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Topps Tiles Plc Annual Report and Accounts 2000

Building for the Future.

Contents

Welcome!

We are the UK's largest specialist ceramic tile retailer. Since 1984 Topps Tiles has achieved continual growth in turnover and been consistently profitable. Going forward we aim to maintain growth by meeting all our objectives without compromising our commitment to excellent customer service.

Our objectives have to be constantly re-evaluated as we continue to **expand** and **build** for **the future.**

The Group is well placed to take advantage of:

- changes in customer taste in the ceramic tile market;
- substantial increases in demand for tiling products throughout all rooms in the house.

This is achieved because of our focus on four key strengths:

- quality staff giving high levels of customer service;
- store locations;
- stock availability;
- store layout.

Our main business is to consumers improving their homes, but also to tradesmen purchasing on behalf of customers, with over 99% of our revenues being cash sales. We now employ 863 people and have grown to 127 stores from 109 last year, with 21 new stores opened and 3 closed in the period.

We just keep getting bigger every year...

The fully integrated acquisition of Tile Clearing House, along with significant growth of the Topps Tiles branded stores, has now opened increasing opportunities.
It allows us a wider market coverage without diluting the distinctive and highly successful Topps Tiles brand.

This has resulted in us having to increase our milestone objectives and reinforce the inherent strengths of the core business.

Another year of significant progress...

- Profit before tax and exceptional items of £8.70m against last years' £5.83m...
- Gross profit margin of £34.2m - an increase of 43%...
- Adjusted earnings per share of 14.2p compared with 9.9p - an increase of 43%...
- 17 Topps Tiles stores and 4 Tile Clearing House stores were opened during the year, making a total of 21 new outlets. 3 Topps Tiles stores were closed during the year.
- We currently operate from 109 Topps Tiles stores and 18 Tile Clearing House stores, making a total of 127 outlets.

Results to shout about!

- Turnover was £43.0m...**now £62.6m.**
- Gross profit up 43%...**at £34.2m.**
- Profit before tax and exceptional items up 49%...**now £8.70m.**
- Adjusted EPS up 43%...**now 14.2p.**
- Like-for-like sales growth...**of 13%.**

*Based on close of business 14.7.2000

1999/2000 was another excellent year for Topps Tiles and marks our third consecutive year of growth since flotation.

Financial Results
Our profit before taxation and exceptional items was a record £8.70m, 49% over last years figure of £5.83m, from turnover of £62.6m (1999: £43.0m). Adjusted earnings per share rose by 43% to 14.2p (1999: 9.9p).

The underlying growth of the business was strong with like-for-like sales increasing 13%.

The gross margin level is 54.6% as compared to the 1999 level of 55.5%, however last year included higher than normal margins achieved on sales of the ex-Tile City stock. On a true comparison basis the gross margin percentage has been maintained. Tile margins continue to grow, whilst wood flooring margins, which is a more competitive market, has been affected by increased competition.

Within the period there were exceptional items totalling £686k. These related to the one-off costs associated with the further discontinuation of bathrooms within the business of £431k and the stock write-off of unsaleable product purchased as part of the overall stock purchase agreement from the receivers of 'Tile City' of £255k.

Capital expenditure, excluding freehold property, amounted to £4.4m. This reflects the rebranding and refurbishment of the Tile Clearing House stores at a cost of £0.9m and the replacement of bathroom space in the Topps Tiles stores with further tile and flooring product displays at a cost of £0.8m. Also 21 new stores were opened in the period at a cost of £1.3m and a further 26 stores were refitted at a cost of £1.1m.

We have also developed three freehold properties during the period at a cost of £1.5m and disposed of three freehold properties, the total proceeds of which amounted to £1.2m. The Group currently owns ten freehold properties with a net book value of £3.5m.

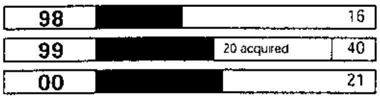
At the period end cash balances for the Group were £0.4m and long term bank loans were £3.0m.

Dividend
The board has declared a final dividend for the year of 3.33p per share payable on 2 October 2000 to shareholders on the register at 4 September 2000. The total dividend for the year is 4.33p per share against 3.23p for 1999.

The Business
We set ourselves a net store opening target for the full year of 15 new outlets and we have actually opened 17 Topps Tiles stores and 4 Tile Clearing House stores in the period. 3 Topps Tiles stores were closed, giving us a net 18 new outlets. This now gives us a total of 127 trading outlets, strengthening our position within the UK geographically, with an even stronger presence in the London area and extending our boundaries as far as Inverness in Scotland.

At flotation in June 1997 we set ourselves a target of doubling the number of retail outlets in the next three financial years. Having exceeded that target we have been *reviewing our future roll-out programme and have looked* strategically at the total number of stores we believe could be supported throughout the UK. Based on the successful trialing of the Tile Clearing House brand alongside Topps Tiles stores and the number of outlets in towns/areas that have a smaller customer catchment area, our new stated objective is to have a total of 350+ stores within the next 6 years.

Number of New Stores Opened



Number of Permanent Staff at period end

Employee Bonus Levels (£'000)

We constantly review our core stores and where necessary close and/or re-locate or refurbish those that are no longer meeting required levels of performance. During the year we have closed 3 stores and refitted 26 stores.

We have gradually phased out our bathroom products, substituting the space made available with an increased tile and floor offering. This has proved successful and has improved overall cash margins in those stores.

One of our core strengths in the market is our unequalled customer service and we continue to invest heavily in training and incentivising our staff. This policy has proved invaluable in helping us to achieve a stable workforce and, in a competitive market place, attract high calibre people to our business.

The workforce of the Company has increased during the year from 730 to 863 which reflects the new store openings and our progress has also enabled us to strengthen our senior management team.

Current Trading and Prospects

Sales in the current year are showing encouraging growth and like-for-like sales in the first 6 weeks of the year are 11%.

This financial year we plan to open a further 20 stores - a mixture of both Topps Tiles and Tile Clearing House stores.

Looking ahead, growth forecasts for the year remain positive and, coupled with the growing strength from market penetration and brand recognition, we are confident that Topps Tiles is on course to sustain future growth.

Stuart Williams, Chairman
Barry Bester, Chief Executive

Why customers seem to like the formula...

The **four cornerstones** of our success are:

Customer Service

We always aim to achieve high levels of customer service and train all our staff at our own training centre. In-house training covers customer focus, product knowledge and technical details on tiles and adhesives, so that our staff can offer customers the correct advice and assistance. Our services to the customer include:

- our 'Loan-a-Tile' scheme, which allows customers to take home tiles so that they can match their own decor schemes;
- our 'Overs' refund service is very popular as estimating tiling areas can be awkward. This service allows for undamaged stock tiles to be returned within 28 days for a full refund;
- our 'How to ...' videos showing customers 'tricks of the trade' when it comes to fixing tiles and wood flooring.

We also offer a bespoke decor service from our kiln firing facility in Leicester. This allows us to offer a much wider variety of designs than our competitors.

Most of our stores trade 7 days-a-week from 8.00am to 6.00pm, with a number of larger stores opening till 8.00pm.

Store Locations

Our stores in the main are not located on traditional high streets or retail parks, but in less expensive 'destination' retail locations on or close to busy roads. Our average size store is around 6,000sq ft and virtually all have parking areas.

Stock Availability

We currently sell over 2,300 tile products to meet our aim of offering our customers the largest choice. Each store carries a significant volume and range of lines and has replenishment stock arriving twice a week from our central warehouse. The main products stocked are wall and floor tiles, wood flooring, grout and adhesives, which together account for 97% of our turnover.

Store Layout

All stores have bright eye-catching signage on the exterior bearing the 'Topps Tiles' branding and are clearly identified. Store interiors are laid out in a mini-warehouse style with a huge choice of products merchandised with colourful displays and informative point-of-sale. The stores are well lit and customer friendly with product and pricing information clearly displayed.

Quality management and a strong staff culture coupled with a commitment to range and service will continue to serve us and our customers well.

We continue to benefit from a growing market in the UK for tiles. Increasing brand awareness and the plethora of home improvement programmes on television has stimulated demand.

Topps keeps on growing...

The UK ceramic tiles market continues to grow, increasing in value in 1999 to £329m at manufacturers selling prices and is forecast to reach £431m in 2004.*

The UK has traditionally had a very low usage per capita of ceramic tiles compared to our European neighbours but this is now changing with tiles becoming more popular. The reason for the continued growth in the market can be attributed to many things.

The increased awareness of tiles through media coverage of home decoration has definitely had an impact, along with travel to countries such as Spain, Italy and Germany where usage of tiles are up to 6 times greater per individual.

Consumers also have come to appreciate tiles for their aesthetic value throughout the house rather than just their functional use. The rooms where ceramic tiles are now used has expanded from the traditional 'wet areas' in kitchens and bathrooms and now includes halls, cloakrooms, conservatories etc. It's due to grow even further with the introduction of new easy to install under floor heating systems and fixing products making the choice of ceramic floor tiles even more attractive.

Topps Tiles Plc are well placed to take advantage of this increased demand into the future with the greater geographical coverage of our warehouse style stores offering even higher levels of customer service and a wider choice of innovative new products.

***Source:** AMA Research Market Report 2000

We import 80% of our product offer, mainly from Spain but also from Brazil, Italy, Portugal, China and other countries which allows us to give our customers a wider choice of colours and designs.

