Webb
Theresa Scrase
Thomas Clutterbuck
Thomas Cunningham
Thomas Fry
Thomas Newman
Thomas Otley
Thomas Pearson
Thomas Pressley
Thomas Ryan
Thomas Stampfer
Thomas Steel
Thomas Stone
Thomas Swain
Thomas Thornton
Thomas Wade
Tim Ives
Tim Tatlock
Timothy Bentley
Timothy Boardman
Timothy Kilminster
Timothy Lowe
Timothy Olsen
Timothy Stanhope
Timothy Tuff
Toby Collins
Toby Hutton
Todd Routledge
Tom Evans
Tom Lewis
Tom McDowell
Tom Scott
Tom Siddell
Tom Wood
Tony Dedman
Tony Martin
Tony Nunn
Tony Simoes
Tony Watson
Tracy Ryan

Tracy Wickenden
Trevor Barden
Trevor Thomas
Tristian Waghorn
Tyler Atheis
Tyrone Alexander
Tyrone Madden

U

Umar Ullah
Upali Herath
Upendra Dudhaiyia
Urmila Bhudia
Vedran Beader
Victor Watson
Victoria Harding
Victoria Mann
Vilius Meilus
Vincent Barber
Vinod Joshi
Vinsen Velvindron
Visvanathapillai
Mahendrakumar
Vivienne Johns

W

Wadzanai Musa
Warnakulasuriya
Fernando
Warren Bester
Warren Daly
Warren Gunnis
Warren Russell
Warren Wise
Wayne Farini
Wayne Gillan
Wayne Jannotti
Wayne Oliver
Wayne Quaintance
Wayne Randall
Wayne Smith
Wayne Wheeler
Wendy Altimas
Wendy Bruce
Wesley Harrop
Wesley Neukermans
Wesley West
Will Bailey
William Brownsell
William Cruickshank
William Gunshon

William Lewinton
William Mcphee
William Ryves
William Barreda
Willy Silupya
Wim Strik
Wim van Staden

Y

Yusuf Ali
Yusuf Mursal
Yvonne Archer
Yvonne Burgess

Z

Zaccai Newman
Zahid Sharif Butt
Zainab Idris
Zoe Atkinson
Zoe Derry
Zoe Maeer
Zoe Mills



Store Locations

Topps Tiles

Central Region

Abingdon
Aylesbury
Banbury
Bedford
Binley
Bishop's Stortford ■
Boston
Burton
Bury St Edmunds
Cambridge
Cannock
Clacton-on-Sea
Colchester
Coventry
Cromer
Derby
Derby 2
Erdington
Evesham ■
Grantham
Great Yarmouth
Grove Park
Hedgend ■
Hemel Hempstead ■
Hereford
Huntingdon
Ipswich
Kettering
Kidderminster
Kings Heath
King's Lynn
Leicester
Long Eaton
Lowestoft ■
Lincoln
Luton
Mansfield
Martlesham
Milton Keynes
Newcastle-U-Lyme
Newark
Northampton
Norwich
Nottingham
Oxford
Oxford 2 ■

Peterborough
Redditch
Rugby ■
Sheldon
Shrewsbury
Solihull
Spalding
Stafford
Stamford
Stoke on Trent
St Albans ■
St Neots
Stratford-upon-Avon
Tamworth
Telford
Thetford
Wellingborough
West Bromwich
Wisbech
Wolverhampton
Worcester
Worksop

London and Thames South

Ashford
Basildon
Battersea
Beckton
Bexhill
Bognor Regis
Braintree
Brentford ■
Brentwood
Brighton
Brixton
Broadstairs
Byfleet
Camberley
Camden ■
Canterbury
Cattord
Charlton
Cheam
Chelmsford
Chelmsford 2 ■
Chichester

Chesham
Chingford
Colindale
Crayford
Croydon
Dagenham
Eastbourne
Edmonton
Eltham
Enfield
Erith
Fareham ■
Farnborough
Farnham
Feltham
Folkestone
Forest Hill ■
Fulham
Gatwick
Grays
Gunnersbury
Guildford
Harlow
Harrow ■
Highgate
Horsham
Ilford
Isle of Wight
Lewes
Letchworth
Maidstone
Mile End ■
Mitcham
New Cross Gate ■
New Southgate
Newbury
Newhaven
Old Kent Road
Orpington
Penge
Portsmouth
Raynes Park
Rayleigh
Reading
Richmond
Romford
Ruislip ■