Tile Clearing House goes from strength to strength...

Tile Clearing House is a well established brand that's targeted at a different sector of the market to Topps Tiles. Its customers in the main are jobbing builders, small contractors and bulk purchasers. These outlets offer a smaller separate range which includes end of lines, discontinued and job lots but with greater stock levels.

The stores operate from less prominent locations, mainly in trade areas, and benefit from strong local advertising. Tile Clearing House and Topps Tiles are two very different brands aimed at two distinct parts of the market. Where they trade next to each other, both stores perform well. At the moment there are 18 Tile Clearing Houses in the UK.

Out of the current 18 stores, 11 were well established units which were part of the 20 stores acquired from the 'Tile City' receivers in December 1998.

Topps Tiles and Tile Clearing House make good neighbours. The picture below shows Topps Tiles and Tile Clearing House locations at Charlton, South London where the stores are trading across the road from each other.

Our continued commitment is to serve and enhance the communities in which we operate, creating opportunities for all the family.

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

Youth 'Sports' Sponsorship
Topps continues to build its reputation as a major league supporter of youth football and netball nationwide, whilst Tile Clearing House has started to support youth rugby.

Help a London Child
Capital Radio's charity 'Help a London Child' is traditionally supported by Topps Tiles' London and South Thames stores. This year Topps increased its donation to £27,850.

They Think its all over...
Topps sponsored a 'Young Journalist of the Year' award which was won by football daft Kimberley Finn who gave a brilliant written commentary on a Hull City football match. Her prize was presented to her by football legend Geoff Hurst.

'Design a Tile'
As part of our quarterly Topps product Catalogue we have a Topps 'Totts' section where youngsters can enter competitions to win computer equipment for their schools.

Youth Asthma
Topps Tiles supports the National Asthma Campaign. It is estimated that 1.3 million children suffer with asthma in the UK. One of the major causes of asthma is the house dust mite which breeds rapidly in carpets and soft furnishings. The installation of floor tiles and wood flooring significantly reduces that risk. This year Topps donated £8,000 to the national campaign.

The main focus of our activities in the community is the sponsorship of local youth football, rugby and netball teams, which builds brand awareness and provides our local store managers with ample scope to promote their local Topps Tiles or Tile Clearing House store.

This year we have decided to conclude our business review by answering some questions of the type frequently put to us by analysts and shareholders regarding the Group's business, financial position and strategy.

What would be the effect of a downturn in the housing market?
We have always maintained that the business is not directly linked to the 'ups' and 'downs' of the housing market. We are more the replacement market. Although people will decide not to move home they may instead improve their existing home and that is why historically the company has not seen sharp increases in sales when the housing market is booming and vice-versa.

How difficult is it to find suitable store locations?
Our ideal store location is on a busy main road with some parking available or a first generation retail park. Our store 'model' is flexible enough to accommodate anything from a 4000sq ft unit to a 15000sq ft unit. This flexibility coupled with the location requirement means that we are finding plenty of suitable sites at acceptable rent levels. We are planning to open a further 20 stores in 2000/01.

How many stores can the business have in the UK?
Our previous stated objective was to have 250 stores in the UK. However this year has seen two changes that have influenced our thinking. The first being the success of our second brand 'Tile Clearing House' which can trade very well alongside 'Topps Tiles' stores and secondly the success of our trials of 'Topps Tiles' stores in smaller population areas. These two changes mean that we are restating our store target for the UK to 350+ stores.

Why does the business carry so much stock?
We believe one of our key strengths and a barrier to entry of our business is stock availability. When customers order from our stores they are usually looking for a 'cash and carry' service as they will usually already have planned the 'project' before buying the tiles. To be told that they may take 6 weeks to arrive can be very disappointing.

We therefore set out to provide a 'cash and carry' service and if this is not achievable we carry stocks at a central warehouse which means we can usually fulfil the order within days.

How sensitive is the business to currency changes?
80% of our product range is imported, because of this we are exposed to currency fluctuations. Our main currency requirement is the Spanish Peseta, although by far the majority of our payments are actually made in Sterling. However in order to manage this exposure we have adopted a policy of buying currency forward on a rolling 6 to 12 months, monthly contract basis which therefore gives us a known cost base for setting retail prices.

Will Earnings per Share (EPS) continue to grow?
We have seen EPS grow from 4.2p per share in 1997 (when the business floated) to 14.2p per share this year; by any standards this is tremendous growth. However we do believe that the business can continue to develop and grow substantially from its current position and although nothing in business can be taken for granted, our continuous strive for improvement coupled with the future growth potential should see the business achieve its objectives.

Is the business cash generative?
99% of our sales are for cash or cash equivalent. So why do we not have a huge 'cash pile' we hear you say? Well, with the business on such a fast growth rate it demands plenty of resources to maintain the momentum, from capital expenditure on new stores, existing stores and freehold purchases (this totalled net £4.4m in 1999/2000) to stock requirements for new stores (they have around £100k of stock per store). In addition to this we have maintained our dividend policy of paying one third of the profit after tax in dividends. All of this is funded out of our cash generation from operating activities as long term bank loans remained unchanged in the year. The business is highly cash generative!

The growing market in the UK for tiles and flooring products means that we are constantly looking to add new outlets across the whole of the UK.

The Board of Directors

Stuart Williams FCA,
Chairman (aged 56)
Stuart Williams, a Chartered Accountant, was a founder shareholder and director of Topps Tiles in 1984.
He became Executive Deputy Chairman and shareholder of Multi-Tile in 1987 with responsibility for restructuring the company and introducing turnover and profits related incentive systems. His principal responsibilities are those of Group strategy, property and legal matters. In addition he is editor of the company's in-house magazine and is responsible for the suggestion scheme.

Barry Bester,
Chief Executive (aged 43)
Barry Bester was founder shareholder and director of Topps Tiles in 1984. As Chief Executive he has overall responsibility for the day-to-day operations of the business, with particular emphasis on sales and store management. He is also responsible for new business development.

Andrew Liggett FCMA,
Finance Director (aged 38)
Andrew Liggett joined Topps Tiles in 1995 as Finance Director. Prior to joining the Group, he worked for Gold Crown Group Limited where he was employed for 10 years, initially as a management accountant and then as finance director. He is responsible for the accounting, financial control, company secretarial matters, treasury and administration.

Nicholas Ounstead,
Customer Services and Marketing Director (aged 39)
Nicholas Ounstead joined Topps Tiles in April 1997. Prior to this he was Marketing Director at Bellegrove Ceramics Plc, which is a major supplier to DIY chains and independent retailers including Topps Tiles. At Bellegrove he was responsible for the sourcing and marketing of products for resale through multiple retailers.

Alan McIntosh CA,
Senior Non-Executive Director (aged 32)
Alan McIntosh graduated from the University of Aberdeen with an MA in Economics. He qualified as a Chartered Accountant with Deloitte and Touche and subsequently joined the corporate finance department of Hill Samuel. He left there in 1994 and has since worked with a number of public and private companies. He is currently the finance director of Punch Group Ltd., the largest independent pub company in the UK. He is also a director of Wellington Pub Company Plc and chairman of the technology group e-xentric Plc. He joined the board of Topps Tiles in 1997.

Victor Watson CBE,
Non-Executive Director (aged 71)
Victor Watson is chairman of Black i Limited and chairman of Business Link Leeds Ltd. He is also the former chairman of Waddington Plc. He joined the board of Topps Tiles in 1997.

Rt Hon Michael Jack Privy Councillor, MP,
Non-Executive Director (aged 54)
After graduating from Leicester University, Michael Jack's business career saw him in management capacities with Proctor & Gamble and Marks and Spencer. In 1980 he joined LO Jeffs, latterly the fresh produce subsidiary of Northern Foods, as sales director. 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. Since that time he has maintained strong business links via his consultancy work. He joined the board of Topps Tiles in 1999.

The Board of Directors

Right: Alan McIntosh, Victor Watson and Michael Jack
Below: Left to right: Nicholas Ounstead, Andrew Liggett, Stuart Williams, Barry Bester

Directors and Advisors

Directors
S K M Williams FCA, *Chairman*
B F J Bester, *Chief Executive*
A Liggett FCMA, *Finance Director*
N D Ounstead, *Customer Services and Marketing Director*
W A McIntosh CA, *Senior Non-Executive Director*
V H Watson CBE, *Non-Executive Director*
The RT Hon J M Jack, Privy Councillor, MP, *Non-Executive Director*

Secretary
A Liggett FCMA

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3213782

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Bankers
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Registrars
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The directors present their report on the affairs of the Group, together with the accounts and auditors' report, for the period ended 3 June 2000.

Principal activity and business review

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

Details of the Group's performance during the period and expected future developments are contained in the Joint Statement by the Chairman and Chief Executive on pages 4 and 5 of the report and accounts.

Results and dividends

The audited accounts for the period ended 3 June 2000 are set out on pages 26 to 50. The Group's profit for the period, after taxation was £5,531,000.

An interim dividend of 1.00 pence per share (£430,000) was paid on 29 February 2000.

The directors recommend a final dividend of 3.33 pence per share (£1,414,000) making a total of £1,844,000 for the period ended 3 June 2000. Subject to approval by the shareholders at the Annual General Meeting to be held on 5 September 2000, the final dividend will be paid on 2 October 2000 to shareholders on the register at the close of business on 4 September 2000.

Directors

The directors of the Company are as follows:

S K M Williams	Chairman
B F J Bester	Chief Executive
A Liggett	Finance Director
N D Ounstead	Customer Services and Marketing Director
W A McIntosh	Senior Non-Executive Director
V H Watson	Non-Executive Director
J M Jack	Non-Executive Director

Their interests in the shares of the Company are set out in note 4(b) to the accounts.

Share capital

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

Supplier payment policy

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

The effect of the Group's negotiated payment policy is that trade creditors at the period end represented 80 days purchases (1999: 97 days).

Fixed Assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Charitable and political contributions

During the period the Group made charitable donations of £27,850 to 'Help a London Child Charity' and £8,000 to 'The National Asthma Campaign'. The Group made no political contributions.

Substantial shareholdings

In addition to the directors' shareholdings noted on page 35, on 3 July 2000 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
Chase Nominees Limited	5,400,220	12.7
RBSTB Nominees Limited	3,175,320	7.5
Arnold and S. Bleichroeder (including Client account)	2,568,113	6.0
HSBC Global Custody Nominee (UK) Limited	2,442,838	5.8
Stanlife Nominees Limited	2,285,734	5.4
BNY Norwich Union Nominees Limited	1,461,076	3.4

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

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

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.

During the period, the Company has introduced a further employee Sharesave Scheme. The directors intend to introduce another Sharesave Scheme in the new financial period.

During the course of this year, the first options to be granted under the Topps Tiles Plc Approved and Unapproved Executive Share Option Schemes (the "Schemes") have become capable of being exercised. In view of the success of the Schemes and the current market trend in using shares as a means of rewarding and retaining employees, the directors consider it appropriate to continue to operate the Schemes in the future. However, since the Schemes were established, there have been some changes in corporate practice in this area, as well as in the Company's reward strategy. Shareholders' approval is therefore sought for three amendments to the Schemes which will take these changes into account.

Details of the proposed amendments are set out in the notes to the Notice of Annual General Meeting included within this report. Full copies of the Schemes showing the proposed amendments are available for inspection at the registered office of the Company, at Rushworth House, Wilmslow Road, Handforth, Cheshire SK9 3HJ during normal business hours on weekdays (Saturday and public holidays excepted) between now and the day of the Annual General Meeting and at the place of the meeting for at least fifteen minutes prior to and during that Meeting.

The directors recommend that shareholders vote in favour of the proposed amendments to the Schemes (resolution 7) as they intend to do in respect of their shareholdings which comprise of 11,994,440 shares in total.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing period.

By order of the Board
A Liggett, Secretary

24 July 2000

Rushworth House, Wilmslow Road, Handforth,
Cheshire SK9 3HJ

Corporate Governance Statements

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

Statement of compliance with the Code of Best Practice
The Company has complied throughout the period with the Provisions of the Code of Best Practice set out in section 1 of the Combined Code except for code provisions A1.2, A1.3 and A6.1. The board considers this non-compliance with the Combined Code to be justified in view of the size of the Group and in this respect supports the recommendations of the City Group for smaller Companies. The Company complies with all other provisions of the code.

Code Provision D.2.1 requires directors, at least annually, to conduct a review of the effectiveness of the group's system of internal control. The directors have performed such a review. They limited their review to internal financial controls, as permitted by the transitional provisions of the Turnbull Report adopted by the London Stock Exchange.

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

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.

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 period.

Maintenance of a sound system of internal control
In applying the principle that the board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets, the directors recognise that they have overall responsibility for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding effective and efficient operations, internal financial control and compliance with laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance.

The Company will have established by 31 May 2001 the procedures necessary to implement the guidance on internal control issued by the Turnbull Committee. The financial director will be responsible for establishing a risk committee and holding workshops with senior management to identify and prioritise business risks. In the meantime, the Company has adopted the transitional approach permitted by the London Stock Exchange and reviewed the effectiveness of the system of internal control in accordance with the previous guidance. Accordingly, the disclosures below are restricted to internal financial controls. The Company will report in accordance with the Turnbull guidance in the next annual report.

Corporate Governance Statements

The key features of the internal financial control system that operated throughout the period covered by the accounts are described under the following headings:

- Control environment – there is a clear organisational structure with defined lines of responsibility and accountability.

- Identification and evaluation of business risks and control objectives – the planning and budgeting cycles enable management to identify and address all significant business risks and hence control the objectives of the Group.

- Information systems – the Group operates a well established and documented reporting system.

- Main control procedures – the Board has overall responsibility for the formulation of the Group's strategy and approval of acquisitions. Authorisation levels are clearly defined and regularly reviewed.

- Monitoring – internal financial control matters are considered with company management and external auditors.

The Board of Directors reviews the operation and effectiveness of this framework on a regular basis.

As well as complying with the provisions of the Code as disclosed in the Company's corporate governance statements, the Company has applied the Principles of Good Governance relating to directors' remuneration as described below.

Remuneration committee

The remuneration committee is comprised solely of the three non-executive directors.

Statement of remuneration policy and details of remuneration

The Company's policy on executive director remuneration is as follows:

The remuneration of executive directors is determined by the remuneration committee, whose aim is to reward executive directors competitively. The emoluments of directors comprise a basic salary, executive share options and normal employment benefits including corporate contributions towards a pension entitlement.

The remuneration of non-executive directors is determined by the board as a whole, based on outside advice and review of current practices in other companies.

Pensions

The details of the corporate pension arrangements are explained in note 23(b).

Service contracts

New service contracts have been entered into by the executive directors on 1 December 1999 for a period of 12 months.

Share incentives

Prior to flotation the Group did not have any form of approved or unapproved executive share incentive arrangements. The share option scheme comprises two parts, the Topps Tiles Plc approved Executive Share Option Scheme and the Topps Tiles Plc unapproved Executive Share Option Scheme. The scheme is administered and the grant of options supervised by the remuneration committee. The exercise of options will normally be conditional on the achievement of a specified performance target determined by the remuneration committee, who will have regard to guidelines on share option schemes issued by institutional investors.

Options may normally only be granted within 42 days of the announcement by the Company of its interim or final results each period, with the exercise price being not less than the middle market quotation averaged over the three dealing days immediately preceding the date of the grant. Details of share options granted to directors on admission are set out in note 4(c).

Full details of the remuneration packages of individual directors and information on share options are set out in note 4(b) and 4(c)to the accounts.

Directors' Responsibilities

Accounts, including adoption of going concern basis

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period.

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

In preparing the accounts the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

Other matters

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

Auditors' Report

To the Shareholders of Topps Tiles Plc
We have audited the accounts on pages 26 to 50 which have been prepared under the historical cost convention and the accounting policies set out on pages 29 to 32.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report including, as described on page 24, preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company and the Group is not disclosed.

We review whether the corporate governance statement on pages 21 and 22 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by 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 Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 3 June 2000 and of the Group's profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors
Bank House
9 Charlotte Street
Manchester M1 4EU

Arthur Andersen

24 July 2000

Consolidated Profit and Loss Account for the period ended 3 June 2000

	Notes	2000	1999
		£'000	*£'000*
Turnover	2	**62,614**	42,996
Cost of sales		**(28,443)**	(19,121)
Gross profit		**34,171**	23,875
Operating expenses	3		
- employee profit sharing		**(1,959)**	(1,458)
- other operating expenses		**(23,963)**	(16,326)
Operating profit			
- before exceptional costs		**8,935**	6,091
- exceptional costs	5	**(686)**	-
- after exceptional costs		**8,249**	6,091
Interest receivable and similar income		**17**	50
Interest payable and similar charges	6	**(248)**	(313)
Profit on ordinary activities before taxation	7	**8,018**	5,828
Tax on profit on ordinary activities	8	**(2,487)**	(1,792)
Profit on ordinary activities after taxation		**5,531**	4,036
Dividends	9	**(1,844)**	(1,348)
Transfer to reserves	20	**3,687**	2,688
Earnings per ordinary share			
- basic	10	**13.1p**	9.9p
- basic adjusted	10	**14.2p**	9.9p
- diluted	10	**12.5p**	9.4p

There are no recognised gains or losses in either period other than the profit for the financial period.
A statement of movements on reserves is given in note 20.
The accompanying notes are an integral part of this consolidated profit and loss account.