Sittingbourne
Slough
Southall
Southampton
Southend
Stamford Hill
Sudbury
Swindon
Tonbridge
Tunbridge Wells
Twickenham
Uckfield
Uxbridge
Vauxhall
Waltham Cross
Wandsworth
Watford
Welwyn Garden City
Wembley
West Wickham

North West

Aintree
Birkenhead
Blackburn
Blackpool
Bolton
Cheadle
Cheetham Hill ■
Chester
Chorley
Cleveleys
Congleton
Crewe
Failsworth
Flint
Holyhead
Hyde ■
Leek
Liverpool
Macclesfield
Morecambe
Nantwich
Northwich
Oldham
Ormskirk
Preston

Rhyl
Sale
Salford
Snipe (Audenshaw)
St Helens
Stockport
Warrington
Widnes
Wigan
Wrexham

North

Barnsley
Barrow-in-Furness
Birstall
Bradford ■
Carlisle
Cheetham Hill
Chesterfield
Darlington
Doncaster
Durham
Dumfries
Grimsby
Harrogate
Huddersfield
Hyde
Leeds
Hull
Meadowhall
Penrith
Pontefract
Rotherham
Scarborough
Sheffield
Stockton
Sunderland
Tyneside
Wakefield
York

Scotland

Aberdeen
Dumfries ■
Dundee
Edinburgh
Falkirk

Glasgow
Greenock
Hillington
Inverness
Perth
Shawfield
Sighthill
Wishaw

South West

Barnstaple
Barry
Basingstoke
Bodmin
Bridgend
Bridgewater
Bristol
Cardiff
Cardiff 2
Cheltenham
Christchurch
Clevedon
Cribbs Causeway
Cross Hands
Exeter
Exmouth
Frome
Gloucester
Haverford West ■
Hengrove
Launceston
Merthyr Tydfil
Neath
Plymouth
Poole
Salisbury
St Albans
Swansea
Taunton
Tiverton ■
Torquay
Weston-Super-Mare
Winchester
Yeovil

Tile Clearing House

Central Region

Cheltenham
Fenton
Great Barr
Kettering
Kidderminster
Merry Hill
Northampton
Norwich
Nottingham
Nuneaton
Oldbury ■
Peterborough
Shrewsbury
Stoke-on-Trent
Wolverhampton

London and Thames South

Barking
Basildon
Beckenham
Charlton
Croydon
Dartford
Eastbourne
Harlow
Hayes
Ilford ■
New Southgate
Orpington
Park Royal ■
Staples Corner ■
Southampton
Southend
Swindon

North West

Blackpool ■
Bolton
Cheadle
Crewe
Crosby
Maghull
Oldham
Preston
Stockport
Warrington
Wigan

North

Bradford
Dewsbury ■
Doncaster
Hull
Lincoln

Scotland

Aberdeen
Edinburgh
Govan
Rutherglen

South West

Bournemouth
Exeter
Plymouth
Salisbury
Swansea

Almere
Amersfoort
Amsterdam
Amsterdam 2
Beuningen
Capelle ■
Den Bosch
Deventer
Duivern
Eindhoven
Enschede

Groningen
Heerhugowaard
Helmond ■
Klaprozenweg
Rotterdam
Sliedrecht ■
Tiel
Utrecht
Veenendaal
Waalwijk
Zwolle