Balance Sheets 3 June 2000

	Notes	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Fixed assets					
Goodwill	11	**320**	113	**-**	-
Tangible assets	12	**12,918**	9,270	**-**	-
Investments	13	**-**	-	**14,640**	14,640
		13,238	9,383	**14,640**	14,640
Current assets					
Stocks		**15,948**	13,285	**-**	-
Debtors	14	**2,945**	1,753	**2,751**	1,121
Cash at bank and in hand		**435**	710	**4,758**	5,963
		19,328	15,748	**7,509**	7,084
Creditors: Amounts falling due within one year	15	**(16,003)**	(12,813)	**(1,494)**	(1,264)
Net current assets		**3,325**	2,935	**6,015**	5,820
Total assets less current liabilities		**16,563**	12,318	**20,655**	20,460
Creditors: Amounts falling due after more than one year	16	**(2,716)**	(2,685)	**-**	-
Provisions for liabilities and charges	18	**(665)**	(295)	**-**	-
Net assets		**13,182**	9,338	**20,655**	20,460
Capital and reserves					
Called-up share capital	19	**5,309**	5,264	**5,309**	5,264
Share premium	20	**112**	-	**112**	-
Merger reserve		**(399)**	(399)	**-**	-
Special reserve	20	**-**	-	**14,917**	14,917
Profit and loss account	20	**8,160**	4,473	**317**	279
Equity shareholders' funds		**13,182**	9,338	**20,655**	20,460

Signed on behalf of the Board

S K M Williams
B F J Bester
Directors
24 July 2000

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

Consolidated Cash Flow Statement for the period ended 3 June 2000

	Notes	2000	1999
		£'000	*£'000*
Net cash inflow from operating activities	22(a)	**7,505**	4,075
Returns on investments and servicing of finance	22(b)	**(223)**	(263)
Taxation		**(1,754)**	(1,462)
Capital expenditure and financial investment	22(c)	**(4,147)**	(3,087)
Acquisition and disposals	22(d)	**(219)**	(1,069)
Equity dividends		**(1,489)**	(991)
Cash outflow before management of liquid resources and financing		**(327)**	(2,797)
Financing	22(e)	**52**	2,218
Decrease in cash in the period	22(f)	**(275)**	(579)

The accompanying notes are an integral part of this cash flow statement.

Reconciliation to net debt for the period ended 3 June 2000

	2000	1999
	£'000	*£'000*
Decrease in cash in the period	**(275)**	(579)
Cash outflow from decrease in debt and payment of finance leases	**105**	266
Change in net debt resulting from cash flows	**(170)**	(313)
New finance leases	**(308)**	-
Movements in net debt in the period	**(478)**	(313)
Net debt at 29 May 1999	**(2,344)**	(2,031)
Net debt at 3 June 2000	**(2,822)**	(2,344)

1 Accounting policies

A summary of the principal accounting policies all of which have been applied consistently throughout the period and the preceding period are set out below:

a) *Accounting convention*

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the Group has rights or other access to future economic benefits controlled by the Group or obligation to transfer economic benefits.

b) *Basis of consolidation*

The statutory Group profit and loss account and balance sheet consolidate the accounts of Topps Tiles Plc and its subsidiary undertakings made up to 3 June 2000. The accounts of Topalpha Limited have been consolidated using merger accounting principles. In all other cases subsidiary undertakings have been accounted for using acquisition accounting principles.

The subsidiaries of the Group acquired or disposed of during the period are included to the extent of group ownership. The separable net assets of those subsidiary companies are included in the group financial statements at their fair value to the group at the date of acquisition including provisions and liabilities taken into consideration in assessing the fair value of the business acquired. Intra-group turnover and profits are eliminated on consolidation.

No profit and loss account is presented for Topps Tiles Plc, as permitted by S230 of the Companies Act 1985. The Company's profit after tax for the period, determined in accordance with the Act, was £1,882,000 (1999: £1,507,000).

c) *Financial year*

The accounting period ends on the Saturday which falls closest to 31 May, resulting in financial years of either 52 or 53 weeks.

d) *Goodwill*

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

1 **Accounting policies (continued)**

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

e) *Turnover*

Turnover comprises the net amount receivable in respect of sales during the period to third parties and excludes value added tax.

f) *Tangible fixed assets*

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

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

g) *Stocks*

Stocks are stated at the lower of cost and net realisable value.

h) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

i) *Foreign currency*

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

1 **Accounting policies (continued)**

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

j) *Leases*

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets at the commencement of the lease at cost. The capital elements of future obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. Cost is the amount for which the asset could have been purchased at the start of the agreement.

Rentals under operating leases are charged on a straight line basis over the lease term.

k) *Investments*

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

l) *Pension costs*

The costs of providing pensions for members of the defined benefit pension scheme are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of a professionally qualified actuary. Any funding surpluses or deficits that may arise from time to time are amortised over the average working life of employees.

Payments to the defined contribution schemes are charged to the profit and loss account as they are incurred.

m) *Derivative financial instruments*

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

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

1 **Accounting policies (continued)**

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

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.

2 **Turnover**

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

3 **Operating expenses**

	2000	1999
	£'000	*£'000*
Distribution costs	**18,600**	13,093
Administrative expenses	**5,363**	3,233
Employee profit sharing	**1,959**	1,458
	25,922	17,784

4 **Staff costs**

a) *Staff costs*

Particulars of employees (including directors) are as shown below:

	2000	1999
	£'000	*£'000*
Employee costs during the period amounted to:		
Wages and salaries	**8,793**	6,620
Social security costs	**915**	614
Other pension costs (note 23b)	**200**	112
	9,908	7,346

The average monthly number of persons employed by the Group during the period was as follows:

	Number employed	Number employed
	2000	1999
Selling	**657**	479
Administration	**122**	106
	779	585

4 **Staff costs (continued)**

b) Directors emoluments

The emoluments of the directors of the Company are as follows:

	*Fees	Basic salary	Taxable benefits	Money purchase pension contributions	Total 2000	Total 1999
	£'000	*£'000*	*£'000*	*£'000*	***£'000***	*£'000*
Executive						
S K M Williams	-	111	13	-	**124**	98
B F J Bester	82	35	11	6	**134**	108
A Liggett	-	108	9	4	**121**	90
N D Ounstead	-	83	8	2	**93**	79
Non-executive						
W A McIntosh	15	-	-	-	**15**	15
V H Watson	15	-	-	-	**15**	15
J M Jack	-	15	-	-	**15**	5
Aggregate emoluments	112	352	41	12	**517**	410

*Includes amounts paid to third parties, which represent amounts paid to directors' service companies.

4 Staff costs (continued)

c) Directors' interests

The directors had the following interests in the shares of the Company:

	3 June 2000 Ordinary shares of 12.5p each	29 May 1999 Ordinary shares of 12.5p each	Share options Ordinary shares of 12.5p each
S K M Williams	**5,127,720**	6,017,720	210,000
B F J Bester	**5,757,720**	6,552,720	600,000
A Liggett	**500,300**	745,300	420,000
N D Ounstead	**98,700**	118,700	280,000
W A McIntosh	**467,000**	737,000	600,000
V H Watson	**40,000**	40,000	-
J M Jack	**3,000**	-	-

During the period Stuart Williams, Nicholas Ounstead and Andrew Liggett exercised 90,000, 90,000 and 180,000 share options respectively. The market values at the exercise date of these share options were 372.5p, 236.5p and 236.5p respectively. According to the Register of Directors' Interests maintained under the Companies Act, no other options were exercised by the directors or lapsed during the period . In addition, no further options were awarded during the period.

The market price of the Company's shares at the end of the period was 271p per share and ranged during the period from 217p to 373p per share.

The exercise price of the directors' share options is 50p. These are exercisable between 2 June 2000 and 1 June 2004.

There have been no changes in the directors interests in share options subsequent to the end of the period.

5 Exceptional costs

The following exceptional costs are included in administrative expenses:

	2000 *£'000*	1999 *£'000*
Discontinued activities	**431**	-
Tile City Stock Acquisition Costs	**255**	-
	686	-

5 Exceptional costs (continued)

During the period further bathroom areas were removed from existing Topps Tiles Stores. The directors also took the decision to write off unsaleable stock acquired, from the receivers of 'Tile City', as part of the total stock purchased.

6 Interest payable

	2000	1999
	£'000	*£'000*
Bank loans and overdrafts	**311**	293
Finance leases and hire purchase contracts	**8**	20
Less interest costs capitalised	**(71)**	-
	248	313

7 Profit on ordinary activities before taxation

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

	2000	1999
	£'000	*£'000*
Depreciation and amounts written off tangible fixed assets		
– owned	**1,070**	547
– held under finance leases and hire purchase contracts	**-**	53
Amortisation of goodwill	**12**	6
Profit on disposal of tangible fixed assets	**(463)**	(237)
Operating lease rentals		
– land and buildings	**5,405**	2,979
– plant and machinery	**260**	-
Remuneration to auditors		
– audit services	**32**	30
– other services	**22**	49

During the period ended 29 May 1999, the Group acquired stock to the value of £510,000 from the receivers of Surface Coatings Limited (trading as Tile City) which resulted in a profit of £282,000 above normal margins achieved.

8 Tax on profit on ordinary activities

The tax charge comprises:

	2000	1999
	£'000	*£'000*
Corporation tax	**2,117**	1,643
Deferred taxation	**370**	149
	2,487	1,792

9 Dividends

	2000	1999
	£'000	*£'000*
Equity:		
Interim paid 1.00p (1999: 0.72p) per ordinary share	**430**	289
Final proposed 3.33p (1999: 2.51p) per ordinary share	**1,414**	1,059
Total 4.33p (1999: 3.23p) per ordinary share	**1,844**	1,348

10 Earnings per share

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

	Number of shares **2000**	Number of shares 1999
Weighted average number of shares:		
For basic earnings per share	**42,363,163**	40,767,771
Weighted average of shares under option	**2,750,380**	3,084,534
Number of shares that would have been issued at fair value	**(729,129)**	(684,360)
For diluted earnings per share	**44,384,414**	43,167,945

An adjusted earnings per share figure has been shown in order to achieve comparability period on period. The calculation uses the basic weighted average number of shares together with basic earnings adjusted to exclude the impact of exceptional items after taxation.

	Basic		Adjusted	
	2000	1999	**2000**	1999
	£'000	*£'000*	***£'000***	*£'000*
Profit on ordinary activities after tax	**5,531**	4,036	**5,531**	4,036
Exceptional items	**-**	-	**686**	-
Less notional taxation	**-**	-	**(206)**	-
Profit attributable to equity shareholders	**5,531**	4,036	**6,011**	4,036

11 **Goodwill**

	Total
	£'000
Cost	
Beginning of period	119
Additions	219
End of period	338
Depreciation	
Beginning of period	6
Charge for the period	12
End of period	18
Net book value	
Beginning of period	113
End of period	320

In the period legal costs of £84,000 and property costs of £135,000 were incurred, which related to the acquisition of assets of Surface Coatings Limited (trading as Tile City).

12 **Tangible fixed assets**

	Land and buildings				
	Freehold	Short leasehold	Fixtures and fittings	Motor vehicles	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Cost					
Beginning of period	3,219	991	5,339	544	10,093
Additions	1,518	32	4,451	276	6,277
Transfer	24	-	(24)	-	-
Disposals	(1,198)	-	(24)	(561)	(1,783)
End of period	3,563	1,023	9,742	259	14,587
Depreciation					
Beginning of period	45	39	638	101	823
Charge for the period	54	150	751	115	1,070
Disposals	(22)	-	(7)	(195)	(224)
End of period	77	189	1,382	21	1,669
Net book value					
Beginning of period	3,174	952	4,701	443	9,270
End of period	3,486	834	8,360	238	12,918

The net book value of tangible fixed assets includes £308,000 (1999: £221,000) in respect of assets held under hire purchase contracts.

Cumulative finance costs capitalised included in the cost of tangible fixed assets amount to £71,000 (1999: £Nil).

13 Fixed asset investments

	Company
	£'000
Beginning and end of period	14,640

The principal subsidiary undertakings all of which were wholly owned unless otherwise stated and their respective activities are as follows:

	% of issued shares held	Principal activity
Topalpha Limited	100%	Property management and investment
Multi-Tile Limited	100%	Retail and wholesale of ceramic tiles and related products

All subsidiary undertakings are incorporated in Great Britain and are registered and operate in England and Wales. The investments are represented by ordinary shares.

14 Debtors

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**547**	205	**-**	-
Amounts owed by subsidiary undertaking	**-**	-	**2,721**	1,110
Other debtors	**978**	443	**12**	-
ACT recoverable	**-**	13	**-**	-
Prepayments and accrued income	**1,420**	1,092	**18**	11
	2,945	1,753	**2,751**	1,121

15 Creditors: Amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	£'000	*£'000*	***£'000***	*£'000*
Obligations under finance leases and hire purchase contracts	**260**	67	**-**	-
Bank loans and overdraft (note 16)	**281**	302	**-**	-
Trade creditors	**10,317**	7,912	**32**	35
Other creditors	**1,093**	640	**-**	92
Corporation tax	**1,698**	1,348	**9**	1
Proposed dividend	**1,414**	1,059	**1,414**	1,059
Accruals and deferred income	**940**	1,485	**39**	77
	16,003	*12,813*	***1,494***	*1,264*

16 Creditors: Amounts falling due after more than one year

	Group	
	2000	1999
	£'000	*£'000*
Obligations under finance leases and hire purchase contracts	**15**	5
Bank loan	**2,701**	2,680
	2,716	*2,685*

Hire purchase and finance lease liabilities are secured on the specific assets to which they relate. Amounts are repayable within three years of the balance sheet date.

16 Creditors: Amounts falling due after more than one year (continued)

Analysis of borrowings

	Group 2000 £'000	Group 1999 £'000
Repayable within one year	**281**	302
Repayable between one and two years	**287**	309
Repayable between two and five years	**902**	968
Repayable after more than five years	**1,512**	1,403
	2,982	2,982

Loans comprised three separate loans as follows:

i) A loan of £765,000 which bears interest at 1.5 per cent over base rate and is repayable by equal monthly instalments of £11,500.

ii) A loan of £390,000 which bears interest at 1.5 per cent on the amount covered by cleared credit balances on the current accounts and at 1.5 percent over base on the remainder. It is repayable by equal monthly instalments of £5,500.

The above loans are secured by fixed charges over the Group's leasehold property and by floating charges over all other assets of the Group.

iii) A loan of £1,826,778 which bears interest at 1.5 per cent over base rate and is repayable by quarterly instalments of £53,010, inclusive of interest. The loan is secured by a legal mortgage over the freehold properties and the goodwill of the business.

17 Derivatives and other financial instruments

The Group's objective in managing currency exposures arising from trading transactions by its subsidiary companies is to hedge those transactions using a combination of foreign currency overdrafts, forward contracts and other instruments.

Currency exposures

The table below shows the Group's currency exposures at the end of the period:

	2000	1999
	£'000	*£'000*
Net foreign currency monetary liabilities	**109**	40

The amounts shown in the tables above take into account the effect of any forward contracts or other instruments and include any foreign currency holdings used to manage these currency exposures.

The Group also holds open various currency forward contracts taken out to hedge expected future foreign currency purchases. There was no material difference between the book and fair value of these instruments at 3 June 2000 and 29 May 1999.

18 Provisions for liabilities and charges

	Group	
	2000	1999
	£'000	*£'000*
Deferred taxation		
Beginning of period	**295**	146
Charged to profit and loss account	**370**	149
End of period	**665**	295

The deferred taxation represents a full provision for the excess of the allowances over book depreciation of fixed assets.

19 Called-up share capital

	Number of shares	2000 £'000	Number of shares	1999 £'000
Ordinary shares of 12.5p each				
Authorised				
Beginning of period	**56,600,000**	**7,075**	28,300,000	7,075
Increase in period	**-**	**-**	28,300,000	-
End of period	**56,600,000**	**7,075**	56,600,000	7,075
Allotted, called-up and fully-paid				
Beginning of period	**42,114,175**	**5,264**	20,040,008	5,010
Increase in period	**-**	**-**	20,040,008	-
Issue in period	**362,083**	**45**	2,034,159	254
End of period	**42,476,258**	**5,309**	42,114,175	5,264

During the period the Company allotted 362,083 (1999: 30,159) ordinary shares with a nominal value of £45,260 (1999: £3,770) under share option schemes for an aggregate cash consideration of £180,000 (1999: £15,000).

On 20 January 1999, the Company subdivided its authorised and allotted share capital on the basis of 2 shares for every 1 share authorised.

On 21 January 1999, the Company placed 2,004,000 of its ordinary shares with institutional and other investors for cash of £1.27 per share.

20 Reserves

Group

	Share premium £'000	Profit and loss account £'000
Beginning of period	-	4,473
Premium on issue of new shares	135	-
Share issue expenses	(23)	-
Retained profit for the period	-	3,687
End of period	112	8,160

Company

	Special reserve £'000	Share premium £'000	Profit and loss account £'000
Beginning of period	14,917	-	279
Premium on issue of new shares	-	135	-
Share issue expenses	-	(23)	-
Retained profit for the period	-	-	38
End of period	14,917	112	317

21 Reconciliation of movements in Group equity shareholders' funds

	2000 £'000	1999 £'000
Profit for the period	**5,531**	4,036
Dividends paid and proposed	**(1,844)**	(1,348)
Issue of shares (net of expenses)	**157**	2,484
Opening equity shareholders' funds	**9,338**	4,166
Closing equity shareholders' funds	**13,182**	9,338

22a) **Reconciliation of operating profit to operating cashflows**

	2000	1999
	£'000	*£'000*
Operating profit	**8,249**	6,091
Depreciation	**1,070**	600
Profit on disposal of fixed assets	**(463)**	(237)
Goodwill amortisation	**12**	6
Increase in stocks	**(2,663)**	(5,173)
Increase in debtors	**(1,006)**	(1,022)
Increase in creditors	**2,306**	3,810
Net cash inflow from operating activities	**7,505**	4,075

22b) **Returns on investments and servicing of finance**

	2000	1999
	£'000	*£'000*
Interest received	**17**	50
Interest paid	**(303)**	(293)
Interest element of hire purchase rentals	**(8)**	(20)
Interest capitalised	**71**	-
Net cash outflow from returns on investments and servicing of finance	**(223)**	(263)

22c) **Capital expenditure and financial investment**

	2000	1999
	£'000	*£'000*
Purchase of tangible fixed assets	**(5,969)**	(4,926)
Sale proceeds of tangible fixed assets	**1,822**	1,839
Net cash outflow from capital expenditure and financial investment	**(4,147)**	(3,087)

22d) **Acquisitions and disposals**

	2000	1999
	£'000	*£'000*
Acquisitions	**(219)**	(1,069)

22e) **Financing**

	2000	1999
	£'000	*£'000*
Proceeds from issue of ordinary share capital	**180**	2,560
Expenses in connection with issue of share capital	**(23)**	(76)
New loans	**762**	-
Repayment of loans	**(762)**	(166)
Capital element of hire purchase rentals	**(105)**	(100)
	52	2,218

22f) **Analysis of net debt**

	1999	Cashflow	Other non cash changes	**2000**
	£'000	*£'000*	*£'000*	***£'000***
Cash at bank and in hand	710	(275)	-	**435**
Loans	(2,982)	-	-	**(2,982)**
Finance lease creditor	(72)	105	(308)	**(275)**
Net debt	(2,344)	(170)	(308)	**(2,822)**

23 **Financial commitments**

a) Capital commitments

At the end of the period there were no capital commitments contracted for but not provided for (1999: £Nil).

b) Pension arrangements

The Group operates separate defined contribution pension schemes for employees and directors. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £200,000 (1999: £72,000).