TOTAL
342 STORES

■ New store 2007/08



INVESTOR IN PEOPLE

Store Locations

Topps Tiles – Store numbers

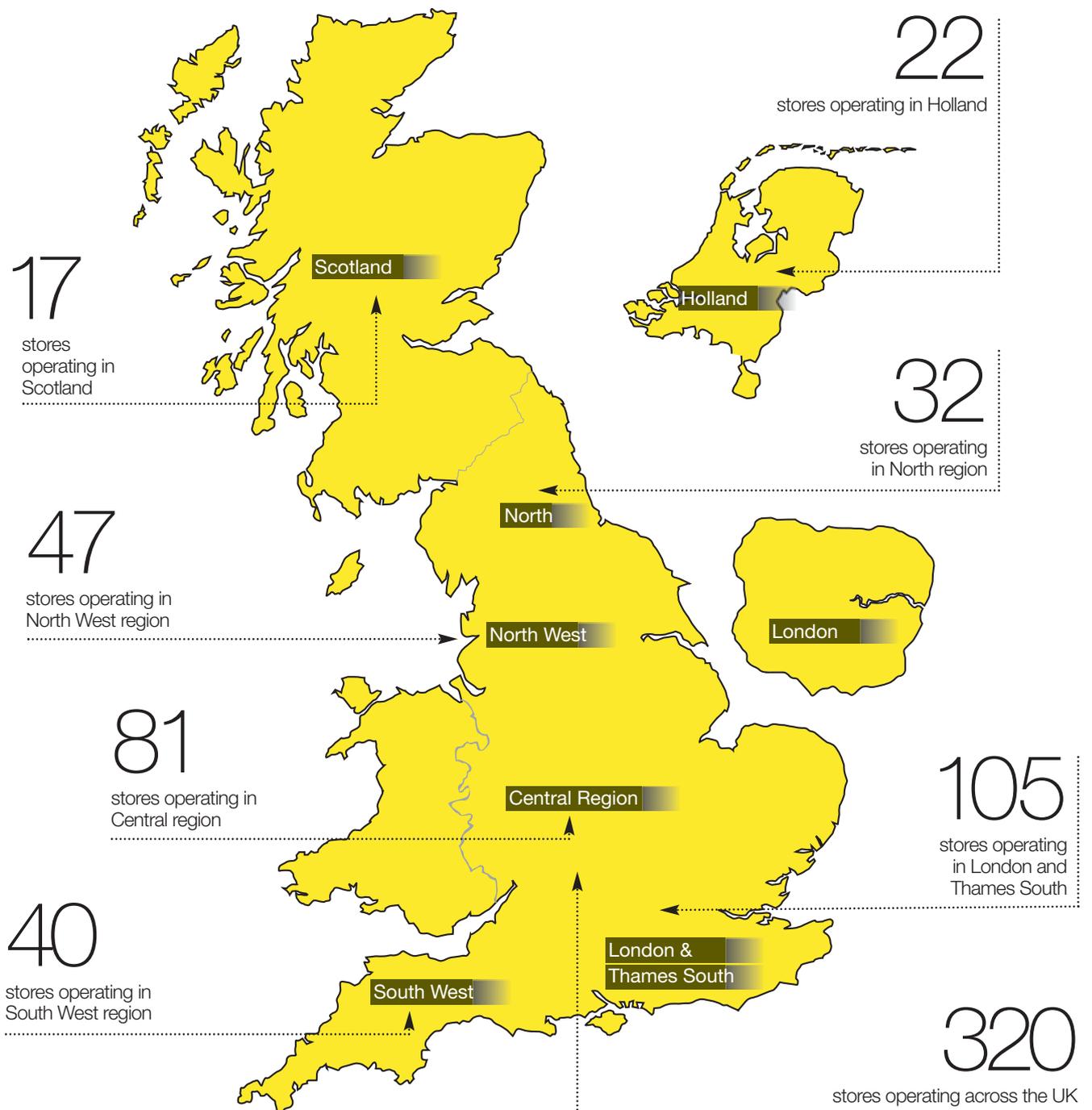
Stores at the beginning of the period	246
New stores opened	21
Sub-total	267
Closures (including brand swaps)	-4
Total	263

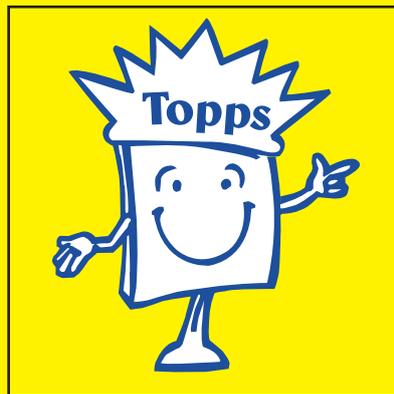
Tile Clearing House – Store numbers

Stores at the beginning of the period	55
New stores opened	6
Sub-total	61
Closures (including brand swaps)	-4
Total	57

Holland – Store numbers

Stores at the beginning of the period	20
New stores opened	2
Sub-total	22
Closures (including brand swaps)	-
Total	22





Topps Tiles Plc
Thorpe Way, Grove Park, Enderby,
Leicestershire LE19 1SU
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www.toppstiles.co.uk