The Group is in the process of winding up its defined benefit pension scheme. The Group ceased all contributions to the scheme on 1 November 1998 and no further members have been admitted to the scheme since that date, with existing members having the option to transfer their retained benefits to either their own private pension arrangements or the defined contribution scheme.

23 **Financial commitments (continued)**

c) Lease commitments

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

The annual rentals under the foregoing leases are as follows:

	2000		1999	
	Property	**Other**	Property	Other
	£'000	***£'000***	*£'000*	*£'000*
Operating leases which expire:				
- within 1 year	**190**	**60**	335	2
- within 2 – 5 years	**1,181**	**157**	813	102
- after 5 years	**4,490**	**15**	3,455	-
	5,861	**232**	4,603	104

During the period the Group entered into property sale and leaseback arrangements having total annual rentals of £296,000 (1999: £157,000).

Three Year Record 3 June 2000

	1998 *£'000*	1999 *£'000*	**2000** ***£'000***
Turnover	31,274	42,996	**62,614**
Operating profit	4,282	6,091	**8,249**
Profit before taxation	4,127	5,828	**8,018**
Shareholders' funds	4,166	9,338	**13,182**
Basic earnings per share[1]	7.1p	9.9p	**13.1p**
Basic adjusted earnings per share[1]	7.1p	9.9p	**14.2p**
Dividend per share[1]	2.4	3.2	**4.3**
Dividend cover	3.0	3.0	**3.0**
Average number of employees	397	585	**779**
Share price (period end)[1]	193p	212p	**271p**

Notes
1. Restated for subdivision of share capital.

Notice is given that the annual general meeting of Topps Tiles Plc will be held at SG Securities (London) Ltd, Exchange House, Primrose Street, Broadgate, London EC2A 2DD on 5 September 2000 at 10.30 am for the following purposes:

Ordinary business

1 *To receive the accounts for the period ended 3 June 2000 and reports of the directors and auditors on them.*

2 To declare a final dividend on the ordinary share capital of the Company.

3 To re-appoint Arthur Andersen as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the directors.

4 To re-elect S K M Williams as a director.

5 To re-elect N D Ounstead as a director.

Special business

To consider and, if thought fit, to pass the following resolutions of which numbers 6 and 7 will be proposed as ordinary resolutions and number 8 as a special resolution.

6 For the purposes of section 80 of the Companies Act 1985 (the "Act"), the directors be generally and unconditionally authorised, in substitution for any existing authority to allot relevant securities (within the meaning of section 80 of the Act), to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,769,844 provided that this authority shall expire five years from the date of the passing of this resolution (unless previously revoked, varied or extended by the Company in general meeting), except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities in pursuance of any such offer or agreement as if this authority had not expired.

7 That the amendments to the Topps Tiles Plc Approved Executive Share Option Scheme and the Topps Tiles Plc Unapproved Executive Share Option Scheme (together "the Scheme") as summarised in the notes to the notice of the Annual General Meeting and as shown in the copies of the rules of the schemes produced to the meeting and initialled by the Chairman for the purposes of identification, be and they are hereby approved AND THAT the Directors be authorised to do all acts and things necessary to carry them into effect including making such amendments as are necessary to ensure the continuing approval of the Topps Tiles Plc Executive Share Option Scheme under Schedule 9 to the Income and Corporation Taxes Act 1988.

8 The directors be empowered (pursuant to section 95 of the Act) to allot equity securities wholly for cash pursuant to the *authority conferred on them by resolution 7 above as if section 89(1) of the Act did not apply to any such allotment,* provided that such power shall be limited to the allotment of equity securities.

8.1 in connection with a rights issue; and

8.2 the allotment (otherwise than pursuant to sub-paragraph 8.1 above) of equity securities up to an aggregate nominal amount of £265,477;

and shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this resolution (unless previously revoked, varied or extended by the Company in general meeting) except that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

In this resolution 8:

a "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of ordinary shares on the register on a fixed record date in proportion to their respective holdings of such shares or in accordance with the rights attached to them (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or in relation to legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory);

b the nominal amount of any securities should be taken to be, in the case of a right to subscribe for or convert any securities into shares of the Company, the nominal amount of the shares which may be allotted pursuant to such right; and words or expressions defined in or for the purposes of sections 89-96 inclusive of the Act shall bear the same meanings.

By order of the Board
Andrew Liggett
Secretary
24 July 2000

Registered office:
Rushworth House
Wilmslow Road
Handforth
Cheshire SK9 3HJ
Registered No: 3213782

Notice of Annual General Meeting for the period ended 3 June 2000

Notes

1 Any member of the Company entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy, and any power or authority under which it is signed, must be lodged with the Company's registrars, Capita IRG Plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR, no later than 48 hours before the time of the annual general meeting. A form of proxy is enclosed.

2 The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person.

3 The following documents are available for inspection by members at the registered office of the Company on weekdays (except bank holidays) during normal business hours, and at the place of the meeting for not less than 15 minutes prior to and during the meeting:

3.1 the register of directors' interests required to be kept under section 325 of the Act; and

3.2 copies of the directors' service contracts.

4 The following is an explanation of the resolutions relating to special business:

4.1 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 Act. Resolution 6 will be put to members as special business to authorise the directors to allot ordinary shares with a nominal value of £1,769,844 out of the Company's unissued share capital representing approximately 33.33 per cent of the Company's current issued share capital. The authority shall expire five years from the date of passing of this resolution.

4.2 Resolution 7:

Summary of the proposed amendments to the Topps Tiles Plc Approved and Unapproved Executive Share Option Schemes (the "Schemes").

1. The Schemes currently incorporate an individual limit which, in broad terms, provides that in any ten year period, an employee can only receive options over shares with an initial market value of up to four times his annual remuneration. This limit was based on guidelines issued by the Association of British Insurers (the "ABI") in July last year, the ABI modified their guidelines and abolished the individual limit with a view to enabling companies to be more flexible in their use of share incentives. It is therefore proposed to delete this limit from the Schemes. The Board will however, continue to have regard to general corporate practice in determining what level of options to grant to employees. Furthermore, the amendment will not affect the £30,000 limit on Inland Revenue approved options held by any one employee at any one time, which will remain in force.

2. The Schemes also incorporate a number of limits restricting the number of shares which can be issued to employees pursuant to employees' share schemes. Again, these were based on previous ABI guidelines which have now been modified. One such modification is the abolition of the limit preventing more than 3 per cent of the Company's issued share capital being used for discretionary schemes in three years. It is therefore proposed to reflect the guidelines by deleting this limit from the Schemes.

3. The current approach of the ABI is that in any ten year period, no more than 10 per cent of the Company's share capital may be issued (or be issuable) pursuant to employees' share schemes. Of this 10 per cent, no more than half (that is 5 per cent of the Company's share capital) should be used for discretionary schemes. The Schemes currently incorporate these limits and the Board intends to retain the 10 per cent limit *as an ultimate protection against dilution of shareholders' interests. However, in order to be able to use the Schemes in the future, it is proposed* that the 5 per cent inner limit is removed.

4.3 Resolution 8 will seek to obtain power under section 95 of the Act for the directors to allot for cash shares with an aggregate nominal value of £265,477 equal to approximately 5 per cent 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 employees' share option scheme, the proportionate interests of shareholders cannot, without their consent, be reduced by the issue for cash of new shares representing more than 5 per cent of the current issued share capital. Save for the issue of shares pursuant to options granted under the Company's employees' share option scheme, 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.

People make our business...

Our constant aim is to achieve high levels of customer service and this is reflected by the commitment shown by all our employees.

Our staff play a major role in helping Topps Tiles and Tile Clearing House meet our customers exact requirements and so we thank them for all their efforts over the year and assure them that their loyalty and continued support will be rewarded.

A list of all current employees appears on the following four pages.

The Team

Aaron Alldis
Aaron Garner
Adam Laidlaw
Adam Lewis
Adam Mills
Adam Mulvey
Adam Primola
Adam Coates
Adam Shewan
Adam Tilbury
Adam Wrenn
Adrian McCourt
Aileen Crossley
Aklakud Duha
Alan Tyson
Alan Metcalfe
Alan Faulkner
Alan Parker
Alan Geeves
Alan Saunders
Alan Seal
Alan Sproston
Albert Niel
Allan Massie
Allan McKissock Harper
Amanda Darbyshire
Amanda Hardy
Amanda Jones
Amin Ladhu
Amy Gray
Andrea Muccio
Andrew Curtis
Andrew Press
Andrew Smith
Andrew Clay
Andrew Hill
Andrew Defries
Andrew Endersby
Andrew Collins
Andrew Watson
Andrew Jones
Andrew Keirle
Andrew Hanson
Andrew Liggett
Andrew Holden
Andrew Parnell
Andrew Waterfield
Andrew Moore
Andrew Ward
Andy Tebay
Angela Harrison
Angela Wiltshire
Ann Paginton
Anna Timney
Anne Lloyd
Anne McCabe
Anne Newall
Annette Gebraell
Anthony Bennington
Anthony Spurling
Anthony Gilbert
Anthony Christopher
Anthony Cox
Anthony Molyneux
Anthony Grimshaw
Anthony Houghton
Anthony Kerr
Anthony Murphy
Anthony Lloyd
Anthony Eaton
Antony Collins
Antony Beazer
Antony Plant
Antony Zawadski
April Dunkley
Arnold Harrison
Arthur Massey
Ashley Jordan
Asvin Shah
Augustus Slater
Barbara Dormer
Barbara Edge
Barrie Pyle
Barry Bester
Barry Glazer
Barry Price
Barry Squires
Basera Poselay
Ben Armitage
Ben Fielding
Ben Harrison
Brendon Roberts
Benjamin Meek
Benjamin Mills
Bernard Cope
Brad Crosthwaite
Brant Wells
Brenda Bowles
Brendan Williams
Brendan Lumb
Bret Carey
Brian Hardcastle
Brian Richards
Brian Stevens
Brian Jones
Brian Lewin
Brian Mythen
Bruce Fielding
Bruce Hockley
Bryan Hartley
Byron Coles
Carlos Rodriguez
Carl Bradbury
Carl Entwistle
Carl Fraser
Carol Sudlow
Caroline Edge •
Caroline Meadows
Caroline Benson
Cassandra Sides
Chan Gokani
Charles Kent
Charlotte Shuttleworth
Cheryl Moore
Chris Mottershead
Chris Paddon
Chris McGill
Christian McClelland
Christine Hendry
Christine Rea
Christine Wadsworth
Christopher Metcalf
Christopher Cooper
Christopher Davis
Christopher Castle
Christopher Lount
Christopher Matthews
Christopher Rumsby
Christopher Eastham
Claire Curtis
Claire White
Colin Dixon
Colin Crowley
Colin Hoban
Colin Butler
Colin Hampson
Colin Markham
Colin Probert
Colin Winterburn
Colt Spooner
Craig Ollard
Crescent Baron
Daniel Musguin
Daniel Jones
Daniel Fallows
Daniel Collins
Danny Welsh
Danny Fennings
Danny Gamble
Danny Walden
Darrel Driver
Darren Appleyard
Darren Howlett
Darren Monks
Darren Nicholls
Darren Edwards
Darren Carruthers
Darren Rutledge
Darren Saker
Darren Simm
Darren Maddocks
Darren Williamson
Darryn Walker
David Allwood
David Williams
David Asquith
David Bailey
David Daulton
David Walters
David Canning
David Gridley
David Edwards
David Elloway
David Fitzgerald
David French
David Parr
David Hudson
David Carpenter
David Evans
David Hatton
David Hirst
David Moore
David Kilgour
David Lalley
David Lamb
David May
David Linwood
David Lott
David Mitchell
David Needham
David Oliver
David Savage
David Broadbent
David Macartney
David Peter Nelson
David Price
David Stott
David Stoughton
David Strain
David Henderson
David Thomasson
David Hulme
Dean Brown
Dean Marshall
Dean Bennett

• Caroline Edge appears on page 15 (right)

The Team

Deborah Johnson
Deborah White
Deborah Williams
Denise Fletcher
Denise Thompson
Dennis Cragen
Dennis Lancaster
Derek North
Derek Harrison
Derek Reynolds
Derek Parsons
Desmond Kelly
Dexter Pratley
Dilawar Ali
Dionne Myers
Doreen Hyatt
Duncan Bull
Dwayne Howard
Dylan Roberts
Edmund Smith
Edward Dove
Edward Sellors
Emma Hanson
Emma Jarram
Enid Lamb
Evan Hughes
Evette Cherrington
Fernando Muanza
Flora Tuitt
Frances Bloomfield
Frank Gilder
Fraser Andrews
Gareth Lewis
Gary Asher
Gary Jordan
Gary McIntyre
Gary Cutts
Gary Morwood
Gary Curtis
Gary Thompson
Gavin Ramsey
Gavin Hurrell
Gavin Bennett
Gavin Dwyer
Gary Firth
Geoffrey Gordon
Geoffrey Webster
George Robins
George Wilkinson
Gerard Duffy
Gerrard Mallon
Gerry Brown
Gerry West
Gian Vireilio
Gillian Gray
Glyn Draycott
Glyn Rogers
Glenis Shirley
Glenn Jessop
Glenys Ogden
Gordon Dwyer
Gordon Kerr
Graeme Newton
Graham White
Graham Leahy
Greg Banos
Greg Jones
Hannah Crake
Harry Broadbent
Harry Morris
Haydn Dearden
Hayley Reeves
Heather Rowe
Helen Barker
Helen Greatbatch
Helen McKerracher
Helen McDermott
Hishima Saidi
Ian Beasley
Ian Young
Ian Cullen
Ian Pennington
Ian Marshall
Ian Jones
Ian Vandyke
Ian McInteer
Ian Linnane
Ian White
Ian McLean
Imran Akhtar
Imran Ashraf
Jacqueline Byrne
Jacqueline MacGillivrah
James Bott
James Howarth
James Renouf
James Carpenter
James Smith
James Eastham
James Gentleman
James Hardy
James Hogan
James Patston
James Manders
James Brough
James Mercer
James Metcalf
James Edge
James Moores
James Paterson
James Richards
James Robertson
James Sawyer
Jamie Beddin
Jamie Smith
Jane Ladlow
Janet Burgess
Janet Lockyer
Janet Gillibrand
Janice Millett
Jason Meadows
Jason Rigby
Jason Moore
Jason Smith
Jayawthe Weerasinge
Jenny Seabrook
Jessica Merryweather
Jethu Miah
Joan Moores
Joanne Hall
Joanne Sheridan
Jodie Robb
Joe Cox
Joe Rankin
Johathan Sheerwin
John Herr
John Brindle
John Reilly
John Russell
John Sutton
John Kinnaird
John Davidson
John Kelly
John Fox
John Coles
John Smith
John McKenna ●
John Kent
John MacRae
John Forden
John Daulton
John McBay
John Barnet
John Hunter
John Townsend
John Doodson
Jon Oliver
Jonathan Hargreaves
Jonathan Clapton
Jonathon Perkins
Joseph Guard
Joseph Ollis
Joyce Davies
Judy Prescott
Juginder Gill
Julia Roebuck
Julian Lloyd
Julie Cox
Kalpesh Limbochia
Kalpesh Shah
Karen March
Karen Sutcliffe
Karl Bradshaw
Karl Sisson
Karl Winship
Kathryn Rowley
Kathryn Robinson
Katie McGowan
Keiron Birch
Keith Hills
Keith Rudkin
Keith Miller
Keith Thornhill
Kelly Ellison
Kelly Wrenn
Kenneth Jones
Kenneth Cookson
Kenneth Frankland
Kenneth McCracken
Kenneth Turner
Kenneth Oldham
Kenneth George
Kenneth Timms
Kenneth Owen
Kerri Bester
Kerry Hume
Kerry McAuley
Kevan Richardson
Kevin Croft
Kevin Hodson
Kevin McGregor
Khuram Javid
Kim Gourlay
Kim McClure
Kingsley Howard
Lancelot Chigariro
Laura Currie
Laura Johnson
Laura Kershaw
Laurence Loxam
Lee Martin
Lee Johnson
Lee Payne
Lee Bettinson
Lee Collins

● John McKenna appears on page 11 (right)

The Team

Lee Cotterill
Lee Croft
Lee Roberts
Lee Dooley
Lee Marron
Lee Maxley
Lee Galloway
Lee Langmaid
Lee Culley
Lee Harrison
Leigh Holden
Leighton Davies
Leonard Sheldrick
Leonard Wilson
Leslie Baker
Leslie Ball
Leslie Bowles
Leslie Thomson
Liam Taylor
Linda Hadley
Lindsey Farquhar
Lisa Sheppard
Lisa Walker
Lois Reade
Loretta Daley
Lorna Ballantyne
Lorretta Mitchell
Louise McGough
Lynda Prescott
Lyndon Amow
Lynn Rotsey
Majid Iltaf
Marc Moules
Marco Quasimodo
Margaret Clapham
Margaret Lawrie
Margaret Rayner
Margaret Rennie
Margaret Shaw
Maria Wing
Mark Bentley
Mark Burgess
Mark Leech
Mark Moore
Mark Mottershead
Mark Robinson
Mark Sewell
Mark Wilcock
Mark Conway
Mark Ford
Mark Bradbury
Mark Horan-Cullen
Mark Lever
Mark McQuade
Mark Curwen
Mark Jones
Mark Brown
Mark Russell
Mark Ryan
Mark Strong
Mark Sylvester
Mark Williams
Martin Baker
Martin Derricott
Martin Flynn
Martin Sinnott
Martin Ward
Martin Shenton
Martin Winterburn
Marvin Gayle
Mary Stonard
Mathew Groves
Mathew Fisher
Mathew Higginson
Mathew Kelly
Mathew Dahya
Mathew Tullos
Mathew Wood
Matthew Cribb
Matthew Askew
Matthew Kennedy
Matthew McKune
Matthew Huwley
Matthew Williams
Maurice Bertram
Melanie Gardiner
Melton Thompson
Melvin Littler
Michael Bateman
Michael Boughton
Michael Cantillon
Michael Cartwright
Michael Coward
Michael Earls
Michael Finn
Michael Foster
Michael Hickson
Michael Holland
Michael Humpage
Michael Jack
Michael Julich •
Michael Low
Michael McLeod
Michael O'Gorman
Michael Parker
Michael Williams
Michael Worsnip
Michelle Bovey
Michelle Kempson
Michelle Oliver
Michelle Sutherland
Mohamed Fareed
Mohamed Iqbal
Mohamed Patel
Mohammed Parvaz
Mustafa Chawdhrl
Nathan Barrass
Nazia Bibi
Neil Blackburn
Neil Kelly •
Neil Cattroll
Neil Homan
Neil Hendy
Neil Ketnor
Nichola Fowler
Nicholas Withers
Nicholas Lawrence
Nicholas Bradshaw
Nicholas Ounstead

• Michael Julich appears on page 15 (centre)
• Neil Kelly appears on page 11 (centre)

Nicholas Deary
Nicholas Wassell
Nick Timlin
Nick Greaves
Nicola Cross
Nicola West
Nicola Dearden
Nicola Elliot
Nicola Scott
Nigel Fleming
Nigel Wills
Nikki Baldock
Nikolai Nikoloff
Nilesh Dahya
Norma Beresford
Oliver Rahman
Pamela Brydon
Paresh Rajani
Patrica Campbell
Patricia Croft
Paul Durrance
Paul Bainbridge
Paul Daubney
Paul Clapham
Paul Cronnolley
Paul Jones
Paul Lathrope
Paul Farrell
Paul Howarth
Paul Kemp
Paul Marlow
Paul Fisher
Paul Starkey
Paul Laverty
Paul Pratley
Paul Liggett
Paul Thornecroft
Paul McCullock
Paul Murton
Paul Goodhall
Paul Nicholls
Paul Peacock
Paul Coffey
Paul Riley
Paul Shaw
Paul Sanderson
Paul Scott
Paul Robinson
Paul Sutton
Paul Devlin
Paul Vye
Paul Williams
Paul Wood
Pauline Grenfell
Paul Revell
Penny Holly
Peter Lennox
Peter Charters
Peter Davey
Peter Sumner
Peter Fallows
Peter Crockett
Peter Byrne
Peter Crake
Peter Davidson
Peter Johnson
Peter Knight
Peter Nicklin
Peter Nicklin
Peter Riches
Peter Johnson
Peter Murray
Peter Biggs
Phil Peacock
Phillip Bogle
Philip McCarney
Philip Tomlin
Philip Gillpin
Philip Godden
Philip Hunt
Philip Kelly
Philip Cuthbertson
Pushpakant Mathur
Rachael Walsh
Raj Surani
Ralph Higgs

The Team

Raymond Youseph
Rebecca Bailey
Rebecca Jacques
Rebecca Manieli
Rebecca Oblein
Rechad Mohamud
Rex Ogden
Rhonda Partridge ●
Richard Redfern
Richard Ball
Richard Barnes
Richard Caine
Richard Carter
Richard Kelly
Richard Diedrick
Richard Trueman
Richard Harris
Richard Harrison
Richard Hutcheson
Richard Clark
Richard Perry
Richard Lotto
Richard Bickers
Richard Homan
Richard Gallagher
Ricky Stevens
Robert Fletcher ●
Robert Cairns
Robert Gaskin
Robert Bee
Robert Wylie
Robert Docker
Robert Mayo
Robert Rodgers
Robert DiLeva
Robert Gordon
Robert Exley
Robert Jones
Robert Moss
Robert Myers
Robert Tenn
Robert Hodgson
Robin Holt

● Rhonda Partridge appears on page 15 (left)
● Robert Fletcher appears on page 10

Roderick Carswell
Ronald Daniels
Ronald Emmanuel
Ronald Perrot
Rory McNally
Rosina Taylor
Roy Haddon
Roy Keen
Roy Peasland
Russell Long
Ryan Mason
Sahood Jaffar
Sajid Khan
Sam Timney
Samantha Thompson
Sandra Boateng
Sandra Robinson
Sandra Stevens
Sarah Ellis
Sarah Laker
Sarah LeTissier
Sarah Jones
Scott Hamilton
Scott Arundell
Scott Meadows
Scott Porter
Scott Taylor
Scott Williams
Sean Butcher
Sean Kerry
Sean Burrough
Sean Maidment
Sean Newstead
Sean McClafferty
Shadid Mahmood
Shane Malone
Shanin Ali
Shanor Ali
Sharon Muir
Sharon Pearse
Shaun Bebbington
Shelia Robertson
Shelia Whetton

Shelley Nicholls
Shelley Land
Shirley Girdler
Shirley Moore
Sian Lewis
Simeon Fender
Simon Derbyshire
Simon Jones
Simon Green
Simon Hughes ●
Simon Bedford
Simon Fullaway
Simon Rayner
Simon Walker ●
Socrates Pantledes
Stanley Crowther
Stephanie Nevett
Stephanie Brooks
Stephanie Bispham
Stephen Ainsworth
Stephen Kaye
Stephen Dempster
Stephen Jones
Stephen Lane
Stephen Ridout
Stephen McGready
Stephen Mellia
Stephen Nunn
Stephen Clarke
Stephen Rowe
Stephen Smith
Steve Lee
Steve Newmarch
Steven Duggan
Steven Wright
Steven Godwin
Steven Gallagher
Steven Hitchcock
Steven Burley
Steven Powner
Steven Coombs
Steven Nelson
Steven Pratt

● Simon Hughes appears on page 10
● Simon Walker appears on page 10 (in the foreground)

Steven Knipe
Steven Tinkler
Steven Firth
Stuart Argyle
Stuart Coleman
Stuart Martin
Stuart Pemberton
Stuart Day
Stuart Normansell
Stuart Hopwood
Stuart Leatherland
Stuart Patterson
Stuart Hood
Stuart Simpson
Stuart Thompson
Stuart Williams
Sunil Patel
Susan Bishop
Susan Wells
Susan Attwell
Susan Matthews
Susan Henshall
Susan Wright
Suzanne Lloyd
Suzanne Sutherland
Tammie Adaken
Terence Dooley ●
Terence Melia
Terry Brooker ●
Terry Harrod
Theresa Baker
Thomas Fry
Thomas Ryan
Thomas Fearns
Thomas Jones
Thomas Rodgers
Tim Coleman
Tim Keating
Tim Wells
Timothy Coles
Timothy Boardman
Tina Shirley
Toby Bateson

● Terry Brooker appears on page 2
● Terry Dooley appears on page 7

Tony Alliband ●
Tony Chapman
Tony Fitzgibbons
Tony Linsell
Tony Davies
Tony Long
Tony Wagstaff
Tony Watson
Tracey Kenny
Trevor Syson
Valerie Vernon
Vicky Edge ●
Victor Watson
Victoria Stelfox
Victoria Gallagher
Vivenne Johns
Waheed Mahmood
Warren Hearn
Warren Smith
Wayne Sponneck
Wayne Carrington
Wayne Reilly
Wayne Farini
Wayne Randell
Wayne Smith
William Bailey
William Bowers
William Corbett
William Gunshon
William Jeffrey
William Bergin
William Tempest
Wyn Hopkins
Yasmin Sheikh ●
Yvonne Turner
Zena Calver
Zoe Govan

● Tony Alliband appears on the back cover and page 9 (main photo)
● Vicky Edge appears on page 1 and 9
● Yasmin Sheikh appears on page 7 (main photo)

Topps Tiles Store Locations

Central Region
Aston
Banbury
Bedford
Burton on Trent
Derby (2)
Kings Heath
Leicester (2)
Lincoln
Luton
Milton Keynes
Narborough
Newcastle under Lyme
Northampton
Norwich
Nottingham
Oldbury
Sheldon
Shrewsbury
Solihull
Stafford
Stoke on Trent
Tamworth
Wolverhampton

London and Thames South
Basildon
Beckton
Brighton
Catford
Charlton
Chingford
Colindale
Crayford
Croydon
Dagenham
Edmonton
Gatwick
Gunnersbury
Harlow
Ilford
Maidstone
Mitcham
New Southgate
Newbury
Old Kent Road
Penge
Raynes Park
Reading
Romford
Southall
Southampton
Southend on Sea
Stamford Hill
Uxbridge
Vauxhall
Watford
Wembley

North West
Aintree
Audenshaw
Barrow in Furness
Blackburn
Blackpool
Bolton
Cheadle
Chester
Cleveleys
Crewe
Failsworth
Macclesfield
Morecambe
Oldham
Preston
Sale
Salford
St Helens
Speke
Stockport
Warrington
Widnes
Wigan

The North
Chesterfield
Gateshead
Harrogate
Huddersfield
Sunderland
Stockton on Tees
Wakefield
York

Scotland
Aberdeen
Edinburgh
Greenock
Hillington
Inverness
Linwood
Perth
Rutherglen
Wishaw

Southwest
Barnstaple
Bristol
Cardiff
Cheltenham
Christchurch
Exeter
Gloucester
Newport
Poole
Swansea
Taunton
Weston Super Mare

Tile Clearing House Store Locations

Central Region
Great Barr
Fenton
Nottingham
Peterborough
Stoke on Trent

London and Thames South
Charlton
New Southgate
Orpington
Wembley

North West
Bradford
Crosby
Doncaster
Oldham
Openshaw
Preston
Sheffield
Stockport

The North East
Hull

Please come again.

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